



ANNUAL REPORT *2008* 年度報告

ITC

ITC CORPORATION LIMITED
德祥企業集團有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 372.HK

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chan Kwok Keung, Charles (*Chairman*)
Chau Mei Wah, Rosanna
(*Deputy Chairman and Managing Director*)
Chan Kwok Chuen, Augustine
Chan Fut Yan
Cheung Hon Kit

Independent Non-Executive Directors

Chuck, Winston Calptor
Lee Kit Wah
Shek Lai Him, Abraham, *SBS, JP*

AUDIT COMMITTEE

Lee Kit Wah (*Chairman*)
Chuck, Winston Calptor
Shek Lai Him, Abraham, *SBS, JP*

REMUNERATION COMMITTEE

Chuck, Winston Calptor (*Chairman*)
Chau Mei Wah, Rosanna
Lee Kit Wah

SECRETARY

Lee Hon Chiu

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Conyers Dill & Pearman (*Bermuda*)
Herbert Smith (*Hong Kong*)
Iu, Lai & Li (*Hong Kong*)
Richards Butler in association with Reed Smith LLP
(*Hong Kong*)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited
BNP Paribas
CITIC Ka Wah Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
HSBC Bank Canada
UBS AG
Wing Hang Bank, Limited
Wing Lung Bank Limited

REGISTERED OFFICE

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Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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Central
Hong Kong
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.itc.com.hk

STOCK CODE

Hong Kong Stock Exchange

372



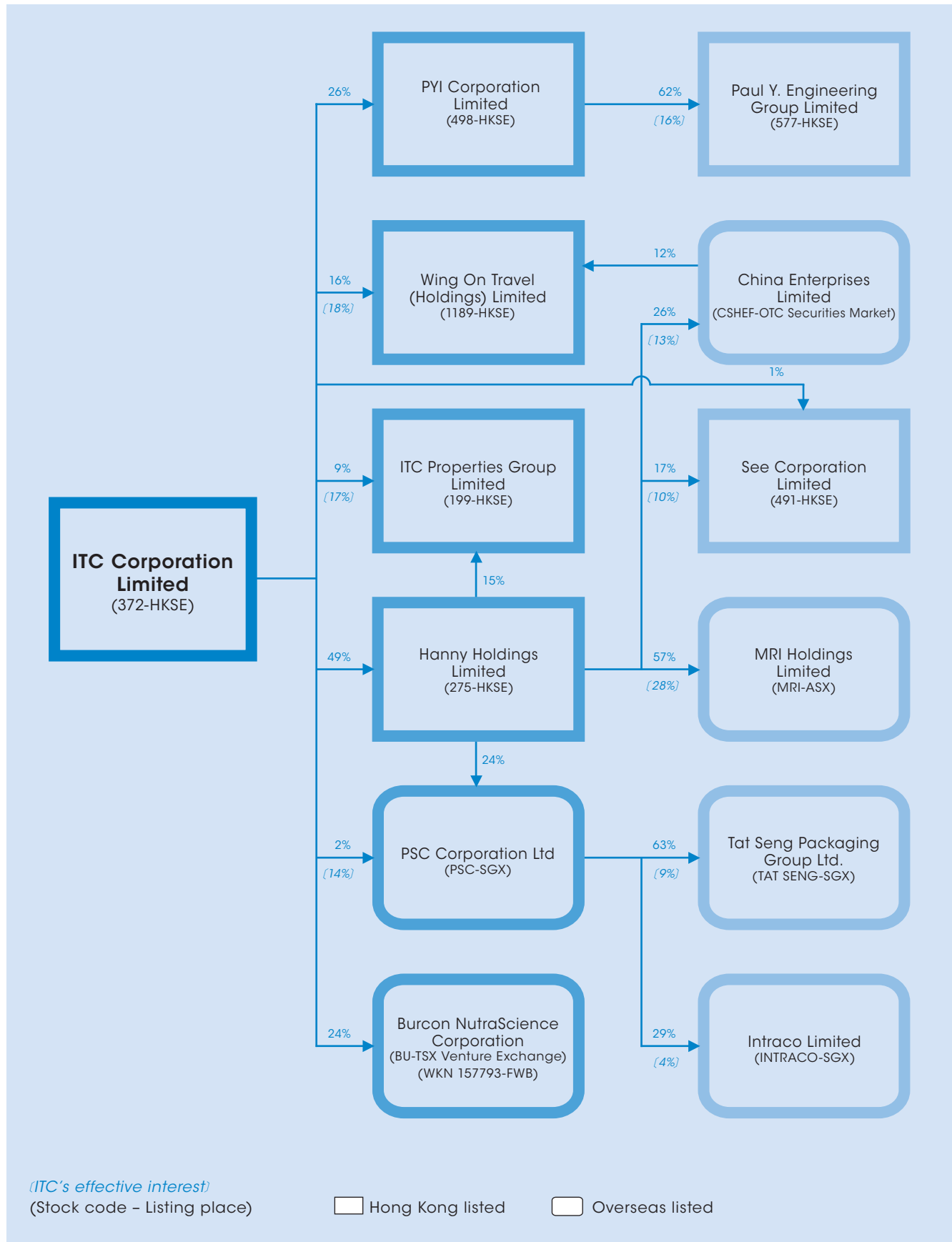
ITC

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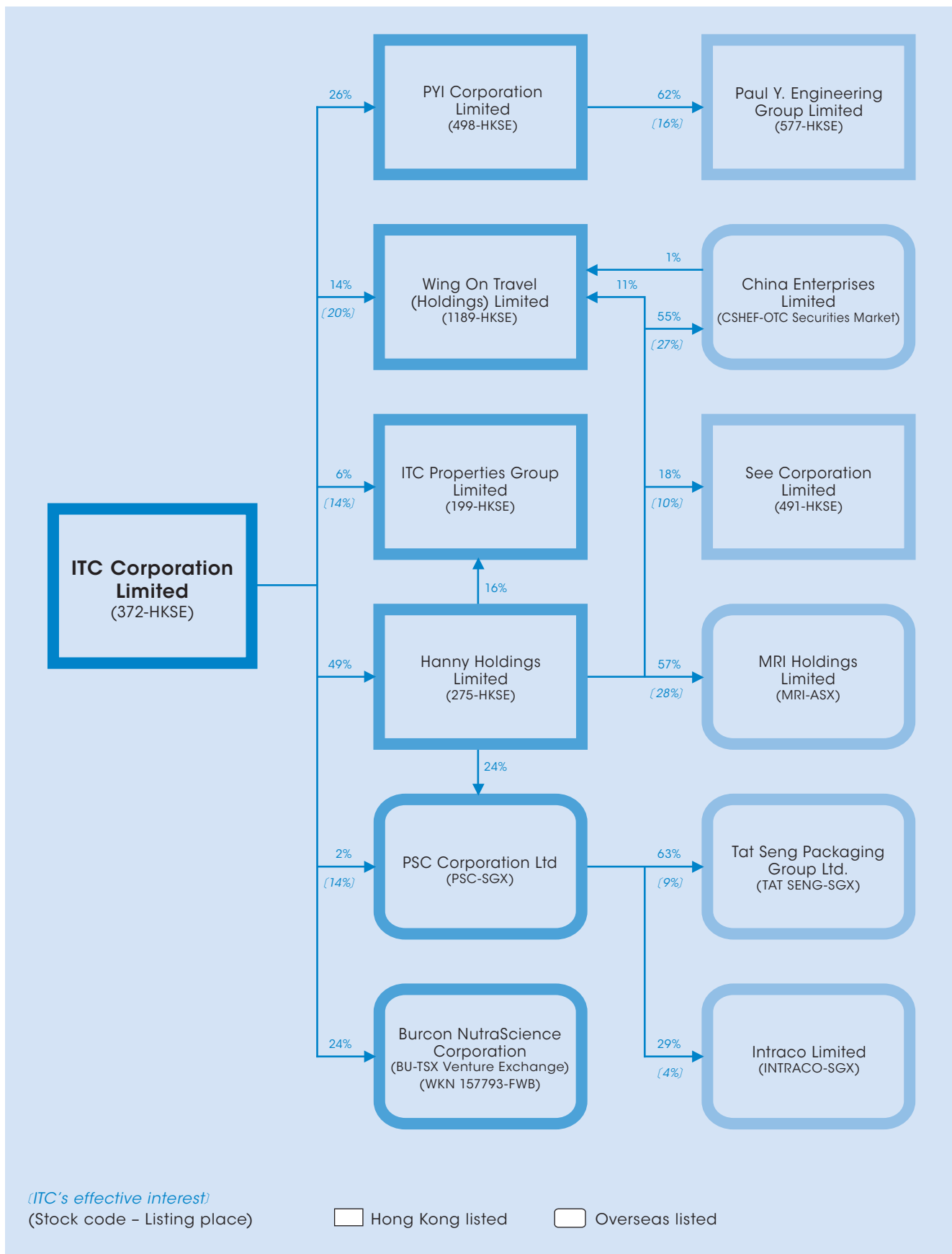
CORPORATE CHART

AT 28TH JULY, 2008



CORPORATE CHART

AT 31ST MARCH, 2008



CHAIRMAN'S STATEMENT

*Diversified and balanced
strategic investment portfolio
builds solid foundation for future growth.*

I am pleased to present to shareholders the annual report of ITC Corporation Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st March, 2008.

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31st March, 2008, the Group recorded a profit attributable to equity holders of approximately HK\$252 million. The current year's profit has included a non-cash loss of approximately HK\$248 million due to the Group's partial disposal and dilution of its interests in Hanny Holdings Limited ("Hanny") whereas the corresponding 2007 profit has included a non-cash gain of approximately HK\$560 million due to the Group's general offer of Hanny shares in November 2006 as the general offer price was at a discount to the fair value of Hanny's assets acquired. By excluding the above non-cash effects, the Group's profit attributable to equity holders of 2008 and 2007 would be approximately HK\$500 million and HK\$284 million, respectively, representing approximately 76% increase for 2008.

The main drivers of the results of the Group for the year are the following:

- (i) Gain of approximately HK\$163 million arising from the Group's disposal of all its interests in Trasy Gold Ex Limited ("Trasy"). The resumption of trading in the Trasy shares was approved by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in May 2007 after nearly four years of suspension. After the Group acquired its interests

in Trasy in March 2005, the Group assisted Trasy in launching new marketing initiatives, strengthening its corporate governance and internal controls, and reforming its board of directors. These factors contributed to the successful resumption of trading in the Trasy shares. In light of the favourable market conditions subsequent to the resumption, the Group disposed of all its interests in Trasy and recognised the above gain;

- (ii) Non-cash gain of approximately HK\$191 million arising from the recognition of ITC Properties Group Limited and Wing On Travel (Holdings) Limited as associated companies of the Group. Such non-cash gain was recognised since the consideration paid by the Group for acquiring its interests in both companies was at a discount to the fair value of the assets acquired; and
- (iii) Share of results of associates of approximately HK\$161 million of which approximately HK\$97 million and approximately HK\$44 million was contributed by PYI Corporation Limited and Hanny, respectively.

The Group maintained a strong financial position as at the year end:

- (i) Equity attributable to equity holders was approximately HK\$3,396 million, representing an increase of approximately 21% over 2007. The increase was mainly attributable to the issue of 300,000,000 new ordinary shares in June 2007 and the profit for the year; and

CHAIRMAN'S STATEMENT *(continued)*

- (ii) Total assets decreased by 41% to approximately HK\$3,706 million as Hanny and Trasy ceased to be a subsidiary of the Group during the year. In May 2007, Hanny ceased to be a subsidiary and become an associated company of the Group, which was largely the reason for the increase in the Group's interests in associates to approximately HK\$2,746 million as at 31st March, 2008 (2007: HK\$1,594 million).

REVIEW OF OPERATIONS

The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

During the year ended 31st March, 2008, the Group continued to hold significant interests, directly or indirectly, in a number of companies listed in Hong Kong, Canada, Singapore, the United States of America ("U.S.A."), Australia and Germany, and other high potential unlisted investments, pursuant to its long-term strategy of exploring investments in an aggressive, but cautious, manner and enhancing a balanced and diversified investment portfolio. As at 31st March, 2008, the Group had the following major listed strategic investments:

Listed strategic investments directly held

Hanny Holdings Limited ("Hanny")

Hanny is an investment holding company. Hanny is principally engaged in the trading of securities, holding of vessels for sand mining, industrial water supply business and other strategic investments including (i) a subsidiary, of which shares are listed on the Australian Securities Exchange; (ii) associated companies whose shares are listed on the Hong Kong Stock Exchange or the Singapore Exchange Limited; (iii) an associated company whose shares are traded on the OTC Securities Market in the U.S.A.; and (iv) long-term convertible notes issued by companies whose shares are listed on the Hong Kong Stock Exchange. For the year ended 31st March, 2008, Hanny reported a consolidated profit attributable to equity holders of approximately HK\$129.1 million and its overall after tax contribution to the Group was a profit of approximately HK\$76.5 million.

PYI Corporation Limited ("PYI")

Based in Hong Kong, PYI focuses on infrastructure investment in and the operation of bulk cargo ports and logistics facilities in the Yangtze River region in Mainland China. It also engages in land and property development in association with port facilities. In addition, PYI provides comprehensive engineering and property-related services through Paul Y. Engineering Group Limited. For the year ended 31st March, 2008, PYI reported a consolidated profit attributable to equity holders of approximately HK\$360.0 million, while its overall after tax contribution to the Group was a profit of approximately HK\$97.0 million.

ITC Properties Group Limited ("ITC Properties")

ITC Properties is principally engaged in property development and investment in Macau, Mainland China and Hong Kong. ITC Properties is also engaged in golf resort and leisure operations in Mainland China, securities investment, and loan financing services. For the year ended 31st March, 2008, ITC Properties reported a consolidated loss attributable to equity holders of approximately HK\$141.9 million, while its loss attributable to the Group was approximately HK\$3 million.

Wing On Travel (Holdings) Limited ("Wing On Travel")

Wing On Travel is principally engaged in the business of providing package tours, travel and other related services with branches in Hong Kong, Macau, Canada and the United Kingdom, and hotel operation business including a hotel chain with the "Rosedale" brand in Hong Kong and Mainland China.

Burcon NutraScience Corporation ("Burcon")

Burcon is a research and development company developing a portfolio of composition, application and process patents related to its plant protein extraction and purification technology. Burcon's patented process recovers valuable purified plant proteins from inexpensive oilseed meal. Burcon, in conjunction with Archer Daniels Midland, is currently focusing its efforts on developing the world's first commercial Canola proteins, Puratein® and Supertein™ (the "Products"). Canola is the second-largest oilseed crop in the world after soybeans. Burcon's

CHAIRMAN'S STATEMENT *(continued)*

immediate goal is to position the Products to compete with soy, dairy and egg proteins as an ingredient in prepared foods, nutritional supplements and personal care products. In June 2007, Burcon was recognised as a TSX Venture 50™ company. The TSX Venture 50™ ranks the top fifty emerging public companies listed on the TSX Venture Exchange in Canada. For the year ended 31st March, 2008, Burcon's loss attributable to the Group was approximately HK\$7.7 million.

PSC Corporation Ltd ("PSC")

PSC focuses on two business clusters which are "Consumer Essentials" and "Strategic Investments". Its business activities involve grocery franchising and mini-mart chain, food manufacturing, paper products manufacturing and distribution, media contents production and distribution, healthcare consultancy and hospital management services, and strategic investments in high growth sectors including packaging through Tat Seng Packaging Group Ltd.

Listed strategic investments indirectly held

Paul Y. Engineering Group Limited ("Paul Y. Engineering")

Paul Y. Engineering is an international engineering and property services group, serving Hong Kong, Macau, Mainland China and overseas markets. It has three core areas of business: management contracting, property development management and property investment. Paul Y. Engineering serves a wide spectrum of distinguished clients, including the government and major enterprises.

See Corporation Limited ("See Corp")

See Corp is principally engaged in the entertainment and media business, which includes film and television programme productions; music productions; event productions; and artiste and model management. It also owns significant interest in TVB Pay Vision Holdings Limited, which operates a pay-television business in Hong Kong.

China Enterprises Limited ("China Enterprises")

China Enterprises is principally engaged in investment holding, including (i) property investment in Mainland China; (ii) investment in an associated company which is principally engaged in manufacturing and trading of tires products in Mainland China and other countries; and (iii) investment in financial assets.

MRI Holdings Limited ("MRI")

MRI is an investment company, which has investments in securities and financial assets. MRI continues to identify appropriate, strategic investment opportunities that maximise returns to shareholders, within the clear mandate determined by shareholders of MRI.

Intraco Limited ("Intraco")

Intraco has developed its business portfolio under five core sectors, which are agri-business and foods, energy and environment, industrial materials, building materials and security solutions, and semiconductors.

Tat Seng Packaging Group Ltd. ("Tat Seng Packaging")

Tat Seng Packaging is one of Singapore's leading manufacturers of corrugated paper packaging products with operations in Singapore, and in Suzhou and Hefei of Mainland China. Tat Seng Packaging designs, manufactures and sells corrugated paper packaging products for the packing of a diverse range of products according to customers' specifications. Its key products include corrugated paper boards, corrugated paper cartons, die-cut boxes, assembly cartons, heavy duty corrugated paper products and other packaging related products.

CHAIRMAN'S STATEMENT *(continued)*

The Group's shareholding interests in listed strategic investments are summarised below:

Listed strategic investments directly held

Name of investee company	Place of listing	Stock code	Shareholding percentage	
			As at 31/3/2008	As at the date of this report
Hanny	Hong Kong Stock Exchange	275	49.9%	49.9%
PYI	Hong Kong Stock Exchange	498	26.8%	26.8%
ITC Properties	Hong Kong Stock Exchange	199	14.9% (Note a)	17.8% (Note a)
Wing On Travel	Hong Kong Stock Exchange	1189	20.4% (Note b)	18.5% (Note b)
Burcon	TSX Venture Exchange and Frankfurt Stock Exchange	BU WKN 157793	24.9%	24.8%
PSC	Singapore Exchange Limited	PSC	14.1% (Note c)	14.1% (Note c)

Listed strategic investments indirectly held

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 31/3/2008	As at the date of this report
Paul Y. Engineering	Hong Kong Stock Exchange	577	16.9% (Note d)	16.8% (Note d)
See Corp	Hong Kong Stock Exchange	491	10.2% (Note e)	10.4% (Note e)
China Enterprises	OTC Securities Market, U.S.A.	CSHEF	27.6% (Note e)	13.0% (Note e)
MRI	Australian Securities Exchange	MRI	28.6% (Note e)	28.6% (Note e)
Intraco	Singapore Exchange Limited	INTRACO	4.2% (Note f)	4.2% (Note f)
Tat Seng Packaging	Singapore Exchange Limited	TAT SENG	9.0% (Note f)	9.0% (Note f)

Notes:

- (a) Hanny holds a shareholding interest in ITC Properties. The Group's effective interest includes its approximately 6.5% and 9.9% direct shareholding interest in ITC Properties as at 31st March, 2008 and as at the date of this report, respectively. The effective interest held by the Group in ITC Properties as at the date of this report does not include the rights shares held by the Group and China Enterprises under the rights issue as announced by ITC Properties on 6th June, 2008.
- (b) Hanny and China Enterprises each holds a shareholding interest in Wing On Travel. The Group's effective interest includes its approximately 14.2% and 16.8% direct shareholding interest in Wing On Travel as at 31st March, 2008 and as at the date of this report, respectively. The effective interest held by the Group in Wing On Travel as at the date of this report does not include the rights shares held by the Group and China Enterprises under the rights issue as announced by Wing On Travel on 20th May, 2008.
- (c) Hanny holds a shareholding interest in PSC. The Group's effective interest includes its approximately 2% direct shareholding interest in PSC as at 31st March, 2008 and as at the date of this report.
- (d) The Group's interest is held through PYI.
- (e) The Group's interest is held through Hanny.
- (f) The Group's interest is held through PSC.

CHAIRMAN'S STATEMENT *(continued)*

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash, bank balances and deposits as at 31st March, 2008 amounted to approximately HK\$70 million. As at 31st March, 2008, the Group had bank borrowings of approximately HK\$87 million of which approximately HK\$32 million is repayable within one year or on demand. The redeemable convertible preference shares (Stock code: 206) (the "Preference Shares") with an aggregate redemption value of approximately HK\$281 million were redeemed on 5th November, 2007 mainly by utilising the funds raised from the issuance of HK\$200 million convertible notes of the Company on 2nd November, 2007 and the internal resources of the Company.

As at 31st March, 2008, all the Group's borrowings, except the convertible notes, are at floating interest rates and the Group's current ratio was approximately 8.6.

GEARING RATIO

The Group's gearing ratio at the balance sheet date was approximately 6.2% (2007: 45.9%), determined as portion of the Group's net borrowings of approximately HK\$210 million and the equity attributable to equity holders of approximately HK\$3,396 million. The decrease in gearing ratio was largely attributable to the cessation of accounting Hanny as a subsidiary of the Group in May 2007.

EXCHANGE RATE EXPOSURE

As at 31st March, 2008, approximately 4.1% of the cash, bank balances and deposits were in other currencies and only approximately 5.9% of the Group's total borrowings of approximately HK\$16.6 million was denominated in Canadian dollars. The borrowings in foreign currencies are directly tied to the Group's business in Canada.

PLEDGE OF ASSETS

As at 31st March, 2008, certain of the Group's properties, margin accounts receivables, investments held for trading and derivative financial instruments with an aggregate carrying value of approximately HK\$266.0 million were pledged to banks and financial institutions to secure general facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31st March, 2008, the Group had contingent liabilities in respect of guarantees given to banks and financial institutions on general facilities granted to an associate of approximately HK\$53.7 million and financial support given to the associate of approximately HK\$6.8 million.

EMPLOYEE AND REMUNERATION POLICY

As at 31st March, 2008, the Group had a total of 74 employees. It is the Group's remuneration policy that the employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers benefits to employees including discretionary bonus, training, provident funds and medical coverage. Share option schemes are established for the eligible participants (including employees) and share options were granted during the year. There were 198.6 million outstanding share options granted by the Company as at 31st March, 2008.

MAJOR EVENTS

The major events of the Group during the year ended 31st March, 2008 are summarised below:

The Company

In June 2007, a placing and subscription agreement was entered into between the Company, Dr. Chan Kwok Keung, Charles ("Dr. Chan") and a placing agent, pursuant to which the placing agent agreed to place 300,000,000 existing ordinary shares of the Company at the price of HK\$0.74 per share on behalf of Dr. Chan and Dr. Chan agreed to subscribe for 300,000,000 new ordinary shares of the Company at the price of HK\$0.74 per share. The placing and subscription were both completed in June 2007.

CHAIRMAN'S STATEMENT *(continued)*

In July 2007, the directors of the Company (the "Directors") proposed a bonus issue of new ordinary shares to the ordinary shareholders on the basis of one bonus share for every five ordinary shares held on 15th October, 2007 as a return to the long-term support of the ordinary shareholders. 434,800,319 bonus shares were issued accordingly as fully paid by way of capitalisation of a portion of the Company's share premium account in November 2007.

In September 2007, a placing agreement was entered into between the Company and a placing agent by which a maximum aggregate principal amount of HK\$200 million 5% convertible notes due 2009 at an initial conversion price of HK\$0.75 per share (which was subsequently adjusted to HK\$0.63 per share) was placed, on a best effort basis. The placement was completed on 2nd November, 2007 and all the net proceeds were used to redeem the Preference Shares.

On 5th November, 2007, the Company redeemed all outstanding 265,062,000 Preference Shares at the redemption price of HK\$1.06 per share. The listing of the Preference Shares was withdrawn on the same date.

Hanny

In April 2007, a placing and subscription agreement was entered into between the Company, Hanny and a placing agent, pursuant to which the placing agent agreed to place 43,500,000 existing shares of Hanny at the price of HK\$3.40 per share on behalf of the Company and the Company agreed to subscribe for 43,500,000 new shares of Hanny at the price of HK\$3.40 per share. The placing and subscription were completed in April 2007.

In April 2007, Hanny group has conditionally agreed to subscribe for 125,000,000 new shares of Wonson International Holdings Limited (Stock code: 651) ("Wonson") at the price of HK\$0.16 per share and HK\$40 million redeemable convertible notes of Wonson at face value. The subscriptions were completed in May 2007.

In May 2007, the Group disposed of 21,000,000 shares of Hanny at HK\$5 per share to independent third parties. Upon the conversion of convertible bonds of Hanny by independent third parties, Hanny ceased to be a subsidiary of the Company.

In August 2007, the Group acquired Hanny's convertible bonds in the principal amount of HK\$88,217,520 from an independent third party at a consideration of HK\$69,691,840.

In August 2007, a conditional subscription agreement was entered into between the Company and Hanny in relation to the subscription of up to 499,000,000 new shares of Hanny at the price of HK\$0.35 per share. The subscription price was agreed to be adjusted to HK\$0.29 per share in September 2007 due to Hanny's bonus issue. The subscription was completed in October 2007.

The Group's shareholding interest in Hanny is approximately 49.90% as at the date of this report.

Trasy

In May 2007, the Hong Kong Stock Exchange has approved the resumption of trading in the shares of Trasy following the submission of a resumption proposal with updated information about Trasy in terms of its operation, financial position and performance, corporate governance, and the adequacy and effectiveness of its internal control system.

In June 2007, Trasy ceased to be a subsidiary of the Company upon the exercise of share options of Trasy by an independent third party.

In June, August and September 2007, three respective sets of placing and subscription agreements were entered into between the Group, Trasy and placing agents, pursuant to which the placing agents agreed to place 550,000,000, 330,000,000 and 335,000,000 existing shares of Trasy at prices of HK\$0.20, HK\$0.19 and HK\$0.162 per share respectively on behalf of the Group and the Group agreed to subscribe for 550,000,000, 330,000,000 and 335,000,000 new shares of Trasy at the respective prices of HK\$0.20, HK\$0.19 and HK\$0.162 per share. The placings and subscriptions were completed in June and September 2007.

In September 2007, the Group disposed of approximately 1,197 million shares of Trasy on the market for approximately HK\$119.7 million and donated 10 million shares of Trasy to The Community Chest of Hong Kong. The Group ceased to hold any shares in Trasy thereafter.

CHAIRMAN'S STATEMENT *(continued)*

PYI

In March 2008, since the previous mandate in relation to the possible disposal of shares of PYI would expire on 17th April, 2008, the Directors proposed to extend the mandate for the possible disposal of up to a maximum of 300 million shares of PYI at the minimum disposal price equals to or exceeds HK\$2.13 per share (subject to adjustment in the event of a share consolidation or share subdivision by PYI) within twelve months from 18th April, 2008. The proposal has been approved by the shareholders of the Company in April 2008.

Wing On Travel

During the period from 27th December, 2006 to 22nd January, 2008, the Group acquired approximately 258.8 million shares of Wing On Travel at an aggregate consideration of approximately HK\$110.9 million. The Group's shareholding interests in Wing On Travel was approximately 14.2% as at 31st March, 2008.

ITC Properties

During the period from 16th October, 2007 to 23rd January, 2008, the Group acquired approximately 202.1 million shares of ITC Properties at an aggregate consideration of approximately HK\$85.7 million. The Group's shareholding interests in ITC Properties was approximately 6.5% as at 31st March, 2008.

MAJOR SUBSEQUENT EVENTS

The major events of the Group subsequent to the year ended 31st March, 2008 are summarised below:

The Company

In April 2008, the Group disposed of all the interests in an associate company which held an investment property in the Central District of Hong Kong for a consideration of HK\$145 million. This disposal gave rise to an unaudited gain of approximately HK\$60 million (before expense and tax) as disclosed in the circular of the Company dated 22nd April, 2008.

Wing On Travel

In May 2008, Wing On Travel proposed to issue rights shares by way of rights issue on the basis of four rights shares (with bonus warrants in the proportion of one bonus warrant for every four rights shares subscribed) for every share held on the record date at the subscription price of HK\$0.06 per rights share. The Company had undertaken, inter alia, to subscribe or procure to subscribe for approximately 1,035 million rights shares of Wing On Travel. The Group's shareholding interests in Wing On Travel is approximately 16.8% as at the date of this report.

SECURITIES IN ISSUE

As a result of the issue of new ordinary shares under scrip dividend schemes, bonus issue, the conversion of the Preference Shares during the year and the redemption of the Preference Shares, the total number of issued ordinary shares of the Company of HK\$0.10 each is 2,694,605,269 as at the date of this report.

FINAL DIVIDEND AND BONUS ISSUE OF WARRANTS

The board of Directors (the "Board") has resolved to recommend the payment of a final dividend of HK0.3 cent per ordinary share for the year ended 31st March, 2008 (2007: HK1.67 cents as adjusted by the bonus issue of shares on 5th November, 2007) to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 20th October, 2008. The proposed final dividend is expected to be paid to shareholders by post on or about 5th November, 2008 following approval at the forthcoming annual general meeting. The proposed final dividend is conditional upon the passing at the forthcoming annual general meeting of the Company of an ordinary resolution to approve the final dividend.

The Board has also proposed a bonus issue of warrants ("Bonus Warrants Issue") on the basis of one warrant for every five existing ordinary shares held, to the shareholders

CHAIRMAN'S STATEMENT *(continued)*

(other than excluded shareholders) whose names appear on the register of members of the Company at the close of the business on Monday, 20th October, 2008. Each warrant will entitle the holder to subscribe in cash for one new ordinary share of the Company at an initial subscription price of HK\$0.22 per ordinary share, subject to anti-dilutive adjustments, at any time between the date of issue of the warrants and the day immediately preceding the first anniversary of the date of issue of the warrants (both dates inclusive).

The Bonus Warrants Issue will be subject to: (i) the approval by the shareholders of the Company at a special general meeting of the Company of the Bonus Warrants Issue, the allotment and issue of new ordinary shares of the Company under the Bonus Warrants Issue; and (ii) the Listing Committee of the Hong Kong Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the warrants and the new ordinary shares which may fall to be issued by the Company as a result of exercise of the warrants.

A further announcement containing further details of the Bonus Warrants Issue will be made by the Company as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 16th October, 2008 to Monday, 20th October, 2008, both dates inclusive, during which period no transfer of ordinary shares will be registered. In order to qualify for the proposed final dividend and the Bonus Warrants Issue, all transfers of ordinary shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:00 p.m. on Wednesday, 15th October, 2008.

OUTLOOK

The year ahead will be challenging amid the protracted housing market downturn in the U.S.A. coupled with the tightening credit as a result of the sub-prime predicament,

aggravated by soaring inflation. These factors have contributed to the increasing dimmed economic sentiment for 2008 compared with the brisk economic environment of 2007, and a downward correction in asset prices. Such downward correction has created opportunities to acquire assets in the market at bargain prices.

Having a sound balance sheet with low gearing, the Group is strategically leveraged to capitalise on opportunities by exploring and capturing assets that are undervalued by the market. Our aggressive, but cautious, investment approach allows us to mitigate risks from uncertainties while pursuing quality investments at propitious times. During the year, the Group took advantage of market opportunities by increasing its interests in ITC Properties and Wing On Travel at a discount to their fair values. By doing so, the Group has further diversified and balanced its strategic investment portfolio. The Company has further demonstrated its confidence in Wing On Travel and ITC Properties by undertaking to subscribe for their rights shares in May and June 2008, respectively.

The Group's strategic framework that has led the Group to success will continue to keep the Group well-poised for opportunities as well as meeting the challenges ahead. Barring unforeseen circumstances, the Group is confident about the prospects of its investments and business operation.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the shareholders for their continuous support to the Company and extend my appreciation to all management and staff members for their contribution and dedication throughout the year.

Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 28th July, 2008

BIOGRAPHIES OF DIRECTORS AND QUALIFIED ACCOUNTANT

DIRECTORS

Chan Kwok Keung, Charles, aged 53, is the Chairman of the Company. Dr. Chan holds an honorary degree of Doctor of Laws and a bachelor's degree in civil engineering and has over 28 years' international corporate management experience in the construction and property sectors as well as in strategic investments. He joined the Group in February 1997 and is responsible for its strategic planning. Dr. Chan is the chairman of Hanny Holdings Limited and a non-executive director of PYI Corporation Limited. Dr. Chan is the sole director of Chinaview International Limited and Galaxyway Investments Limited which are substantial shareholders of the Company as disclosed in the section headed "Interests and short positions of substantial shareholders/other persons recorded in the register kept under section 336 of the SFO" in the directors' report. Dr. Chan is the elder brother of Mr. Chan Kwok Chuen, Augustine, an executive director of the Company.

Chau Mei Wah, Rosanna, aged 53, is the Deputy Chairman and Managing Director of the Company, a member of the Remuneration Committee of the Company and a director of various subsidiaries of the Group. Ms. Chau has over 28 years' experience in international corporate management and finance. She holds a bachelor's degree and a master's degree in commerce and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia and a member of the Certified General Accountants' Association of Canada. She joined the Group in February 1997 and is responsible for its operations and business development. Ms. Chau is a director of Burcon NutraScience Corporation.

Chan Kwok Chuen, Augustine, aged 49, joined the Company as an executive director in November 1997 and is also a director of various subsidiaries of the Group. Mr. Chan holds a diploma in arts and has over 25 years' experience in trading business in the PRC. Mr. Chan is the younger brother of Dr. Chan Kwok Keung, Charles, the Chairman of the Company.

Chan Fut Yan, aged 54, joined the Company as an executive director in December 1997 and is also a director of various subsidiaries of the Group. Mr. Chan has over 35 years' experience in the local construction field specialising in site supervision, planning of works and progress monitoring. He is the managing director of ITC Properties Group Limited.

Cheung Hon Kit, aged 54, joined the Company as an independent non-executive director in December 1999 and was appointed as an executive director in September 2001. He is also a director of a subsidiary of the Group. Mr. Cheung graduated from the University of London with a bachelor of arts degree. He has over 30 years' experience in real estate development, property investment and corporate finance. He has worked in key executive positions in various leading property development companies in Hong Kong. He is the chairman of ITC Properties Group Limited, the managing director of Wing On Travel (Holdings) Limited and an independent non-executive director of a number of publicly listed companies in Hong Kong.

Chuck, Winston Calptor, aged 52, joined the Company as an independent non-executive director in November 2001. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Chuck graduated from the University of Western Ontario, Canada with a bachelor of arts degree. He is a practicing solicitor in Hong Kong and has over 26 years' experience in the legal fields. He is also an independent non-executive director of a publicly listed company in Hong Kong.

Lee Kit Wah, aged 52, joined the Company as an independent non-executive director in July 2004. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Lee graduated from University of Toronto with a bachelor's degree in commerce. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He has been practising as a certified public accountant in Hong Kong since 1988 and is the managing director of an accounting firm. Mr. Lee is also an independent non-executive director of a publicly listed company in Hong Kong.

BIOGRAPHIES OF DIRECTORS AND QUALIFIED ACCOUNTANT *(continued)*

Hon. Shek Lai Him, Abraham, SBS, JP, aged 63, joined the Company as an independent non-executive director in June 2006 and is also a member of the Audit Committee of the Company. Mr. Shek graduated from the University of Sydney, Australia with a Bachelor of Arts. Mr. Shek is a member of the Legislative Council for the Hong Kong Special Administrative Region representing real estate and construction functional constituency since 2000. Currently, Mr. Shek is a member of the Council of The Hong Kong University of Science & Technology and a member of the Court of The University of Hong Kong. He is also a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek was appointed as a Justice of the Peace in 1995 and awarded Silver Bauhinia Star in 2007. Mr. Shek is also an independent non-executive director of a number of publicly listed companies in Hong Kong.

QUALIFIED ACCOUNTANT

Lee Hon Chiu, aged 46, is the Company Secretary and the Chief Financial Officer of the Company and is also a director of various subsidiaries of the Group. Mr. Lee has over 20 years' experience in auditing, accounting and financial management. He was an executive director of Paul Y. Engineering Group Limited. He holds a Bachelor's degree in business administration and is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and also a certified public accountant in Hong Kong. He joined the Group in May 2008 and is responsible for its finance, accounting and company secretarial functions.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company believes that good corporate governance practices are essential for effective management to enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31st March, 2008, complied with the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the directors of the Company (the "Directors"). All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31st March, 2008.

The Company has also adopted a code of conduct governing securities transactions by employees who may possess or have access to unpublished price sensitive information of the Company or its securities.

BOARD OF DIRECTORS

The Board

The members of the Board are individually and collectively responsible for the leadership and control of, and for promoting the success of, the Company by directing and supervising the Company's affairs. As at the date of this report, the Board comprises eight Directors, including the Chairman, the Deputy Chairman and Managing Director, three other executive Directors, and three independent non-executive Directors. The Board has a balanced composition of executive and independent non-executive Directors so that strong independent elements are included in the Board, enabling the Board to exercise judgment independently and make decisions objectively in the interests of the Company and its shareholders as a whole. Biographical details of the Directors, showing a good balance of professional expertise and diverse range of experience among them, are set out on pages 11 and 12 of the annual report. The Board members have no financial, business, family or other material/relevant relationship with each other, except that Dr. Chan Kwok Keung, Charles is the elder brother of Mr. Chan Kwok Chuen, Augustine.

The Board has delegated the Executive Board with authority and responsibility for handling the management functions and operations of the day-to-day business of the Company, while reserving certain key matters for the approval by the Board. The types of decisions to be taken by the Board include annual and interim period financial reporting and control, equity fund raising, declaration of interim dividend and making recommendation of final dividend or other distributions, notifiable transactions under Chapters 14 and 14A of the Listing Rules and making recommendation for capital reorganisation or scheme of arrangement of the Company.

During the year under review, four regular Board meetings were held with at least fourteen days' notices given to all Directors and additional Board meetings were held as and when necessary. Directors are provided with relevant information to make informed decisions. The Board and each Director have separate and independent access to the Company's senior management. A Director who considers a need for independent professional advice in order to perform his/her duties as a Director may convene, or request the secretary of the Company to convene, a meeting of the Board to approve the seeking of independent legal or other professional advice.

CORPORATE GOVERNANCE REPORT *(continued)*

The attendance of each individual member of the Board, the Audit Committee and the Remuneration Committee at the respective meetings during the financial year is set out in the following table:

Name of Directors	Meetings Attended/ Eligible to attend		
	Board	Audit Committee	Remuneration Committee
<i>Executive Directors</i>			
Chan Kwok Keung, Charles (<i>Chairman</i>)	18/19		
Chau Mei Wah, Rosanna (<i>Deputy Chairman and Managing Director</i>)	19/19		4/4
Chan Kwok Chuen, Augustine	14/19		
Chan Fut Yan	17/19		
Cheung Hon Kit	14/19		
<i>Independent non-executive Directors</i>			
Chuck, Winston Calptor	19/19	2/2	4/4
Lee Kit Wah	19/19	2/2	4/4
Shek Lai Him, Abraham	19/19	2/2	

Chairman and Managing Director

The roles of the Chairman and Managing Director are segregated and are held by different individuals. The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the Managing Director takes the lead in the Group's operations and business development. There is a clear division of responsibilities between the Chairman and Managing Director of the Company which provides a balance of power and authority.

Independent non-executive Directors

The independent non-executive Directors are appointed for a specific term, subject to re-election, which will run until the conclusion of the third annual general meeting from the date of their last re-election and in accordance with the Company's Bye-laws. One of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. The Company has received the annual confirmation of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

Nomination, appointment and re-election of directors

The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by holders of ordinary shares of the Company (the "Shareholders") at the general meeting. Under the Company's Bye-laws, the Directors shall have the power to appoint any person as a Director at any time either to fill a casual vacancy on the Board or as an addition to the existing Board who is subject to retirement and re-election at the first general meeting or first annual general meeting respectively after his/her appointment. All Directors are subject to retirement and re-election by the Shareholders on a rotation basis at least once every three years. Potential new Directors are identified and submitted to the Board for approval. The nomination of Directors should be taken into consideration of the candidate's qualification, ability and potential contribution to the Company. A candidate to be appointed as independent non-executive Director must also satisfy the independence criteria set out in Rule 3.13 of the Listing Rules. No Board meeting was convened during the year under review for the appointment of new Director.

CORPORATE GOVERNANCE REPORT *(continued)*

REMUNERATION COMMITTEE

The Board has set up a Remuneration Committee with a majority of the members being independent non-executive Directors. The existing Remuneration Committee comprises two independent non-executive Directors, namely, Mr. Chuck, Winston Calptor (Chairman of the Remuneration Committee) and Mr. Lee Kit Wah, and the Deputy Chairman and Managing Director, Ms. Chau Mei Wah, Rosanna.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and the senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and reviewing and determining the remuneration packages of the executive Directors and the senior management. The terms of reference of the Remuneration Committee, which follow closely the requirements of the code provisions of the Code, have been adopted by the Board, are posted on the Company's website. The Remuneration Committee is provided with sufficient resources to discharge its duties.

During the year under review, the Remuneration Committee held four meetings. In these meetings, the Remuneration Committee had principally performed the followings: making recommendation to the Board on Directors' fees for the approval by the Shareholders at the annual general meeting, approving/recommending the emoluments of Directors and the senior management of the Company, and recommending to the Board on the grant of share options to certain Directors and the senior management of the Company.

With the recommendation of the Remuneration Committee, the Board set the remuneration policy of directors and the senior management of the Company. The Remuneration Committee shall consult the Chairman and/or the Managing Director of the Company about its proposals relating to remuneration packages of the directors and the senior management of the Company. The emoluments of the directors and the senior management of the Company are based on their individual skills, knowledge and involvement in the Company's affairs and are determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration is to ensure that the Company is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company.

Details of the remuneration of Directors are set out on note 9 to the consolidated financial statements. During the year under review, no Director was involved in deciding his/her own remuneration.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Lee Kit Wah (Chairman of the Audit Committee), Mr. Chuck, Winston Calptor and Mr. Shek Lai Him, Abraham. The Audit Committee is chaired by Mr. Lee Kit Wah, who is a qualified accountant with extensive experience in financial reporting and controls.

The principal duties of the Audit Committee include reviewing the Company's financial reporting system and internal control procedures, reviewing the Group's financial information and reviewing the relationship with the external auditors of the Company. Terms of reference of the Audit Committee, which follow closely the requirements of the code provisions of the Code, have been adopted by the Board and posted on the Company's website. The Audit Committee is provided with sufficient resources to discharge its duties.

CORPORATE GOVERNANCE REPORT *(continued)*

During the year under review, the Audit Committee reviewed and made recommendation for the Board's approval of the draft audited financial statements of the Group for the year ended 31st March, 2007 and the draft unaudited interim financial statements of the Group for the six months ended 30th September, 2007, discussed the accounting policies and practices which may affect the Group with the management and the Company's auditors, made recommendation on the re-appointment of external auditors for the approval of the Shareholders in the annual general meeting of the Company, reviewed the fees charged by the external auditors; and reviewed the internal control system of the Group.

AUDITOR'S REMUNERATION

Messrs. Deloitte Touche Tohmatsu ("Deloitte"), the Group's principal auditor, was re-appointed by the Shareholders at the annual general meeting of the Company held on 19th September, 2007 as the Company's external auditor until the next annual general meeting. For the year ended 31st March, 2008, the total fee paid/payable in respect of statutory audit and non-audit services provided by Deloitte is set out in the following table:

Services rendered	Fee paid/payable	
	for the year ended 31st March,	
	2008	2007
	HK\$'000	HK\$'000
Audit services	3,310	6,600
Non-audit services		
Taxation advisory	25	20
Special engagements	744	1,880
Total fee paid/payable for the year	4,079	8,500

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31st March, 2008, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 32 of the annual report.

CORPORATE GOVERNANCE REPORT *(continued)*

INTERNAL CONTROL

The Board has the overall responsibility for maintaining a sound and effective system of internal control and for reviewing its effectiveness, particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Company's business strategies and the Group's business operations. The Directors have adopted an internal control policy for the Group. The internal control policy is fundamental to the successful operation and day-to-day running of a business and it assists the Company in achieving its business objective. The policy has been developed with a primary objective of providing general guidance and recommendations on a basic framework of internal control and risk management. The Company's internal control system comprises a well established organisational structure and comprehensive policies and standards. Procedures have been designed to safeguard assets against unauthorised use or disposition, to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and to ensure compliance with applicable laws and regulations. The purpose of the Company's internal control is to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Company's objective.

The Directors have conducted an annual review of the effectiveness of the system of internal control of the Group, covering all material controls, including financial, operational and compliance controls and risk management functions.

COMMUNICATION WITH SHAREHOLDERS

The Board makes its endeavour to maintain an ongoing and transparent communication with all shareholders and, in particular, use general meetings to communicate with shareholders and encourage their participation. The Company also uses various other means of communication with its shareholders, such as publication of annual and interim reports, announcements, circulars and additional information on the Group's business activities and development on the Company's website: www.itc.com.hk. Details of the poll vote procedures, which comply with the Listing Rules and the Bye-laws of the Company, have been included in the Company's circulars sent to the Shareholders and in the proceedings of the Company's general meetings. During the year under review, all resolutions put forward at the annual general meeting and the special general meetings had been conducted by way of poll and poll results were published in the newspapers and/or posted on the websites of the Company and the Hong Kong Stock Exchange in compliance with the requirements of the then Listing Rules.

By Order of the Board

Lee Hon Chiu

Company Secretary

Hong Kong, 28th July, 2008

DIRECTORS' REPORT

The directors have pleasure to present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities and particulars of the Company's principal subsidiaries and the Group's principal associates as at 31st March, 2008 are set out in notes 60 and 23, respectively, to the consolidated financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's revenue and contribution to operating results for the year ended 31st March, 2008 is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2008 are set out in the consolidated income statement on page 33 of the annual report.

An interim dividend of HK1.3 cents per ordinary share satisfied in cash with an option to elect scrip dividend of ordinary shares, amounting to approximately HK\$34,563,000, was paid to the holders of ordinary shares during the year. The directors recommended the payment of a final dividend of HK0.3 cent per ordinary share in cash to holders of ordinary shares whose names appear on the register of holders of ordinary shares on 20th October, 2008 (the "Record Date"), amounting to approximately HK\$8,084,000 and a bonus issue of warrants on the basis of one warrant for every five ordinary shares held on the Record Date at an initial subscription price of HK\$0.22 per ordinary share (subject to adjustments) with a term of one year, details of which will be included in a circular to be sent to the shareholders as soon as possible.

A dividend of HK4 cents per redeemable convertible preference share in respect of the twelve months period ending on but excluding 3rd November, 2007 to holders of redeemable convertible preference shares of the Company (the "Preference Shares") was paid during the year. All the Preference Shares were redeemed by the Company on 5th November, 2007.

CHARITABLE DONATION

During the year, the Group donated 10,000,000 shares of Trasy Gold Ex Limited ("Trasy") to The Community Chest of Hong Kong, in which the value of such donated shares was approximately HK\$688,000.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers during the year were less than 30% of the Group's total turnover.

The aggregate purchases attributable to the Group's five largest suppliers during the year were less than 30% of the Group's total purchases.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 109 of the annual report.

DIRECTORS' REPORT *(continued)*

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of revaluation and movements of the investment properties of the Group during the year are set out in note 20 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 48 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, subject to the restrictions as stipulated in the Companies Act 1981 of Bermuda as described above, the Company's reserves available for distribution to shareholders as at 31st March, 2008 was as follows:

	2008 HK\$'000
Contributed surplus	1,134,686
Accumulated profits	19,758
	<hr/>
	1,154,444 <hr/> <hr/>

BORROWINGS

Bank borrowings and other loans repayable within one year or on demand are classified as current liabilities. Details of the repayment analysis of bank borrowings and other loans of the Group as at 31st March, 2008 are set out in note 44 to the consolidated financial statements.

At 31st March, 2008, the Group had outstanding convertible notes with an aggregate principal amount of HK\$200,000,000. Details of the convertible notes are set out in note 46 to the consolidated financial statements.

DIRECTORS' REPORT *(continued)*

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Chan Kwok Keung, Charles *(Chairman)*
Chau Mei Wah, Rosanna *(Deputy Chairman and Managing Director)*
Chan Kwok Chuen, Augustine
Chan Fut Yan
Cheung Hon Kit

Independent non-executive directors:

Chuck, Winston Calptor
Lee Kit Wah
Shek Lai Him, Abraham

In accordance with Bye-law 98(A) of the Company's Bye-laws, Mr. Chan Kwok Chuen, Augustine, Mr. Cheung Hon Kit and Mr. Shek Lai Him, Abraham will retire by rotation at the forthcoming annual general meeting. All retiring directors, being eligible, offer themselves for re-election.

The independent non-executive directors are appointed for a specific term, subject to re-election, which will run until the conclusion of the third annual general meeting from the date of their last re-election and in accordance with the Company's Bye-laws. No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March, 2008, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

(a) *Interests and short positions in shares, underlying shares and debentures of the Company*

Name of director	Capacity	Long position/ Short position	Number of shares of the Company held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of the Company held	Approximate percentage of the issued share capital of the Company
Chan Kwok Keung, Charles	Beneficial owner	Long position	126,353,336	-	4.69%
Chan Kwok Keung, Charles	Interest of controlled corporation (<i>Note 1</i>)	Long position	810,712,518	-	30.08%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	-	26,900,000 (<i>Note 2</i>)	0.99%
Chan Kwok Chuen, Augustine	Beneficial owner	Long position	-	12,000,000 (<i>Note 2</i>)	0.44%
Chan Fut Yan	Beneficial owner	Long position	-	25,000,000 (<i>Note 2</i>)	0.92%
Cheung Hon Kit	Beneficial owner	Long position	-	25,000,000 (<i>Note 2</i>)	0.92%
Chuck, Winston Calptor	Beneficial owner	Long position	-	2,500,000 (<i>Note 2</i>)	0.09%
Lee Kit Wah	Beneficial owner	Long position	-	2,500,000 (<i>Note 2</i>)	0.09%
Shek Lai Him, Abraham	Beneficial owner	Long position	-	2,500,000 (<i>Note 2</i>)	0.09%

Notes:

- Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited which was, in turn, wholly owned by Dr. Chan Kwok Keung, Charles. Dr. Chan Kwok Keung, Charles was deemed to be interested in 810,712,518 shares of the Company held by Galaxyway Investments Limited.
- These interests represented the interests in underlying shares in respect of the share options granted by the Company to these directors as beneficial owners, the details of which are set out in the section headed "Share Option Schemes" of this report.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(b) Interests and short positions in shares, underlying shares and debentures of Hanny Holdings Limited ("Hanny")

Name of director	Capacity	Long position/ Short position	Number of shares of Hanny held	Number of underlying shares (in respect of the unlisted equity derivatives) of Hanny held	Approximate percentage of the issued share capital of Hanny
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	2,501,529,452	-	49.90%
Chan Kwok Keung, Charles	Interest of controlled corporations <i>(Note)</i>	Long position	-	283,521,894 <i>(Note)</i>	5.65%
Chan Kwok Keung, Charles	Beneficial owner	Long position	23,941,600	-	0.47%
Chan Kwok Keung, Charles	Beneficial owner	Long position	-	4,241,507 <i>(Note)</i>	0.08%
Chan Kwok Chuen, Augustine	Beneficial owner	Long position	16,176,000	-	0.32%
Cheung Hon Kit	Beneficial owner	Long position	79	-	0.00%
Shek Lai Him, Abraham	Beneficial owner	Long position	422	-	0.00%

Note:

The shares of Hanny were held by an indirect wholly-owned subsidiary of the Company. The Company, through its indirect wholly-owned subsidiaries, also held the 2% convertible bonds due 2011 issued by Hanny with an aggregate principal amount of HK\$189,959,670. Upon full conversion of such convertible bonds at a conversion price of HK\$0.67 per share of Hanny (subject to adjustments), 283,521,894 shares of Hanny would be issued to indirect wholly-owned subsidiaries of the Company.

By virtue of his direct and deemed interests in approximately 34.77% of the issued share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of Hanny and underlying shares of Hanny held by the indirect wholly-owned subsidiaries of the Company.

Dr. Chan Kwok Keung, Charles owned the 2% convertible bonds due 2011 issued by Hanny in the principal amount of HK\$2,841,810. Upon full conversion of such convertible bonds at a conversion price of HK\$0.67 per share of Hanny (subject to adjustments), 4,241,507 shares of Hanny would be issued to Dr. Chan Kwok Keung, Charles.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(c) *Interests and short positions in shares, underlying shares and debentures of PYI Corporation Limited ("PYI")*

Name of director	Capacity	Long position/ Short position	Number of shares of PYI held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of PYI held	Approximate percentage of the issued share capital of PYI
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	404,512,565	-	26.84%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,978,677	-	0.79%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	-	1,280,000 (Note 2)	0.08%
Chan Fut Yan	Beneficial owner	Long position	-	2,500,000 (Note 2)	0.16%
Cheung Hon Kit	Beneficial owner	Long position	400	-	0.00%
Shek Lai Him, Abraham	Beneficial owner	Long position	2,000	-	0.00%

Notes:

- The shares of PYI were held by an indirect wholly-owned subsidiary of the Company. By virtue of his direct and deemed interests in approximately 34.77% of the issued share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of PYI held by an indirect wholly-owned subsidiary of the Company.
- As at 31st March, 2008, Ms. Chau Mei Wah, Rosanna and Mr. Chan Fut Yan held share options (which were granted on 28th December, 2004) with rights to subscribe for 1,280,000 shares of PYI and 2,500,000 shares of PYI respectively at HK\$1.5 per share of PYI (subject to adjustments) during the period from 28th December, 2004 to 26th August, 2012. As at 1st April, 2007, Ms. Chau Mei Wah, Rosanna and Mr. Chan Fut Yan held share options with rights to subscribe for 1,630,000 shares of PYI and 2,500,000 shares of PYI respectively at HK\$1.5 per share of PYI. These share options vested at the date of grant.

(d) *Interests and short positions in shares, underlying shares and debentures of Burcon NutraScience Corporation ("Burcon")*

Name of director	Capacity	Long position/ Short position	Number of shares of Burcon held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of Burcon held	Approximate percentage of the issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	323,347	-	1.28%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	-	81,000	0.32%

DIRECTORS' REPORT (continued)**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES** (continued)**(e) Interests and short positions in shares, underlying shares and debentures of Wing On Travel (Holdings) Limited ("Wing On Travel")**

Name of director	Capacity	Long position/ Short position	Number of shares of Wing On Travel held	Number of underlying shares (in respect of the unlisted equity derivatives) of Wing On Travel held	Approximate percentage of the issued share capital of Wing On Travel
Chan Kwok Keung, Charles	Interest of controlled corporations (Note 1)	Long position	492,357,481	-	27.04%
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	-	79,746,835 (Note 1)	4.37%
Chan Kwok Keung, Charles	Beneficial owner	Long position	4,529,800	-	0.24%
Cheung Hon Kit	Beneficial owner	Long position	-	4,000,000 (Note 2)	0.21%

Notes:

- So far as is known to the directors of the Company, 258,846,000 shares of Wing On Travel were held by an indirect wholly-owned subsidiary of the Company and 21,339,481 shares of Wing On Travel and 1,000,000 shares of Wing On Travel were held by a direct wholly-owned subsidiary of China Enterprises Limited ("CEL") and CEL, respectively, of which Group Dragon Investments Limited ("GDI"), an indirect wholly-owned subsidiary of Hanny, indirectly owned approximately 55.2% of the effective equity interest. 211,172,000 shares of Wing On Travel were held by indirect wholly-owned subsidiaries of Hanny. CEL held a convertible exchangeable note in the principal amount of HK\$63,000,000. Upon full conversion of such convertible exchangeable note at an initial conversion price of HK\$0.79 per share of Wing On Travel (subject to adjustments), 79,746,835 shares of Wing On Travel would be issued to CEL. So far as is known to the directors of the Company, an agreement was entered into on 25th March, 2008 to dispose of indirect wholly-owned subsidiaries of Hanny, which held in aggregate 211,172,000 shares of Wing On Travel, to CEL and such agreement was completed in April 2008; and a conditional sale and purchase agreement was entered into on 25th March, 2008 by, inter alia, direct wholly-owned subsidiary of GDI, an indirect wholly-owned subsidiary of Hanny, to dispose of an indirect wholly-owned subsidiary of GDI which held approximately 18.1% equity interest in the issued share capital of CEL and such agreement was completed in May 2008. An indirect wholly-owned subsidiary of the Company owned approximately 49.90% of the issued share capital of Hanny and Dr. Chan Kwok Keung, Charles directly held approximately 0.47% of the issued share capital of Hanny. By virtue of his direct and deemed interests in approximately 34.77% of the issued share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of Wing On Travel and/or underlying shares of Wing On Travel held by CEL, the subsidiaries of CEL, Hanny and the Company.
- At 1st April, 2007 and 31st March, 2008, Mr. Cheung Hon Kit held share options (which were granted on 22nd June, 2006) with rights to subscribe for 4,000,000 shares of Wing On Travel at HK\$0.728 per share of Wing On Travel (subject to adjustments) during the option period from 22nd June, 2006 to 21st June, 2008. The share options shall be exercisable at any time during the option period and subject to a maximum of the 50% of the options exercisable during the first year of the option period commencing from 22nd June, 2006 to 21st June, 2007 and the balance of the 50% of the options not yet exercised in the first year and the other 50% exercisable in the second year commencing from 22nd June, 2007 to 21st June, 2008.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(f) Interests and short positions in shares, underlying shares and debentures of ITC Properties Group Limited ("ITC Properties")

Name of director	Capacity	Long position/ Short position	Number of shares of ITC Properties held	Number of underlying shares (in respect of the unlisted equity derivatives) of ITC Properties held	Approximate percentage of the issued share capital of ITC Properties
Chan Kwok Keung, Charles	Interest of controlled corporations <i>(Note 1)</i>	Long position	719,642,272	-	23.24%
Chan Kwok Keung, Charles	Interest of controlled corporations <i>(Note 1)</i>	Long position	-	1,178,571,427 <i>(Note 1)</i>	38.07%
Chan Kwok Keung, Charles	Beneficial owner	Long position	3,810,000	-	0.12%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	-	3,000,000 <i>(Note 2)</i>	0.09%
Chan Fut Yan	Beneficial owner	Long position	-	13,000,000 <i>(Note 2)</i>	0.41%
Cheung Hon Kit	Beneficial owner	Long position	15,000,000	-	0.48%
Cheung Hon Kit	Beneficial owner	Long position	-	22,000,000 <i>(Note 2)</i>	0.71%

Notes:

- So far as is known to the directors of the Company, 202,125,000 shares of ITC Properties were held by indirect wholly-owned subsidiaries of the Company and 517,517,272 shares of ITC Properties were held by indirect wholly-owned subsidiaries of Hanny. An indirect wholly-owned subsidiary of the Company held a convertible note of ITC Properties in the principal amount of HK\$30,000,000 at an initial conversion price of HK\$0.7 per share of ITC Properties (subject to adjustments). Upon full conversion of such convertible notes, 42,857,142 shares of ITC Properties would be issued to such indirect wholly-owned subsidiary of the Company. An indirect wholly-owned subsidiary of Hanny owned convertible notes of ITC Properties in the principal amounts of HK\$330,000,000 and HK\$270,000,000 at initial conversion prices of HK\$0.44 and HK\$0.7 per share of ITC Properties (subject to adjustments), respectively. Upon full conversion of such convertible notes, 750,000,000 and 385,714,285 shares of ITC Properties would be issued to such indirect wholly-owned subsidiary of Hanny. So far as is known to the directors of the Company, an agreement was entered into on 25th March, 2008 to dispose of an indirect wholly-owned subsidiary of Hanny, which held 40,000,000 shares of ITC Properties, to CEL, of which GDI, an indirect wholly-owned subsidiary of Hanny, indirectly owned approximately 55.2% of the effective equity interests as at the date of the agreement, and such agreement was completed in April 2008; and a conditional sale and purchase agreement was entered into on 25th March, 2008 by, inter alia, a direct wholly-owned subsidiary of GDI to dispose of an indirect wholly-owned subsidiary of GDI which held approximately 18.1% equity interest in the issued share capital of CEL and such agreement was completed in May 2008. An indirect wholly-owned subsidiary of the Company owned approximately 49.90% of the issued share capital of Hanny and Dr. Chan Kwok Keung, Charles directly held approximately 0.47% of the issued share capital of Hanny. By virtue of his direct and deemed interests in approximately 34.77% of the issued share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of ITC Properties and underlying shares of ITC Properties held by the subsidiaries of Hanny and the Company.

DIRECTORS' REPORT (continued)**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES** (continued)**(f) Interests and short positions in shares, underlying shares and debentures of ITC Properties Group Limited ("ITC Properties")** (continued)

Notes: (continued)

2. Details of outstanding share options granted to the directors of the Company by ITC Properties as at 31st March, 2008 were as follows:

Name of optionholder	Date of grant	Option period*	Number of share options	Exercise price per share of ITC Properties (subject to adjustments) HK\$
Chau Mei Wah, Rosanna	27.7.2007	27.7.2007 to 26.7.2011	3,000,000	0.67
Chan Fut Yan**	15.8.2006	15.8.2006 to 14.8.2008	6,000,000	0.50
Chan Fut Yan	27.7.2007	27.7.2007 to 26.7.2011	7,000,000	0.67
Cheung Hon Kit**	15.8.2006	15.8.2006 to 14.8.2008	10,000,000	0.50
Cheung Hon Kit	27.7.2007	27.7.2007 to 26.7.2011	12,000,000	0.67

* In relation to the grant of share options on 15th August, 2006 subject to the terms and conditions of the share option scheme of ITC Properties adopted on 26th August, 2002 (the "ITC Properties Scheme"), the share options shall be exercisable at any time during the option period and subject further to a maximum of 50% of the share options shall be exercisable during the period commencing from 15th August, 2006 to 14th August, 2007, with the balance of the share options not yet exercised may be exercised during the period commencing from 15th August, 2007 to 14th August, 2008. In relation to the grant of share options on 27th July, 2007 subject to the terms and conditions of the ITC Properties Scheme, the share options shall be exercisable at any time during the option period and subject further to a maximum of 50% of the share options shall be exercisable during the period commencing from 27th July, 2008 to 26th July, 2009, with the balance of the share options not yet exercised may be exercised during the period commencing from 27th July, 2009 to 26th July, 2011.

** As at 1st April, 2007, Mr. Chan Fut Yan and Mr. Cheung Hon Kit held share options to subscribe for 6,000,000 shares of ITC Properties and 10,000,000 shares of ITC Properties at HK\$0.50 per share of ITC Properties respectively (subject to adjustments).

As at 31st March, 2008, Hanny, PYI, Burcon, Wing On Travel and ITC Properties were associated corporations of the Company within the meaning of Part XV of the SFO.

Dr. Chan Kwok Keung, Charles was, by virtue of his direct and deemed interests in approximately 34.77% of the issued share capital of the Company, deemed to be interested in the shares and underlying shares (in respect of equity derivatives), if any, of the associated corporations (within the meaning of Part XV of the SFO) of the Company held by the Group under Part XV of the SFO.

Save as disclosed above, as at 31st March, 2008, none of the directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT *(continued)*

SHARE OPTION SCHEMES

(a) *Share Option Scheme of the Company adopted on 16th January, 2002 (as amended on 19th September, 2007)*

Details of the movements in share options granted under the share option scheme of the Company during the year were as follows:

Name or category of participants	Date of grant	Exercisable period*	Exercise price per share (subject to adjustments) HK\$	Number of shares of the Company to be issued upon exercise of the share options				
				Outstanding as at 1.4.2007	Granted during the year	Exercised during the year	Cancelled or lapsed during the year	Outstanding as at 31.3.2008
Directors of the Company								
Chau Mei Wah, Rosanna	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	26,900,000	-	-	26,900,000
Chan Kwok Chuen, Augustine	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	12,000,000	-	-	12,000,000
Chan Fut Yan	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	25,000,000	-	-	25,000,000
Cheung Hon Kit	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	25,000,000	-	-	25,000,000
Chuck, Winston Calptor	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	2,500,000	-	-	2,500,000
Lee Kit Wah	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	2,500,000	-	-	2,500,000
Shek Lai Him, Abraham	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	2,500,000	-	-	2,500,000
Employees	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	30,200,000	-	-	30,200,000
Other participants	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	72,000,000	-	-	72,000,000
Total				-	198,600,000	-	-	198,600,000

* These share options vested at the date of grant.

The closing price of the Company's shares on the trading day immediately before 28th March, 2008, being the date of grant of 198,600,000 share options, was HK\$0.38.

Details of the share option scheme of the Company are set out in note 49 to the consolidated financial statements.

(b) *Share Option Scheme of Hanny adopted on 17th March, 2003*

As at 17th May, 2007, the date immediate before the date on which Hanny ceased to be a subsidiary of the Company, there were no outstanding share options granted by Hanny pursuant to the share option scheme of Hanny adopted on 17th March, 2003. No share options were granted, exercised, cancelled or lapsed during the period from 1st April, 2007 to 17th May, 2007. Details of the share option scheme of Hanny are set out in note 49 to the consolidated financial statements.

DIRECTORS' REPORT (continued)**SHARE OPTION SCHEMES** (continued)**(c) Share Option Scheme of Trasy adopted on 30th April, 2002**

Details of the movements in share options granted under the share option scheme of Trasy (the "Trasy Share Option Scheme") from 1st April, 2007 to 10th June, 2007 (the "Relevant Period"), the date immediate before the date on which Trasy ceased to be a subsidiary of the Company were as follows:

Category of participants	Date of grant	Exercisable period	Exercise price per share (subject to adjustments) HK\$	Number of shares of Trasy to be issued upon exercise of the share options				
				Outstanding as at 1.4.2007	Granted during the Relevant Period	Exercised during the Relevant Period	Cancelled or lapsed during the Relevant Period	Outstanding as at 10.6.2007
Employees of Trasy	1.6.2007	1.6.2007 to 31.5.2010 (Note 1)	0.2194	-	3,500,000	-	-	3,500,000
Other participants under the Trasy Share Option Scheme	1.6.2007	1.6.2007 to 31.5.2010 (Note 1)	0.2194	-	900,000	-	-	900,000
Other participant under the Trasy Share Option Scheme	6.6.2007	6.6.2007 to 5.6.2010 (Note 2)	0.2014	-	1,000,000	-	-	1,000,000
				-	5,400,000	-	-	5,400,000

Notes:

1. (i) 1st one-third of options exercisable from 1st June, 2007 to 31st May, 2010, both dates inclusive;
(ii) 2nd one-third of options exercisable from 1st June, 2008 to 31st May, 2010, both dates inclusive; and
(iii) 3rd one-third of options exercisable from 1st June, 2009 to 31st May, 2010, both dates inclusive.
2. (i) 1st one-third of options exercisable from 6th June, 2007 to 5th June, 2010, both dates inclusive;
(ii) 2nd one-third of options exercisable from 6th June, 2008 to 5th June, 2010, both dates inclusive; and
(iii) 3rd one-third of options exercisable from 6th June, 2009 to 5th June, 2010, both dates inclusive.

Details of the pre-IPO share option plan of Trasy and the Trasy Share Option Scheme are set out in note 49 to the consolidated financial statements. As at 10th June, 2007, there were no outstanding share options granted by Trasy pursuant to the pre-IPO share option plan of Trasy and no share options were granted, exercised, cancelled or lapsed under such plan during the Relevant Period.

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangements which enabled the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate, and none of the directors, chief executives or their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 58 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors of the Company were interested in any business apart from the Group's businesses which compete or is likely to compete, either directly or indirectly, with the businesses of the Group as at 31st March, 2008.

The changes in details of the directors' interests in competing businesses previously disclosed in the annual report of the Company for the year ended 31st March, 2007 (the "Annual Report 2007") were set out below:

- (1) Mr. Chan Fut Yan is the managing director of ITC Properties (formerly known as Macau Prime Properties Holdings Limited) and Mr. Cheung Hon Kit is the chairman of ITC Properties. ITC Properties and its subsidiaries had competing business of property investment in Hong Kong and property development and trading in the People's Republic of China (the "PRC") (excluding Hong Kong and Macau) as disclosed in the Annual Report 2007.
- (2) Mr. Cheung Hon Kit is the managing director of Wing On Travel. Wing On Travel and its subsidiaries had competing business of property investment in Hong Kong and property development in the PRC (excluding Hong Kong and Macau) as disclosed in the Annual Report 2007. Mr. Cheung is also a director and shareholder of China Development Limited, Artnos Limited, Co-Forward Development Ltd., Super Time Limited and Asia City Holdings Ltd., all of which had competing business of property investment in Hong Kong as disclosed in the Annual Report 2007. He is a shareholder of Orient Centre Limited and Supreme Best Ltd., both of which had competing business of property investment in Hong Kong as disclosed in the Annual Report 2007.
- (3) All the competing businesses as mentioned in items (1) to (2) above were also businesses of Hanny which ceased to be a subsidiary of the Company on 18th May, 2007.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31st March, 2008, so far as is known to the directors and the chief executives of the Company, the interests or short positions of substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

(a) *Interests and short positions of substantial shareholders in shares and underlying shares of the Company*

Name	Capacity	Long position/ Short position	Number of shares of the Company held	Approximate percentage of the issued share capital of the Company
Chan Kwok Keung, Charles	Beneficial owner	Long position	126,353,336	4.69%
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	810,712,518	30.08%
Chinaview International Limited	Interest of controlled corporation <i>(Note)</i>	Long position	810,712,518	30.08%
Galaxyway Investments Limited	Beneficial owner <i>(Note)</i>	Long position	810,712,518	30.08%
Ng Yuen Lan, Macy	Interest of spouse <i>(Note)</i>	Long position	937,065,854	34.77%

Note:

Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited which was, in turn, wholly owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan Kwok Keung, Charles. Chinaview International Limited, Dr. Chan Kwok Keung, Charles and Ms. Ng Yuen Lan, Macy were deemed to be interested in the shares of the Company held by Galaxyway Investments Limited. Ms. Ng Yuen Lan, Macy was deemed to be interested in the shares of the Company held by Dr. Chan Kwok Keung, Charles.

DIRECTORS' REPORT (continued)**INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO** (continued)**(b) Interests and short positions of other persons in shares and underlying shares of the Company**

Name	Capacity	Long position/ Short position	Number of shares of the Company held	Approximate percentage of the issued share capital of the Company
Paul G. Desmarais	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
Nordex Inc.	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
Gelco Enterprises Ltee	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
Power Corporation of Canada	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
2795957 Canada Inc.	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
171263 Canada Inc.	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
Power Financial Corporation	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
IGM Financial Inc.	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
Mackenzie Inc.	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%
Mackenzie Financial Corporation	Interest of controlled corporations (Note)	Long position	186,288,086	6.91%

Note:

So far as is known to the directors of the Company, Mackenzie Cundill Investment Mgmt. (Bermuda) Ltd. was interested in 51,228,086 shares of the Company. Mackenzie Cundill Investment Mgmt. (Bermuda) Ltd. was a wholly-owned subsidiary of Mackenzie (Rockies) Corp., which in turn was a wholly-owned subsidiary of Mackenzie Financial Corporation. Mackenzie Cundill Investment Management Ltd., a wholly-owned subsidiary of Mackenzie Financial Corporation, was deemed to be interested in 135,060,000 shares of the Company held by Mackenzie Financial Capital Corporation. Mackenzie Financial Capital Corporation was a wholly-owned subsidiary of Mackenzie Financial Corporation. Mackenzie Financial Corporation was a wholly-owned subsidiary of Mackenzie Inc. which was, in turn, a wholly-owned subsidiary of IGM Financial Inc. of which Power Financial Corporation held approximately 55.99% shareholding interests. 171263 Canada Inc., a wholly-owned subsidiary of 2795957 Canada Inc., owned approximately 66.40% shareholding interests in Power Financial Corporation. 2795957 Canada Inc. was a wholly-owned subsidiary of Power Corporation of Canada of which Gelco Enterprises Ltee owned approximately 54.18% voting shareholding interests. Nordex Inc., a company which was owned as to 68.00% by Mr. Paul G. Desmarais, owned approximately 94.95% shareholding interests in Gelco Enterprises Ltee.

By virtue of the SFO, each of Mr. Paul G. Desmarais, Nordex Inc., Gelco Enterprises Ltee, Power Corporation of Canada, 2795957 Canada Inc., 171263 Canada Inc., Power Financial Corporation, IGM Financial Inc., Mackenzie Inc., Mackenzie Financial Corporation and Mackenzie Cundill Investment Management Ltd. was deemed to be interested in the shares of the Company in which Mackenzie Cundill Investment Mgmt. (Bermuda) Ltd. and Mackenzie Financial Capital Corporation were interested.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31st March, 2008.

DIRECTORS' REPORT *(continued)*

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in note 53 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the applicable laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st March, 2008, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities except for the redemption of 265,062,000 Preference Shares at the redemption price of HK\$1.06 per share with an aggregate redemption value of approximately HK\$281 million on 5th November, 2007.

POST BALANCE SHEET EVENT

Details of the significant event occurring after the balance sheet date are set out in note 57 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the external auditor of the Company.

On behalf of the Board

Dr. Chan Kwok Keung, Charles

Chairman

Hong Kong, 28th July, 2008

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE MEMBERS OF ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of ITC Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 108, which comprise the consolidated balance sheet as at 31st March, 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
 Hong Kong, 28th July, 2008

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (Restated)
Continuing operations			
Revenue	6	155,634	244,060
Management and other related service income		5,110	4,372
Net gain on financial instruments	7	159,441	117,271
Interest income		71,530	92,377
Property rental income		1,615	738
Other income	8	9,831	27,735
Gain (loss) on changes in fair values of investment properties		4,566	(7,018)
Administrative expenses		(122,868)	(97,155)
Impairment losses	10	(20,960)	(10,014)
Finance costs	11	(57,040)	(39,450)
Discount on acquisitions of a subsidiary	12	-	560,055
Net (loss) gain on deemed disposal and disposal of subsidiaries and associates	13	(88,638)	1,893
Share of results of associates			
- share of results		160,939	207,221
- discount on acquisitions of associates		200,975	41,521
Profit before taxation	14	324,501	899,546
Taxation	15	(10,669)	(8,695)
Profit for the year from continuing operations		313,832	890,851
Discontinued operation			
Profit for the year from discontinued operation	16	2	29
Profit for the year		313,834	890,880
Attributable to:			
Equity holders of the Company		252,051	843,929
Minority interests		61,783	46,951
		313,834	890,880
Distributions	17	78,043	59,191
Earnings per share	18		
		HK cents	HK cents
From continuing and discontinued operations			
Basic		9.9	38.0
Diluted		9.0	32.5
From continuing operations			
Basic		9.9	38.0
Diluted		9.0	32.5

CONSOLIDATED BALANCE SHEET

AT 31ST MARCH, 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Property, plant and equipment	19	88,621	179,765
Investment properties	20	9,511	150,421
Prepaid lease payments	21	85,223	87,437
Intangible assets	22	830	4,580
Interests in associates	23	2,745,768	1,594,047
Debt portion of convertible notes	24	180,555	274,304
Conversion options embedded in convertible notes	24	1,923	98,466
Deposits for acquisition of subsidiaries	25	-	50,000
Deposits for acquisition of long-term investments	26	-	145,000
Payments for acquisition of interest in properties	27	-	58,830
Available-for-sale investments	28	117,377	1,033,823
Deferred tax assets	47	-	1,464
		3,229,808	3,678,137
Current assets			
Inventories		33	239
Prepaid lease payments	21	2,214	2,214
Other assets	29	-	229,288
Debtors, deposits and prepayments	30	8,898	404,029
Margin account receivables	31	2,930	17,523
Deposits for acquisition of investments held for trading	32	-	73,289
Amounts due from associates	33	261,294	500,050
Amounts due from related companies	34	6,753	7,262
Loans receivable	35	25,000	340,549
Financial assets designated at fair value through profit or loss	36	5,390	147,238
Investments held for trading	37	33,433	626,649
Tax recoverable		-	1,438
Short-term bank deposits, bank balances and cash	38	70,297	282,304
		416,242	2,632,072
Non-current assets classified as held for sale	39	59,482	-
		475,724	2,632,072
Current liabilities			
Margin account payables	31	1,835	6,794
Creditors and accrued expenses	40	20,524	91,884
Amounts due to associates	41	832	163,015
Derivative financial instruments	42	-	222
Redeemable convertible preference shares	43	-	286,137
Tax payable		-	63,977
Borrowings – due within one year	44	2,450	517,100
Bank overdrafts	45	29,457	71,599
		55,098	1,200,728
Net current assets		420,626	1,431,344
Total assets less current liabilities		3,650,434	5,109,481

CONSOLIDATED BALANCE SHEET *(continued)*

AT 31ST MARCH, 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000
Non-current liabilities			
Borrowings – due after one year	44	55,200	141,350
Convertible notes payable	46	192,952	556,980
Deferred tax liabilities	47	5,851	39,091
		<hr/> 254,003 <hr/>	<hr/> 737,421 <hr/>
Net assets		3,396,431	4,372,060
Capital and reserves			
Share capital	48	269,460	187,298
Share premium and reserves		3,126,971	2,623,128
		<hr/> 3,396,431 <hr/>	<hr/> 2,810,426 <hr/>
Equity attributable to equity holders of the Company		3,396,431	2,810,426
Convertible notes reserve of a subsidiary		-	55,279
Minority interests		-	1,506,355
		<hr/> 3,396,431 <hr/>	<hr/> 4,372,060 <hr/>
Total equity		3,396,431	4,372,060

The consolidated financial statements on pages 33 to 108 were approved and authorised for issue by the Board of Directors on 28th July, 2008 and are signed on its behalf by:

Chan Kwok Keung, Charles
Chairman

Chau Mei Wah, Rosanna
Deputy Chairman and Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2008

	Attributable to equity holders of the Company															Minority interests HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note a)	Reserve on acquisition HK\$'000 (Note b)	Capital redemption reserve HK\$'000	Other reserve HK\$'000 (Note c)	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Convertible notes reserve HK\$'000	Preference share reserve HK\$'000	Share option reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Convertible notes reserve of a subsidiary HK\$'000			Share option reserve of a subsidiary HK\$'000
At 1st April, 2006	183,750	282,782	1,108,927	(58,374)	908	3,470	467	15,259	25,691	-	871	-	446,194	2,009,945	-	-	22,064	2,032,009
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	2,165	-	-	-	-	2,165	-	-	(7,190)	(5,025)
Share of post-acquisition reserve movements of associates	-	-	-	-	-	-	(10,306)	26,857	-	-	-	-	16,551	-	-	-	4,839	21,390
Surplus arising from revaluation of:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- land and buildings	-	-	-	-	-	-	8,943	-	-	-	-	-	8,943	-	-	-	-	8,943
- available-for-sale investments	-	-	-	-	-	-	-	3,449	-	-	-	-	3,449	-	-	-	2,235	5,684
Deferred tax liability arising on revaluation of land and buildings	-	-	-	-	-	-	(2,746)	-	-	-	-	-	(2,746)	-	-	-	-	(2,746)
Net (expense) income recognised directly in equity	-	-	-	-	-	-	6,197	(6,857)	29,022	-	-	-	28,362	-	-	-	(116)	28,246
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	843,929	843,929	-	-	-	46,951	890,880
Released on deemed disposal and disposal of associates	-	-	-	4,987	-	(72)	-	(68)	(1,617)	-	-	-	3,230	-	-	-	-	3,230
Released on disposal of available-for-sale investments	-	-	-	-	-	-	-	(8,241)	-	-	-	-	(8,241)	-	-	-	-	(8,241)
Total recognised income and expenses for the year	-	-	-	4,987	-	(72)	6,197	(15,166)	27,405	-	-	-	843,929	867,280	-	-	46,835	914,115
Issue of shares:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- on conversion of redeemable convertible preference shares	90	855	-	-	-	-	-	-	-	(3)	-	-	942	-	-	-	-	942
- under scrip dividend scheme	3,458	(3,458)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	(59,191)	(59,191)	-	-	-	-	(59,191)
Acquisition of interests in subsidiaries	-	-	-	4,215	-	-	-	(1,681)	-	-	-	3,143	5,677	55,279	-	-	1,765,646	1,826,602
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(325,106)	(325,106)
Credit arising on scrip dividends	-	-	-	-	-	-	-	-	-	-	-	17,780	17,780	-	-	-	-	17,780
Dividend paid to minority shareholders of a listed subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,159)	(4,159)
Share of post-acquisition reserve movements of associates	-	-	-	(32,134)	-	127	-	-	-	-	-	-	(32,007)	-	-	-	1,075	(30,932)
At 31st March, 2007	187,298	280,179	1,108,927	(81,306)	908	3,525	6,664	(1,588)	53,096	-	868	-	1,251,855	2,810,426	55,279	-	1,506,355	4,372,060
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	8,299	-	-	-	8,299	-	-	-	3,798	12,097
Share of post-acquisition reserve movements of associates	-	-	-	-	-	-	-	(57,059)	82,757	-	-	-	25,698	-	-	-	5,999	31,697
Surplus arising from revaluation of:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- land and buildings	-	-	-	-	-	-	13,218	-	-	-	-	-	13,218	-	-	-	-	13,218
- available-for-sale investments	-	-	-	-	-	-	-	97,575	-	-	-	-	97,575	-	-	-	41,110	138,685
Deferred tax liability arising on revaluation of land and buildings	-	-	-	-	-	-	(3,007)	-	-	-	-	-	(3,007)	-	-	-	-	(3,007)
Net income (expense) recognised directly in equity	-	-	-	-	-	-	10,211	40,516	91,056	-	-	-	141,783	-	-	-	50,907	192,690
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	252,051	252,051	-	-	-	61,783	313,834
Impairment loss on available-for-sale investments	-	-	-	-	-	-	-	20,960	-	-	-	-	20,960	-	-	-	-	20,960
Released on loss of control of subsidiaries as a result of deemed disposal	-	-	-	(106)	-	97	-	(617)	(352)	-	-	-	(978)	(55,099)	(69)	(2,120,666)	(2,176,812)	
On deemed disposal and disposal of partial interests in:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- subsidiaries	-	-	-	(2,580)	-	1,144	-	(7,302)	(6,861)	-	-	-	(15,599)	-	-	-	504,524	488,925
- associates	-	-	-	646	-	46	-	(349)	(583)	-	-	-	(240)	-	-	-	-	(240)
Released on disposal of available-for-sale investments	-	-	-	-	-	-	-	(20,183)	-	-	-	-	(20,183)	-	-	-	-	(20,183)
Total recognised income and expenses for the year	-	-	-	(2,040)	-	1,287	10,211	33,025	83,260	-	-	-	252,051	377,794	(55,099)	(69)	(1,503,452)	(1,180,826)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	-	-	18,768	-	18,768	-	69	-	-	18,837
Recognition of equity component of convertible notes	-	-	-	-	-	-	-	-	4,183	-	-	-	4,183	-	-	-	-	4,183
Issue of shares:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- on placement of shares	30,000	192,000	-	-	-	-	-	-	-	-	-	-	222,000	-	-	-	-	222,000
- on conversion of redeemable convertible preference shares	102	961	-	-	-	-	-	-	-	(4)	-	-	1,059	-	-	-	-	1,059
- under scrip dividend scheme	8,580	(8,580)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- on bonus issue	43,480	(43,480)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction costs attributable to issue of shares	-	(6,794)	-	-	-	-	-	-	-	-	-	-	(6,794)	-	-	-	-	(6,794)
Distributions	-	-	-	-	-	-	-	-	-	-	-	(78,043)	(78,043)	-	-	-	-	(78,043)
Released on conversion of convertible notes of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(180)	-	4,431	4,251	
Redemption of redeemable convertible preference shares	-	-	-	-	-	-	-	-	-	(864)	-	864	-	-	-	-	-	-
Credit arising on scrip dividends	-	-	-	-	-	-	-	-	-	-	-	46,465	46,465	-	-	-	-	46,465
Share of post-acquisition reserve movements of associates	-	-	-	(265)	-	(248)	-	-	-	-	-	1,086	573	-	-	-	(7,334)	(6,761)
At 31st March, 2008	269,460	414,286	1,108,927	(83,611)	908	4,564	16,875	31,437	136,356	4,183	-	18,768	1,474,278	3,396,431	-	-	-	3,396,431

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

Notes:

- (a) The contributed surplus of the Group comprises the difference between the nominal amount of the ordinary share capital issued by the Company in exchange for the nominal amount of the share capital of a subsidiary acquired pursuant to a corporate reorganisation on 24th January, 1992 and the credits arising from the changes in the capital and reserves of the Company in other capital reorganisations and the transfers to the accumulated losses as approved by the board of directors from time to time.
- (b) The reserve on acquisition of the Group represents:
- (i) the amount of fair value changes shared by the Group in relation to the acquisition of additional interest in a subsidiary of an associate;
 - (ii) the amount of fair value changes shared by the Group in relation to the acquisition of a subsidiary by an associate; and
 - (iii) the amount of fair value changes arising from the acquisition of additional interest in a subsidiary by the Group.
- (c) Other reserve represents the statutory reserves required by the relevant rules and regulations of The People's Republic of China (the "PRC") applicable to the Group's associates.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2008

	2008 HK\$'000	2007 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	324,503	899,575
Adjustments for:		
Allowance recognised (reversed) for:		
- amounts due from associates and related companies	2,511	2,731
- debtors, deposits and prepayments	(901)	2,301
- loans receivable	-	(6,773)
Depreciation of property, plant and equipment	10,408	10,235
Release of prepaid lease payments	2,214	2,214
Discount on acquisition of:		
- interests in subsidiaries	-	(370,923)
- additional interests in subsidiaries	-	(189,132)
Net loss (gain) on deemed disposal and disposal of subsidiaries and associates	88,660	(1,893)
(Gain) loss on changes in fair values of:		
- conversion options embedded in convertible notes	(64,396)	32,239
- derivative financial instruments	-	222
- financial assets designated at fair value through profit or loss	(11,873)	(12,673)
- investments held for trading	(42,150)	(106,842)
- investment properties	(4,566)	7,018
Gain on disposal of:		
- available-for-sale investments	(20,183)	(8,209)
- property, plant and equipment	(1,537)	(960)
Impairment loss (reversed) recognised on:		
- intangible assets	(25)	-
- available-for-sale investments	20,960	4,859
- goodwill of associates	-	5,155
Interest expenses	57,040	39,450
Share-based payment expense	18,837	-
Share of results of associates	(361,914)	(248,742)
Operating cash flows before movements in working capital	17,588	59,852
Increase in inventories	(104)	(70)
Decrease (increase) in debtors, deposits and prepayments	86,339	(85,592)
Increase in margin account receivables	(15,103)	(4,231)
Decrease in deposits for acquisition of investments held for trading	-	(73,289)
Increase in amounts due from associates	(42,365)	(292,708)
(Increase) decrease in amounts due from related companies	(1,895)	131,946
Decrease in loans receivable	2,286	316,509
Decrease in financial assets designated at fair value through profit or loss	20,768	58,206
(Increase) decrease in investments held for trading	(33,144)	2,254
Increase (decrease) in margin account payables	1,176	(24,678)
Increase (decrease) in creditors and accrued expenses	53,711	(46,545)
Increase in amounts due to associates	5,103	162,754
Decrease in amount due to a related company	-	(190,969)
Decrease in derivative financial instruments	(222)	(460)
Cash generated from operations	94,138	12,979
Dividends received from associates	35,263	94,963
Hong Kong Profits Tax paid	-	(17)
NET CASH FROM OPERATING ACTIVITIES	129,401	107,925

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

	Notes	2008 HK\$'000	2007 HK\$'000
INVESTING ACTIVITIES			
Acquisition of additional interests in associates		(351,976)	(25,582)
Investment in financial assets designated at fair value through profit or loss		(158,279)	-
Deposits (paid) refunded for acquisition of long-term investments		(110,000)	45,175
Deemed disposal and disposal of subsidiaries, net of cash and cash equivalents disposed	50	(82,751)	-
Acquisition of convertible notes		(69,974)	(121,322)
Additions to available-for-sale investments		(67,998)	(11,823)
Additions to property, plant and equipment		(21,195)	(7,472)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	51	-	(231,355)
Acquisition of additional interests in subsidiaries		-	(135,974)
Additions to investment properties		-	(10,358)
Proceeds from disposal of interests in associates		165,213	-
Proceeds from disposal of partial interests in subsidiaries		131,688	-
Proceeds from disposal of available-for-sale investments		51,118	29,968
Deposits refunded for acquisition of subsidiaries		20,000	-
Proceeds from disposal of property, plant and equipment		1,857	2,560
NET CASH USED IN INVESTING ACTIVITIES		(492,297)	(466,183)
FINANCING ACTIVITIES			
Gross proceeds from issue of shares		222,000	-
Gross proceeds on issue of convertible notes payable		200,000	-
Gross proceeds from issue of shares of a subsidiary		147,900	-
New bank borrowings raised		30,000	-
Redemption of redeemable convertible preference shares		(280,966)	-
Interest paid		(46,568)	(27,501)
Dividends paid		(31,578)	(41,411)
Repayments of bank borrowings		(33,612)	(4,775)
Payment of transaction costs attributable to issues of shares of the Company and a subsidiary		(12,279)	-
Payment of transaction costs attributable to issue of convertible notes payable		(4,579)	-
Other loans raised		-	500,000
Repayments of other loans		-	(40,000)
Dividend paid to minority shareholders of a listed subsidiary		-	(4,159)
Repayment of obligation under a finance lease		-	(111)
NET CASH FROM FINANCING ACTIVITIES		190,318	382,043
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(172,578)	23,785
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		210,705	199,591
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		2,713	(12,671)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		40,840	210,705
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Short-term bank deposits, bank balances and cash		70,297	282,304
Bank overdrafts		(29,457)	(71,599)
		40,840	210,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2008

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries and the Group's principal associates are set out in notes 60 and 23 respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning 1st April, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) - Int 12	Service Concession Arrangements ³
HK(IFRIC) - Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st July, 2009

³ Effective for annual periods beginning on or after 1st January, 2008

⁴ Effective for annual periods beginning on or after 1st July, 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material effect on how the results and the financial position of the Group are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Business combinations** *(continued)*

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition of additional interests in subsidiaries

On acquisition of additional interest in a subsidiary, the difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the additional interest in a subsidiary acquired is debited to reserve on acquisition. Goodwill or discount arising on the purchase of the additional interest is calculated as the difference between the additional cost of the interest acquired and the increase in the Group's interest, based on the fair value of all identifiable assets and liabilities of the subsidiary.

Business combinations achieved in stages

For business combination that involves more than one exchange transaction through successive share purchases, the cost of the transaction and fair value information at the date of each exchange transaction are treated separately to determine the amount of any discount on acquisition/goodwill associated with that transaction. Any adjustments to those fair values relating to previously held interests is accounted for as changes in reserve on acquisition.

Deemed disposal and disposal of subsidiaries/associates

On deemed disposal and disposal of a subsidiary/associate, the difference between the carrying values of the underlying assets and liabilities attributable to the interests disposed, or deemed to be disposed, and the consideration paid, if any, is charged or credited to the consolidated income statement as gain/loss on deemed disposal and disposal of interest in a subsidiary/associate.

Property, plant and equipment

Property, plant and equipment, other than land and buildings, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

No depreciation is provided in respect of freehold land.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Property, plant and equipment** *(continued)*

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Intangible assets**

Intangible assets acquired separately and with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets at FVTPL, of which interest income is included in net gains or losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Financial instruments** *(continued)***Financial assets** *(continued)**Financial assets at FVTPL*

Financial assets at FVTPL have two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain recognised in profit or loss includes interest but excludes dividend earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, margin account receivables, loans receivable, bank balances and cash, amounts due from associates/related companies, debt portion of convertible notes) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Convertible notes held by the Group are separately presented as a debt portion and conversion option embedded in convertible notes. On initial recognition, the debt portion represents the residual between the fair value of the convertible notes and the fair value of the embedded conversion option. The debt portion is classified as loans and receivables and is subsequently measured at amortised cost according to the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Financial instruments** *(continued)***Financial assets** *(continued)**Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade debtors and loans receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 30 to 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Financial instruments** *(continued)***Financial assets** *(continued)**Impairment of financial assets (continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, amounts due from associates, amounts due from related companies and loans receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a balance aforesaid is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL (derivatives) and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Convertible notes payable and redeemable convertible preference shares

Convertible notes payable and redeemable convertible preference shares issued by group entities that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the respective group entity's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes payable/redeemable convertible preference shares and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes/preference shares into equity, is included in equity (convertible notes reserve/preference share reserve).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Financial instruments** *(continued)***Financial liabilities and equity** *(continued)**Convertible notes payable and redeemable convertible preference shares (continued)*

In subsequent periods, the liability component of the convertible notes payable and redeemable convertible preference shares is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the respective group entity, will remain in convertible notes reserve/preference share reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve/preference share reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve/preference share reserve will be released to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes payable/redeemable convertible preference shares are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes payable/redeemable convertible preference shares using the effective interest method.

Other financial liabilities

Other financial liabilities (including bank and other borrowings, trade and other creditors, margin account payables, amounts due to associates) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Such derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held for trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories represent finished goods which are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Impairment (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Other assets

Other assets represent costs incurred for the exclusive development right to a land development project in the PRC and also the right to obtain the land for the development. The amounts are stated at the lower of cost and net realisable value.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods are recognised when the goods are delivered and title has passed.

Service income is recognised when services are rendered.

Sales of securities are recognised on a trade-date basis when contracts are executed.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Interest income from a financial asset (excluding financial assets at fair value through profit or loss) is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Revenue recognition** *(continued)*

Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Transaction fee income derived from the provision of an internet-based electronic trading system is recognised when a transaction is duly executed on a trade date basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the terms of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease terms on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Equity-settled share-based payment transactions***Share options granted to employees*

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share option reserve).

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings, bank overdrafts and convertible notes payable disclosed in notes 44, 45 and 46, respectively, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

5. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

	2008	2007
	HK\$'000	HK\$'000
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	33,433	626,649
Conversion options embedded in convertible notes	1,923	98,466
Designated at FVTPL (see below)	5,390	147,238
Loans and receivables (including cash and cash equivalents)	554,190	1,473,131
Available-for-sale financial assets	117,377	1,033,823
Financial liabilities		
Derivative financial instruments	-	222
Amortised cost	294,979	1,761,370

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, margin account receivables and payables, loans receivable, short-term deposits, bank balances and cash, amounts due from associates/related companies, debt portion of convertible notes, conversion options embedded in convertible notes, available-for-sale investments, financial assets designated at fair value through profit or loss, investments held for trading, trade creditors, derivative financial instruments, redeemable convertible preference shares, bank and other borrowings and convertible notes payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

The management manages and monitors these exposure to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Market risks*(i) Currency risk*

Certain investments held for trading and other receivables with aggregate carrying value of approximately HK\$5,471,000 (2007: HK\$67,482,000) are denominated in United States dollars ("USD"). Since HKD is pegged to USD, the Group does not expect any significant movements in USD/HKD exchange rate. Management has closely monitored foreign exchange exposure to mitigate the foreign currency risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

5. FINANCIAL INSTRUMENTS *(continued)***(b) Financial risk management objectives and policies** *(continued)***Market risks** *(continued)**(ii) Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate debt element of convertible notes, fixed-rate convertible notes payable issued by the Group, fixed-rate convertible notes designated at FVTPL, fixed-rate redeemable convertible preference shares and fixed-rate borrowings.

The Group is also exposed to cash flow interest rate risk in relation to margin account receivables, bank deposits, amounts due from associates and related companies, loans receivable borrowings and bank overdrafts which are arranged at floating rates.

Management has employed a treasury team to closely monitor interest rate movement and manage the potential risk. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the best lending rate of HKD quoted by The Hong Kong and Shanghai Banking Corporation Limited (the "Best Lending Rate") and Hong Kong Interbank Offer Rate ("HIBOR") arising from the Group's HKD denominated borrowings and Canadian prime rate arising from the Group's Canadian denominated borrowing.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the financial instruments at the balance sheet date which carried floating market interest rate. The analysis is prepared assuming the amount of assets and liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year would increase/decrease by HK\$1,262,000 (2007: decrease/increase by HK\$1,004,000).

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Price risk

The Group is exposed to equity price risk through the Group's available-for-sale investments, investments held for trading, conversion options embedded in convertible notes and certain financial assets designated at FVTPL. Management closely monitors the exposure to price risk. The Group's equity price risk is mainly concentrated on equity instruments quoted on the Hong Kong Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

5. FINANCIAL INSTRUMENTS *(continued)***(b) Financial risk management objectives and policies** *(continued)***Market risks** *(continued)**(iii) Price risk (continued)*

The conversion options embedded in convertible notes held by the Group is required to be recognised at fair value at each balance sheet date. Changes in fair value are recognised in the consolidated income statement as long as the convertible notes are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in share price of the convertible notes issuer.

Sensitivity analysis

The sensitivity analyses on available-for-sale investments, investments at FVTPL set out as below have been determined based on the exposure to the share price risks of listed securities, at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, and all other variables were held constant, the Group's profit for the year would increase/decrease by HK\$1,941,000 (2007: increase/decrease by HK\$32,555,000) as a result of the changes in fair value of investments held for trading, derivative financial instruments and certain financial assets designated at FVTPL. The investment valuation reserve would increase/decrease by HK\$5,869,000 (2007: increase/decrease by HK\$14,298,000) for the Group as a result of the changes in fair value of available-for-sale investments.

The sensitivity analysis on conversion options embedded in convertible notes set out as below have been determined based on the exposure to the change of share price of the convertible notes issuers at the reporting date only.

If the share prices of those convertible notes issuers had been 5% higher/lower and all other variables were held constant, the Group's profit for the year would increase/decrease by HK\$214,000 (2007: HK\$9,749,000), as a result of changes in fair value of conversion option embedded in the convertible notes.

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in determining the fair value of the conversion option embedded in the convertible notes involves multiple variables and certain variables are interdependent.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations as at 31st March, 2008, in relation to each class of recognised financial assets, are the amounts stated in the consolidated balance sheet; and the amount of contingent liabilities in relation to financial guarantee and financial support given as disclosed in note 54. In order to minimise the credit risk, management of the Group has determined credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and loan debtor and convertible notes receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

5. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies** (continued)**Credit risk** (continued)

The Group has significant concentration of credit risk on loans receivable and amounts due from two related companies and six associates, amounting to approximately HK\$25 million, HK\$7 million and HK\$261 million, respectively. As they have a strong financial position with good payment record in the past, the directors of the Company consider that the Group's credit risk to these counterparties is minimal. Other than that, the Group has no significant concentration of credit risk.

In addition, the credit risk on corporate guarantee given to a third party/an associate is limited because management will regularly review the financial performance of the third party/associate and reconsider the continuance of the given guarantee regularly.

The credit risk on liquid fund is limited because the counterparties are banks and other financial institutions with high credit ratings.

	2008	2007
	HK\$'000	HK\$'000
<i>Loans or receivables designated at FVTPL</i>		
Carrying amount of loans or receivables designated at FVTPL	5,390	147,238

The fair value attributable to changes in the credit risk is considered not significant as the counterparties are either financial institutions or companies with high credit ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

5. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies** (continued)**Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

For derivative instruments settle on a net basis, undiscounted net cash (inflows) outflows are presented.

Liquidity and interest risk tables

	Weighted average interest rate %	Less than 3 months or on demand HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	5+ years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2008							
Non-derivative financial liabilities							
Margin account payables	1.81	1,837	-	-	-	1,837	1,835
Creditors	-	12,253	-	-	-	12,253	12,253
Amounts due to associates	-	832	-	-	-	832	832
Bank overdrafts	4.67	29,584	-	-	-	29,584	29,457
Borrowings - variable-rate	4.09	589	4,218	26,282	38,513	69,602	57,650
Convertible notes payable	5.00	2,412	7,236	202,600	-	212,248	192,952
		<u>47,507</u>	<u>11,454</u>	<u>228,882</u>	<u>38,513</u>	<u>326,356</u>	<u>294,979</u>
2007							
Non-derivative financial liabilities							
Margin account payables	-	6,794	-	-	-	6,794	6,794
Creditors	-	18,395	-	-	-	18,395	18,395
Amounts due to associates	-	163,015	-	-	-	163,015	163,015
Bank overdrafts	6.27	71,833	-	-	-	71,833	71,599
Borrowings - variable-rate	5.46	510,734	14,629	74,410	101,506	701,279	658,450
Convertible notes payable	2.00	-	8,355	590,400	-	598,755	556,980
Redeemable convertible preference shares	3.77	2,697	294,228	-	-	296,925	286,137
		<u>773,468</u>	<u>317,212</u>	<u>664,810</u>	<u>101,506</u>	<u>1,856,996</u>	<u>1,761,370</u>
Derivatives - net settlement							
Futures	-	222	-	-	-	222	222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

5. FINANCIAL INSTRUMENTS (continued)**(c) Fair value**

The fair value of the Group's financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model.

The directors consider that the carrying amounts of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the amounts received and receivable from outside customers for the year. An analysis of the Group's revenue for the year, for both continuing and discontinued operation, is as follows:

	2008 HK\$'000	2007 HK\$'000
Continuing operations		
Net gain on disposal of investments held for trading	21,975	12,254
Net gains (losses) arising from changes in fair value of:		
Gold trading contracts	(65)	(303)
Derivative financial instruments	-	(222)
Investments held for trading	42,150	106,842
Financial assets designated at FVTPL	11,873	12,673
Interest income	71,530	92,377
Dividend income from listed investments	1,403	2,384
Property rental income	1,615	738
Others	5,153	17,317
	155,634	244,060
Discontinued operation		
Trading of building materials and machinery	2,547	5,177
	158,181	249,237

In the current year, revenue includes net gain on disposal of investments held for trading and the net gains (losses) arising from changes in fair value of financial instruments (excluding conversion options embedded in convertible notes). In 2007, revenue included gross proceeds from disposal of financial instruments of approximately HK\$375,305,000. The Group has revised its presentation of revenue in order to reflect the nature of sales of financial assets in a more appropriate manner and to conform with market practice. Comparative figures have been restated to conform with the current year's presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

6. REVENUE AND SEGMENTAL INFORMATION (continued)**Business segments**

For management purposes, the Group's operations are organised into five operating divisions, namely finance, securities investment, other investment, property investment and trading of building materials and machinery. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Finance	-	loan financing services
Securities investment	-	trading of securities
Other investment	-	investments in financial instruments except investments held for trading
Property investment	-	leasing of investment properties
Trading of building materials and machinery	-	trading of building materials and machinery
Unallocated segment	-	leasing of motor vehicles, management services and sand mining business

During the year, the Group disposed of its entire interest in a subsidiary engaged in trading of building materials and machinery business (note 16).

Business segment information for the year ended 31st March, 2008 is presented below:

	Continuing operations						Discontinued operation	Consolidated	
	Finance HK\$'000	Securities investment HK\$'000	Other investment HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Eliminations HK\$'000	Total HK\$'000		Trading of building materials and machinery HK\$'000
GROSS PROCEEDS	<u>62,871</u>	<u>628,140</u>	<u>38,813</u>	<u>6,810</u>	<u>7,692</u>	<u>(26,270)</u>	<u>718,056</u>	<u>2,547</u>	<u>720,603</u>
REVENUE									
External sales	42,794	65,528	38,070	1,615	7,627	-	155,634	2,547	158,181
Inter-segment sales	20,077	-	998	5,195	-	(26,270)	-	-	-
Total	<u>62,871</u>	<u>65,528</u>	<u>39,068</u>	<u>6,810</u>	<u>7,627</u>	<u>(26,270)</u>	<u>155,634</u>	<u>2,547</u>	<u>158,181</u>
RESULT									
Segment result	<u>5,762</u>	<u>63,278</u>	<u>102,326</u>	<u>5,196</u>	<u>990</u>	<u>-</u>	<u>177,552</u>	<u>24</u>	<u>177,576</u>
Unallocated corporate expenses							(69,287)	-	(69,287)
Finance costs							(57,040)	-	(57,040)
Net loss on deemed disposal and disposal of subsidiaries and associates							(88,638)	(22)	(88,660)
Share of results of associates							160,939	-	160,939
- share of results									
- discount on acquisitions of associates							200,975	-	200,975
Profit before taxation							324,501	2	324,503
Taxation							(10,669)	-	(10,669)
Profit for the year							<u>313,832</u>	<u>2</u>	<u>313,834</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

6. REVENUE AND SEGMENTAL INFORMATION (continued)**Business segments** (continued)

Inter-segment sales are charged at prevailing market rate or, where no market rate was available, at terms determined and agreed by both parties.

	Finance	Securities	Other	Property	Trading of	Unallocated	Consolidated
	HK\$'000	investment	investment	investment	materials and	HK\$'000	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	machinery		
					HK\$'000		
BALANCE SHEET							
ASSETS							
Segment assets	296,335	36,343	376,830	9,511	-	-	719,019
Interests in associates							2,745,768
Unallocated corporate assets							240,745
Total assets							<u>3,705,532</u>
LIABILITIES							
Segment liabilities	-	1,835	-	-	-	-	1,835
Unallocated corporate liabilities							307,266
Total liabilities							<u>309,101</u>
OTHER INFORMATION							
Capital additions:							
- segment portion	-	-	-	-	3	-	3
- unallocated corporate portion	-	-	-	-	-	-	21,192
Depreciation of property, plant and equipment:							
- segment portion	-	-	-	-	2	-	2
- unallocated corporate portion	-	-	-	-	-	-	10,406
Release of prepaid lease payments							
- unallocated corporate portion	-	-	-	-	-	-	2,214
Gain arising from changes in fair value of:							
- conversion options embedded in convertible notes	-	-	64,396	-	-	-	64,396
- financial assets designated at fair value through profit or loss	-	-	11,873	-	-	-	11,873
- investments held for trading	-	42,150	-	-	-	-	42,150
- investment properties	-	-	-	4,566	-	-	4,566
Gain on disposal of available-for-sale investments	-	-	20,183	-	-	-	20,183
Impairment loss on available-for-sale investments	-	-	20,960	-	-	-	20,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

6. REVENUE AND SEGMENTAL INFORMATION (continued)**Business segments** (continued)

Business segment information for the year ended 31st March, 2007 is presented below:

	Continuing operations						Discontinued operation		Consolidated HK\$'000
	Finance HK\$'000	Securities investment HK\$'000	Other investment HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Eliminations HK\$'000	Trading of building materials and machinery		
							Total HK\$'000	HK\$'000	
GROSS PROCEEDS	69,020	378,643	60,297	5,851	11,048	(36,738)	488,121	5,177	493,298
REVENUE									
External sales	53,248	122,364	57,014	738	10,696	-	244,060	5,177	249,237
Inter-segment sales	15,772	-	15,804	5,113	49	(36,738)	-	-	-
Total	69,020	122,364	72,818	5,851	10,745	(36,738)	244,060	5,177	249,237
RESULT									
Segment result	24,277	123,724	22,146	(8,511)	3,504	-	165,140	418	165,558
Unallocated corporate expenses							(36,834)	(389)	(37,223)
Discount on acquisitions of a subsidiary							560,055	-	560,055
Finance costs							(39,450)	-	(39,450)
Net gain on deemed disposal and disposal of associates							1,893	-	1,893
Share of results of associates									
- share of results							207,221	-	207,221
- discount on acquisitions of associates							41,521	-	41,521
Profit before taxation							899,546	29	899,575
Taxation							(8,695)	-	(8,695)
Profit for the year							890,851	29	890,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

6. REVENUE AND SEGMENTAL INFORMATION (continued)**Business segments** (continued)

Inter-segment sales are charged at prevailing market rate or, where no market rate was available, at terms determined and agreed by both parties.

	Finance	Securities investment	Other investment	Property investment	Trading of building materials and machinery	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
BALANCE SHEET							
ASSETS							
Segment assets	358,809	717,461	1,837,036	150,421	846	116,725	3,181,298
Interests in associates							1,594,047
Unallocated corporate assets							1,534,864
Total assets							6,310,209
LIABILITIES							
Segment liabilities	-	7,016	10,966	-	-	1,543	19,525
Unallocated corporate liabilities							1,918,624
Total liabilities							1,938,149
OTHER INFORMATION							
Capital additions:							
- segment portion	-	-	-	143,000	6	-	143,006
- unallocated corporate portion	-	-	-	-	-	-	129,203
Depreciation of property, plant and equipment:							
- segment portion	-	-	-	-	3	-	3
- unallocated corporate portion	-	-	-	-	-	-	10,232
Release of prepaid lease payments							
- unallocated corporate portion	-	-	-	-	-	-	2,214
Gain (loss) arising from changes in fair value of:							
- convertible options embedded in convertible notes	-	-	(32,239)	-	-	-	(32,239)
- financial assets designated at fair value through profit or loss	-	-	12,673	-	-	-	12,673
- investments held for trading	-	106,842	-	-	-	-	106,842
- investment properties	-	-	-	(7,018)	-	-	(7,018)
Gain on disposal of available-for-sale investments	-	-	8,209	-	-	-	8,209
Impairment loss on available-for-sale investments	-	-	4,859	-	-	-	4,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

6. REVENUE AND SEGMENTAL INFORMATION (continued)**Geographical segments**

Over 90% of the revenue of the Group was from the customers in Hong Kong, accordingly, no geographical analysis of revenue was presented.

The following is an analysis of the carrying amount of segment assets and capital additions, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong	659,154	2,756,853	3	143,006
The PRC	2	346,013	-	-
Others	59,863	78,432	-	-
	719,019	3,181,298	3	143,006

7. NET GAIN ON FINANCIAL INSTRUMENTS

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Gain on disposal of:						
- Precious metals	65	1,354	-	-	65	1,354
- Investments held for trading	21,975	12,254	-	-	21,975	12,254
- Derivative financial instruments	(1,794)	954	-	-	(1,794)	954
- Financial assets designated at FVTPL (Note)	(745)	5,365	-	-	(745)	5,365
- Available-for-sale investments	20,183	8,209	-	-	20,183	8,209
Dividend income on investments held for trading	1,403	2,384	-	-	1,403	2,384
Gain (loss) on changes in fair value of:						
- Conversion options embedded in convertible notes	64,396	(32,239)	-	-	64,396	(32,239)
- Derivative financial instruments	-	(222)	-	-	-	(222)
- Financial assets designated at FVTPL (Note)	11,873	12,673	-	-	11,873	12,673
- Investments held for trading	42,150	106,842	-	-	42,150	106,842
- Gold trading contract	(65)	(303)	-	-	(65)	(303)
	159,441	117,271	-	-	159,441	117,271

Note:

The amount includes nil (2007: HK\$5,365,000) interest earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

8. OTHER INCOME

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Reversal of allowance for bad and doubtful debts	1,982	7,084	-	-	1,982	7,084
Net foreign exchange gain	2,616	15,630	-	-	2,616	15,630
Income from internet trading system	1,722	4,303	-	-	1,722	4,303
Others	3,511	718	-	-	3,511	718
	9,831	27,735	-	-	9,831	27,735

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the eight (2007: nine) directors were as follows:

(a) Directors' emoluments

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement	Discretionary bonus HK\$'000	Equity-settled	Total HK\$'000
			benefit scheme contributions HK\$'000		share-based payments HK\$'000	
2008						
Chan Kwok Keung, Charles	10	3,000	300	2,500	-	5,810
Chau Mei Wah, Rosanna	10	3,000	300	2,250	2,542	8,102
Chan Kwok Chuen, Augustine	10	1,838	63	1,500	1,134	4,545
Chan Fut Yan	10	600	60	-	2,363	3,033
Cheung Hon Kit	10	-	-	-	2,363	2,373
Chuck, Winston Calptor	200	-	-	-	236	436
Lee Kit Wah	200	-	-	-	236	436
Shek Lai Him, Abraham	200	-	-	-	236	436
Total	650	8,438	723	6,250	9,110	25,171
2007						
Chan Kwok Keung, Charles	10	3,000	300	2,000	-	5,310
Chau Mei Wah, Rosanna	10	3,000	300	1,500	-	4,810
Chan Kwok Chuen, Augustine	10	1,838	63	1,000	-	2,911
Chan Fut Yan	10	600	60	-	-	670
Cheung Hon Kit	10	-	-	-	-	10
Chuck, Winston Calptor	200	-	-	-	-	200
Lee Kit Wah	200	-	-	-	-	200
Shek Lai Him, Abraham	153	-	-	-	-	153
Wong Kam Cheong, Stanley	91	-	-	-	-	91
Total	694	8,438	723	4,500	-	14,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)**(b) Employees' emoluments**

All of the five highest paid individuals in the Group for the year ended 31st March, 2008 are directors (2007: three directors and two employees). For the year 2007, the emoluments of the remaining two individuals were as follows:

	2007 HK\$'000
Salaries and other benefits	1,903
Retirement benefit scheme contributions	57
Discretionary bonus	800
	<u>2,760</u>

Their emoluments were within the following bands:

	2007 Number of employees
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1
	<u>2</u>

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors has waived any emoluments during the year.

10. IMPAIRMENT LOSSES

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Impairment losses recognised in respect of:						
Available-for-sale investments	20,960	4,859	-	-	20,960	4,859
Goodwill of associates	-	5,155	-	-	-	5,155
	<u>20,960</u>	<u>10,014</u>	<u>-</u>	<u>-</u>	<u>20,960</u>	<u>10,014</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

11. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Interest on:						
Bank borrowings wholly repayable within five years	1,224	2,929	-	-	1,224	2,929
Bank borrowings not wholly repayable within five years	3,617	3,105	-	-	3,617	3,105
Other borrowings wholly repayable within five years	26,367	8,990	-	-	26,367	8,990
Margin account payables	4,758	1,798	-	-	4,758	1,798
Convertible notes payable wholly repayable within five years	14,584	11,681	-	-	14,584	11,681
Redeemable convertible preference shares wholly repayable within five years	6,490	10,947	-	-	6,490	10,947
	57,040	39,450	-	-	57,040	39,450

12. DISCOUNT ON ACQUISITIONS OF A SUBSIDIARY

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Discount on acquisitions of:						
Interests in a subsidiary	-	370,923	-	-	-	370,923
Additional interests in a subsidiary	-	189,132	-	-	-	189,132
	-	560,055	-	-	-	560,055

13. NET (LOSS) GAIN ON DEEMED DISPOSAL AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Loss on deemed disposal of partial interests in a subsidiary	(160,483)	-	-	-	(160,483)	-
Net loss on disposal of partial interests in subsidiaries	(56,724)	-	-	-	(56,724)	-
Gain on deemed disposal of subsidiaries	276	-	-	-	276	-
Loss on disposal of a subsidiary	-	-	(22)	-	(22)	-
Net gain on deemed disposal of partial interests in associates	51,738	1,893	-	-	51,738	1,893
Net gain on disposal of associates	76,555	-	-	-	76,555	-
	(88,638)	1,893	(22)	-	(88,660)	1,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

13. NET (LOSS) GAIN ON DEEMED DISPOSAL AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES *(continued)*

During the year, significant changes in shareholdings of subsidiaries and associates are as follows:

(a) Disposal and deemed disposal of interests in Hanny Holdings Limited ("Hanny"), a then subsidiary of the Company

- In April 2007, Hanny issued 43,500,000 ordinary shares at a price of HK\$3.40 each pursuant to a placing and subscription agreement, resulting in the Group's interest in Hanny being decreased from approximately 67.23% and 57.36%. Loss on deemed disposal of partial interests in Hanny as a subsidiary amounted to approximately HK\$160,483,000.
- In May 2007, the Group disposed of 21,000,000 ordinary shares of Hanny at a price of HK\$5.00 each, resulting in a loss on disposal of partial interests in a subsidiary of approximately HK\$80,595,000. Accordingly, the Group's interest in Hanny was further reduced to approximately 50.27%.
- Subsequent to the above disposal, the Group's interest in Hanny was further reduced to approximately 49.54% due to the conversion of the convertible notes of Hanny by certain noteholders. Hanny then ceased to be a subsidiary and became an associate of the Group on 18th May, 2007. The deemed disposal of Hanny resulted in a gain of approximately HK\$265,000 as disclosed in note 50.
- The Group's interest in Hanny at balance sheet date increased to approximately 49.90% as a combined effect of additional interests in Hanny acquired by the Group and dilution of interests in Hanny due to the shares allotment and issuance of scrip dividend by Hanny. The net loss on deemed disposal of partial interests in Hanny as an associate amounted to approximately HK\$6,918,000.

(b) Disposal and deemed disposal of interests in Trasy Gold Ex Limited ("Trasy"), a then subsidiary of the Company

- In May 2007, the Group disposal of approximately 6.45% equity interests in Trasy. The Group's interest in Trasy was reduced to approximately 50.00004%. Gain on disposal of interests in Trasy from this transaction amounted to approximately HK\$23,871,000.
- In June 2007, the Group's interest in Trasy was further diluted to approximately 49.998% as a result of exercise of share options granted by Trasy and Trasy then ceased to be a subsidiary and became an associate of the Group on 11th June, 2007. Gain on deemed disposal of interests in Trasy as a subsidiary amounted to approximately HK\$11,000 (note 50).
- After 11th June, 2007, the Group's interest in Trasy was further reduced due to the dilution effect of placing and subscription for a total of 1,215,000,000 ordinary shares of Trasy, resulting in gains on deemed disposal of partial interests in associate of approximately HK\$62,159,000.
- In September 2007, the Group donated 10,000,000 shares of Trasy to The Community Chest of Hong Kong, in which the carrying value of such donated shares was approximately HK\$688,000, and disposed of the remaining shares of Trasy for considerations of approximately HK\$165,343,000. The total net gain on disposal of shares of Trasy amounted to approximately HK\$76,555,000.

After the series of transactions mentioned above, the Group did not have any shareholding interests in Trasy at 31st March, 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

13. NET (LOSS) GAIN ON DEEMED DISPOSAL AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES (continued)

The net assets of Hanny, Trasy and other disposed subsidiary at the respective dates of disposal were set out in note 50.

During the year ended 31st March, 2007, the net gain was due to the effect of deemed disposal of interest in associates arising from the dilution effect of exercise of share options, issuance of scrip dividend, issuance of new shares and conversion of convertible notes by outsiders.

14. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit before taxation has been arrived at after charging:						
Staff costs, including directors' emoluments:						
Salaries and other benefits	30,173	35,089	587	1,092	30,760	36,181
Retirement benefit scheme contributions, net of forfeited contributions of approximately HK\$37,000 (2007: Nil)	1,263	406	20	431	1,283	837
Discretionary bonus	10,638	6,627	-	-	10,638	6,627
Equity-settled share-based payments	12,033	-	-	-	12,033	-
	54,107	42,122	607	1,523	54,714	43,645
Auditor's remuneration	4,258	7,310	-	14	4,258	7,324
Cost of inventories recognised as an expense	-	-	1,794	3,374	1,794	3,374
Release of prepaid lease payments	2,214	2,214	-	-	2,214	2,214
Depreciation of property, plant and equipment	10,406	10,232	2	3	10,408	10,235
Minimum lease payments under operating leases in respect of premises	1,166	1,533	85	164	1,251	1,697
Allowance for bad and doubtful debts	3,592	5,343	-	-	3,592	5,343
and after crediting:						
Gain on disposal of property, plant and equipment	1,537	960	-	-	1,537	960
Rental income under operating leases in respect of premises, net of negligible outgoings	1,615	738	-	-	1,615	738
Reversal of impairment loss of intangible assets	25	-	-	-	25	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

15. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Current tax:						
Hong Kong Profits Tax	10,726	9,920	-	-	10,726	9,920
Overseas tax	-	342	-	-	-	342
	10,726	10,262	-	-	10,726	10,262
Overprovision of overseas tax in previous year	-	(5)	-	-	-	(5)
Deferred tax (note 47)	(57)	(1,562)	-	-	(57)	(1,562)
Taxation attributable to the Company and its subsidiaries	10,669	8,695	-	-	10,669	8,695

Hong Kong Profits Tax was calculated at the rate of 17.5% of the estimated assessable profit for both years.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008 HK\$'000	2007 HK\$'000
Profit before taxation		
Continuing operations	324,501	899,546
Discontinued operation	2	29
	324,503	899,575
Tax at Hong Kong Profits Tax rate of 17.5% (2007: 17.5%)	56,788	157,426
Tax effect of expenses not deductible for tax purposes	57,348	5,836
Tax effect of income not taxable for tax purposes	(41,519)	(106,590)
Tax effect of utilisation of deductible temporary differences previously not recognised	(4,290)	(5,122)
Tax effect of tax losses not recognised	5,677	7,238
Tax effect of share of results of associates	(63,335)	(43,530)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(6,558)
Overprovision of taxation in previous years	-	(5)
Taxation for the year	10,669	8,695

Details of the deferred tax are set out in note 47.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

16. DISCONTINUED OPERATION

On 2nd October, 2007, the Group entered into a sale and purchase agreement to dispose of its entire equity interest in a subsidiary, Dreyer and Company Limited ("Dreyer"), which carried out all of the Group's business of trading of building materials and machinery for a consideration of HK\$1. The disposal was completed on 26th October, 2007, on which the control of Dreyer was passed to the acquirer.

The profit for the year from the discontinued operation is analysed as follows:

	2008 HK\$'000	2007 HK\$'000
Profit from trading of building materials and machinery for the period/year	24	29
Loss on disposal of the business of trading of building materials and machinery (note 50)	(22)	-
	2	29

The results of the operation of trading of building materials and machinery were as follows:

	1.4.2007 to 26.10.2007 HK\$'000	1.4.2006 to 31.3.2007 HK\$'000
Revenue	2,547	5,177
Cost of sales	(1,794)	(3,374)
Gross profit	753	1,803
Administrative expenses	(729)	(1,774)
Profit for the period/year	24	29
Attributable to:		
Equity holders of the Company	24	29
Minority interests	-	-
	24	29

Please refer to note 50 for the net assets of Dreyer at the date of disposal.

	1.4.2007 to 26.10.2007 HK\$'000	1.4.2006 to 31.3.2007 HK\$'000
Cash flows from Dreyer:		
Net cash from operating activities	407	313
Cash (used in) from investing activities	(3)	5
Cash used in financing activities	(271)	-
Net cash flows	133	318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

17. DISTRIBUTIONS

	2008 HK\$'000	2007 HK\$'000
Dividends recognised as distributions to equity holders of the Company during the year:		
Final dividend for 2007 – HK2.0 cents (2007: HK1.7 cents for 2006) per ordinary share	43,480	31,237
Interim dividend for 2008 – HK1.3 cents (2007: HK1.5 cents for 2007) per ordinary share	34,563	27,954
	78,043	59,191
Dividend proposed in respect of current year:		
Final dividend proposed for 2008: HK0.3 cent (2007: HK2.0 cents for 2007) per ordinary share	8,084	43,460

Of the dividend paid during the year, approximately HK\$46,465,000 (2007: HK\$17,780,000) was settled in ordinary shares under the Company's scrip dividend schemes notified by way of circular by the Company on 16th October, 2007 and 31st January, 2008 in respect of the 2007 final dividend and the 2008 interim dividend.

The amount of the final dividend proposed for the year ended 31st March, 2008, which will be payable in cash, has been calculated by reference to 2,694,605,269 issued ordinary shares as at the date of this report.

On 5th November, 2007, the Company issued bonus shares to the holders of ordinary shares of the Company on the basis of one new ordinary share for every five ordinary shares held on 15th October, 2007.

In addition, the board of directors has also recommended a bonus issue of warrants on the basis of one warrant for every five ordinary shares of the Company held on 20th October, 2008 at an initial subscription price of HK\$0.22 per ordinary share (subject to adjustments) with a term of one year.

18. EARNINGS PER SHARE**For continuing and discontinued operations**

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2008 HK\$'000	2007 HK\$'000
Profit for the year attributable to equity holders of the Company for the purposes of basic earnings per share	252,051	843,929
Effect of dilutive potential ordinary shares:		
Adjustment of finance costs on convertible notes payable	5,851	–
Adjustment of finance costs on redeemable convertible preference shares	6,490	10,947
Adjustment to the share of results of associates and subsidiaries based on dilution of their earnings per share	(7,036)	(28,587)
Earnings for the purposes of diluted earnings per share	257,356	826,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

18. EARNINGS PER SHARE (continued)

For continuing and discontinued operations (continued)

	Number of shares	
	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,542,782,838	2,218,705,720
Effect of dilutive potential ordinary shares:		
Options	13,737	-
Redeemable convertible preference shares	191,768,457	326,156,885
Convertible notes payable	130,974,065	-
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	2,865,539,097	2,544,862,605
	<hr/>	<hr/>

The weighted average number of ordinary shares for the purpose of basic earnings per share for both years have been adjusted for the bonus issue of shares on 5th November, 2007.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	2008	2007
	HK\$'000	HK\$'000
Profit for the year attributable to equity holders of the Company for the purposes of basic earnings per share	252,051	843,929
Less: Profit for the year from discontinued operation	(2)	(29)
	<hr/>	<hr/>
Earnings for the purposes of basic earnings per share from continuing operations	252,049	843,900
Effect of dilutive potential ordinary shares:		
Adjustment of finance costs on convertible notes payable	5,851	-
Adjustment of finance costs on redeemable convertible preference shares	6,490	10,947
Adjustment to the share of results of associates and subsidiaries based on dilution of their earnings per share	(7,036)	(28,587)
	<hr/>	<hr/>
Earnings for the purposes of diluted earnings per share from continuing operations	257,354	826,260
	<hr/>	<hr/>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is negligible for both years, based on the profit for the year from the discontinued operation of HK\$2,000 (2007: HK\$29,000) and the denominators detailed above for both basic and diluted earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

19. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Plant, machinery and office equipment HK\$'000	Yacht and motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Sand mining vessel HK\$'000	Total HK\$'000
COST OR VALUATION						
At 1st April, 2006	35,261	3,416	17,700	8,138	-	64,515
Translation adjustments	365	8	(27)	20	2,286	2,652
Additions	-	300	6,022	1,150	-	7,472
Acquired on acquisition of subsidiaries	-	32	1,438	1,075	119,192	121,737
Disposals	-	(94)	(6,541)	(329)	-	(6,964)
Revaluation increase	8,398	-	-	-	-	8,398
At 31st March, 2007	44,024	3,662	18,592	10,054	121,478	197,810
Translation adjustments	3,757	69	169	165	1,923	6,083
Additions	-	330	20,329	536	-	21,195
Deemed disposal and disposal of subsidiaries	-	(425)	(3,250)	(2,482)	(123,401)	(129,558)
Disposals	-	(370)	(4,875)	(246)	-	(5,491)
Revaluation increase	12,383	-	-	-	-	12,383
At 31st March, 2008	60,164	3,266	30,965	8,027	-	102,422
Comprising:						
At cost	-	3,266	30,965	8,027	-	42,258
At valuation - 2008	60,164	-	-	-	-	60,164
	60,164	3,266	30,965	8,027	-	102,422
DEPRECIATION						
At 1st April, 2006	-	1,492	10,010	2,178	-	13,680
Translation adjustments	-	6	14	19	-	39
Provided for the year	545	677	2,717	1,543	4,753	10,235
Eliminated on disposals	-	(94)	(5,091)	(179)	-	(5,364)
Reversal on revaluation	(545)	-	-	-	-	(545)
At 31st March, 2007	-	2,081	7,650	3,561	4,753	18,045
Translation adjustments	1	63	113	155	-	332
Provided for the year	834	637	3,658	1,581	3,698	10,408
Eliminated on deemed disposal and disposal of subsidiaries	-	(222)	(286)	(19)	(8,451)	(8,978)
Eliminated on disposals	-	(196)	(4,800)	(175)	-	(5,171)
Reversal on revaluation	(835)	-	-	-	-	(835)
At 31st March, 2008	-	2,363	6,335	5,103	-	13,801
CARRYING VALUES						
At 31st March, 2008	60,164	903	24,630	2,924	-	88,621
At 31st March, 2007	44,024	1,581	10,942	6,493	116,725	179,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

19. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Freehold land	Nil
Buildings	2% – 5%
Plant, machinery and office equipment	10% – 33 ¹ / ₃ %
Yacht and motor vehicles	20% – 33 ¹ / ₃ %
Furniture and fixtures	10% – 33 ¹ / ₃ %
Sand mining vessel	10%

At 31st March, 2008, land and buildings of the Group were revalued by Greater China Appraisal Limited and RHL Appraisal Ltd., an independent qualified professional property valuer, using the direct comparison method. Both Greater China Appraisal Limited and RHL Appraisal Ltd. are not connected with the Group. This revaluation gave rise to a surplus on revaluation of approximately HK\$13,218,000, which has been credited to the property revaluation reserve of the Group.

The carrying values of land and buildings held by the Group as at the balance sheet date comprised:

	2008	2007
	HK\$'000	HK\$'000
Freehold properties in Canada	48,164	31,624
Buildings in Hong Kong	12,000	12,400
	60,164	44,024

At 31st March, 2008, the Group's land and buildings been carried at cost less accumulated depreciation, the carrying value would have been approximately HK\$37,458,000 (2007: HK\$35,213,000).

20. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 1st April, 2006	4,016
Translation adjustments	65
Acquired on an acquisition of subsidiaries	143,000
Additions	10,358
Net decrease in fair value recognised in the consolidated income statement	(7,018)
At 31st March, 2007	150,421
Translation adjustments	524
Deemed disposal and disposal of subsidiaries	(146,000)
Net increase in fair value recognised in the consolidated income statement	4,566
At 31st March, 2008	9,511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

20. INVESTMENT PROPERTIES (continued)

The fair value of the Group's investment properties at 31st March, 2008 have been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Limited, who is a member of the Hong Kong Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the direct comparison method by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. The investment properties represents freehold properties outside Hong Kong.

21. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent leasehold land held under medium-term lease in Hong Kong and are analysed for reporting purposes as follows:

	2008 HK\$'000	2007 HK\$'000
Non-current assets	85,223	87,437
Current assets	2,214	2,214
	<u>87,437</u>	<u>89,651</u>

22. INTANGIBLE ASSETS

Intangible assets represent club memberships in Hong Kong and the PRC with indefinite life. The directors have reviewed the carrying amounts of the intangible assets and considered that, in light of market conditions, no impairment loss has been recognised in the consolidated income statement for both years.

23. INTERESTS IN ASSOCIATES

	2008 HK\$'000	2007 HK\$'000
Share of net assets of associates:		
Listed in Hong Kong	2,740,309	997,900
Listed overseas	4,282	271,506
Unlisted	-	324,641
Goodwill (note (a) below)	1,177	-
	<u>2,745,768</u>	<u>1,594,047</u>
Market value of listed securities:		
Hong Kong	1,166,454	1,477,663
Overseas	378,927	362,788
	<u>1,545,381</u>	<u>1,840,451</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

23. INTERESTS IN ASSOCIATES (continued)

Notes:

- (a) Included in the cost of interests in associates is goodwill with carrying value of HK\$1,177,000 (2007: Nil) arising on acquisitions and deemed acquisitions.

	HK\$'000
Cost	
At 1st April, 2006	3,265
Arising on acquisition or deemed acquisition of interests in associates	1,890
	<hr/>
At 31st March, 2007	5,155
Arising on acquisition of interests in associates	1,177
	<hr/>
At 31st March, 2008	6,332
	<hr/>
Impairment	
At 1st April, 2006	-
Recognised for the year	5,155
	<hr/>
At 31st March, 2007	5,155
Recognised for the year	-
	<hr/>
At 31st March, 2008	5,155
	<hr/>
Carrying value	
At 31st March, 2008	1,177
	<hr/> <hr/>
At 31st March, 2007	-
	<hr/> <hr/>

- (b) Particulars of the Group's principal associates as at 31st March, 2008 and 2007 are as follows:

Name of associate	Place of listing	Place of incorporation/ registration	Principal place of operation	Percentage of issued share capital held by the Group		Principal activities
				2008 %	2007 %	
Burcon NutraScience Corporation	Canada and Germany	Canada	Canada	24.89	25.46	Investment holding in company engaged in the development of commercial canola protein
Central Town Limited (note (i))	N/A	Hong Kong	Hong Kong	50.00	50.00	Property investment
PYI Corporation Limited ("PYI")	Hong Kong	Bermuda	Hong Kong	26.84	26.97	Investment holding in companies engaged in development and investment in port, and infrastructure project, property development and investment, treasury investment, engineering and property related services
Hanny	Hong Kong	Bermuda	Hong Kong	49.90	N/A (note (ii))	Trading of securities, industrial water supply business, holding of vessels for sand mining and other strategic investments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

23. INTERESTS IN ASSOCIATES *(continued)*Notes: *(continued)*(b) Particulars of the Group's principal associates as at 31st March, 2008 and 2007 are as follows: *(continued)*

Name of associate	Place of listing	Place of incorporation/ registration	Principal place of operation	Percentage of issued share capital held by the Group		Principal activities
				2008 %	2007 %	
Wing On Travel (Holdings) Limited ("Wing On Travel") <i>(note (iii))</i>	Hong Kong	Bermuda	Hong Kong	14.22 <i>(note (iv))</i>	22.23	Investment holding with subsidiaries principally engaged in the business of providing package tours, travel and other related services, hotel operation in Hong Kong and trading of securities
ITC Properties Group Limited ("ITC Properties")	Hong Kong	Bermuda	Hong Kong	6.53 <i>(note (iv))</i>	-	Business of property development and investment in Macau, the PRC and Hong Kong, golf resort and leisure operations in the PRC, securities investment and loan financing services
PSC Corporation Ltd	Singapore	Singapore	Singapore	N/A <i>(note (v))</i>	26.30	Supply of household consumer products
Hangzhou Zhongce Rubber Company Limited	N/A	PRC	PRC	N/A <i>(note (v))</i>	26.00	Manufacturing of tires

All of the above associates are held by the Company indirectly.

Notes:

- (i) As disclosed in note 39, it was disposed of by the Group on 1st April, 2008 and classified as non-current assets held for sale in the consolidated balance sheet.
- (ii) As disclosed in note 13, Hanny ceased to be a subsidiary of the Company on 18th May, 2007.
- (iii) Wing On Travel is a company listed on the Hong Kong Stock Exchange and its financial year end is 31st December. As only published financial information of Wing On Travel are available to the Group, the Group has used the financial statements of Wing On Travel for the financial year ended 31st December, 2007 in applying the equity method of accounting in respect of the interests in the equity shares of Wing On Travel held by the Group. Hence, the Group's share of net assets and interests of Wing On Travel as 31st March, 2008 is calculated based on the net assets of Wing On Travel as at 31st December, 2007 and the results up to 31st December, 2007, respectively.
- (iv) In the opinion of the directors, the Group has representation on the board of directors of these associates, and is able to exercise significant influence over the financing and operating policies of these associates.
- (v) As Hanny ceased to be a subsidiary of the Company on 18th May, 2007, these companies ceased to be associates of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

23. INTERESTS IN ASSOCIATES *(continued)*Notes: *(continued)*

(c) The summarised financial information in respect of the Group's associates is set out below:

	2008 HK\$'000	2007 HK\$'000
Total assets	24,019,426	18,638,321
Total liabilities	(11,624,124)	(11,429,865)
Net assets	12,395,302	7,208,456
The Group's share of net assets of associates	2,744,591	1,594,047
Revenue	5,689,205	9,827,896
Profit for the year	551,619	819,856
The Group's share of results of associates for the year	160,939	207,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

24. DEBT PORTION OF CONVERTIBLE NOTES AND CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

	Debt portion		Embedded conversion option	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Convertible notes issued by:				
Hanny (note (a) below)	154,821	-	489	-
ITC Properties (note (b) below)	25,734	23,848	1,434	1,754
Wing On Travel (note (c) below)	-	250,456	-	44,642
	180,555	274,304	1,923	46,396
Convertible options embedded in other convertible notes, in which the debt elements are designated as available for sale investment (note 28)			-	52,070
			1,923	98,466

Notes:

- (a) The 2% convertible notes were issued by Hanny ("Hanny Notes") with principal amounts of HK\$19,500, HK\$94,801,560 and HK\$95,138,660 and with maturity on 12th, 15th and 22nd June, 2011, respectively, entitling the noteholders to convert into shares in Hanny at an initial conversion price of HK\$9 per share (subject to adjustments), which was subsequently adjusted to HK\$0.67 as a result of issuance of bonus shares by Hanny on 6th June, 2007 and 24th September, 2007. On maturity, unless previously converted, Hanny shall redeem the Hanny Notes at the principal amount of the Hanny Notes plus the outstanding interest.
- (b) The 1% convertible notes were issued by ITC Properties (the "ITC Properties Notes") with a principal amount of HK\$30,000,000 entitling the holders of the ITC Properties Notes to convert into shares in ITC Properties at an initial conversion price of HK\$0.7 per share. Unless previously converted, ITC Properties shall redeem the ITC Properties Notes at the redemption amount which is 110% of their principal amount plus the outstanding interest on 14th June, 2011.
- (c) The 2% convertible notes held by Hanny as at 31st March, 2007 were issued by Wing On Travel ("Wing On Travel Notes") with an aggregate principal amount of HK\$300,000,000 entitling the holders of the Wing On Travel Notes to convert into shares in Wing On Travel at an initial conversion price of HK\$0.79 per share (subject to adjustments). Unless previously converted or lapsed by Wing On Travel, Wing On Travel shall redeem the Wing On Travel Notes on 7th June, 2011 at 110% of their principal amount. The Wing On Travel Notes was disposed of as a result of deemed disposal of interests in Hanny.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

24. DEBT PORTION OF CONVERTIBLE NOTES AND CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES (continued)

The Group classified the debt portion of the convertible notes as loans and receivables and the embedded conversion option is deemed as held for trading and recognised at fair value on initial recognition. The fair values of the conversion options embedded in on initial recognition are determined by the directors of the Company with reference to the valuation performed by Greater China Appraisal Limited, a firm of independent professional valuers not connected with the Group using Black-Scholes Option Pricing Model. Details of the method and assumptions used in the Black Scholes Option Pricing Model in the valuation of the conversion options embedded in convertible notes as at are as follows:

	31st March, 2007	31st March, 2008
Hanny Notes		
Stock price	N/A	HK\$0.129
Conversion price	N/A	HK\$0.67
Volatility	N/A	55.19%
Dividend yield	N/A	10.30%
Option life	N/A	3.2 years
Risk free rate	N/A	1.53%
ITC Properties Notes		
Stock price	HK\$0.41	HK\$0.238
Conversion price	HK\$0.70	HK\$0.70
Volatility	49.20%	84.73%
Dividend yield	Zero	Zero
Option life	3.37 years	2.56 years
Risk free rate	3.93%	1.39%
Wing On Travel Notes		
Stock price	HK\$0.60	N/A
Conversion price	HK\$0.79	N/A
Volatility	89.00%	N/A
Dividend yield	Zero	N/A
Option life	3.35 years	N/A
Risk free rate	3.96%	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

25. DEPOSITS FOR ACQUISITION OF SUBSIDIARIES

The deposits as at 31st March, 2007 were paid by a subsidiary of Hanny pursuant to a conditional agreement for the acquisition of 100% equity interest in Goal Wisdom Limited at a consideration of HK\$50,000,000. Goal Wisdom Limited is an investment holding company with its subsidiary engaged in food and beverage operations and related management. During the year, the acquisition was cancelled as certain conditions, including the transfer of land use right of a piece of land located in the PRC to the subsidiary of Goal Wisdom Limited, could not be fulfilled and the amount of HK\$20,000,000 was refunded to the Group.

26. DEPOSITS FOR ACQUISITION OF LONG-TERM INVESTMENTS

The deposits as at 31st March, 2007 were paid by certain subsidiaries of Hanny for the acquisition of equity interest in an unlisted investment established, and principally engaged in port business in the PRC and as tender deposits pursuant to certain conditional agreements for the acquisition of certain interests in water supply business, sand dredging business and the exploitation right for river sand business.

27. PAYMENTS FOR ACQUISITION OF INTEREST IN PROPERTIES

The amount as at 31st March, 2007 represented an initial amount of RMB58,000,000 (equivalent to HK\$58,830,000) paid by certain subsidiaries of Hanny pursuant to a conditional agreement for the acquisition of interest in certain properties in Shanghai for an aggregate consideration of RMB450,000,000 (equivalent to HK\$424,528,000).

28. AVAILABLE-FOR-SALE INVESTMENTS

	2008 HK\$'000	2007 HK\$'000
At fair value:		
Listed investments:		
– Equity securities listed in Hong Kong	75,579	257,552
– Equity securities listed elsewhere	18,316	28,315
Unlisted equity securities (note (a) below)	23,482	–
Unlisted debt securities (note (b) below)	–	704,067
	<u>117,377</u>	<u>989,934</u>
At cost less impairment:		
Unlisted equity securities, (note (c) below)	–	43,889
	<u>117,377</u>	<u>1,033,823</u>

During the year, an impairment loss of HK\$20,960,000 (2007: HK\$4,859,000) in respect of equity securities listed in Hong Kong has been recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

28. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes:

- (a) The amount represents investment in Shikumen Offshore Feeder Fund, which is managed by Shikumen Capital Management Limited. The fair value of the investment is determined by reference to the valuation provided by the counterparty financial institution, which is determined based on inputs such as share price of equity securities of the fund.
- (b) At 31st March, 2007, the debt securities which were held by Hanny include the debt portion of five convertible notes designated as available-for-sale-investment are with the following terms:

Issuer (convertible notes)	Principal amount HK\$'000	Maturity date	Coupon rate %	Redemption amount	Effective interest rate at 31st March, 2007 %
ITC Properties (ITC Properties Note 2010)	330,000	10th August, 2010	-	110% of the principal amount	8.33
ITC Properties (ITC Properties Note 2011)	270,000	14th June, 2011	1.00	110% of the principal amount	8.63
See Corporation Limited ("See Corp") (See Corp Note 2010)	170,000	9th August, 2010	-	110% of the principal amount	10.00
Wo Kee Hong (Holdings) Limited ("Wo Kee Hong") (Wo Kee Hong Note)	30,000	5th September, 2008	7.25	100% of the principal amount	10.00
Asia Standard International Limited (Asia Standard Note)	19,000	14th May, 2009	4.00	100% of the principal amount	9.25

All these companies are public limited companies with their shares listed on the Hong Kong Stock Exchange.

The fair value of debt element was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield ranging from 8.3% to 10% at 31st March, 2007, which was determined with reference to the credit rating of the convertible notes issuer and remaining time to maturity.

The fair values of the corresponding conversion option element as at 31st March, 2007 were approximately HK\$52,070,000 (note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

28. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes: (continued)

- (c) Black-Scholes Option Pricing Model is used for valuation for conversion option element of convertible notes. The inputs into the model of each convertible note as at 31st March, 2007 were as follows:

ITC Properties Note 2010

Stock price	HK\$0.41
Conversion price	HK\$0.44
Volatility	49.28%
Dividend yield	Zero
Option life	1.68 years
Risk free rate	3.79%

ITC Properties Note 2011

Stock price	HK\$0.41
Conversion price	HK\$0.70
Volatility	49.20%
Dividend yield	Zero
Option life	3.37 years
Risk free rate	3.93%

See Corp Note 2010

Stock price	HK\$0.69
Conversion price	HK\$4.06
Volatility	66.83%
Dividend yield	Zero
Option life	3.36 years
Risk free rate	3.93%

Wo Kee Hong Note

Stock price	HK\$0.47
Conversion price	HK\$1
Volatility	72.15%
Dividend yield	Zero
Option life	1.44 years
Risk free rate	3.79%

Asia Standard Note

Stock price	HK\$0.25
Conversion price	HK\$0.28
Volatility	41.62%
Dividend yield	1.99%
Option life	1.06 years
Risk free rate	3.76%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

29. OTHER ASSETS

The other assets as at 31st March, 2007 represented payments made by certain subsidiaries of Hanny to the PRC government for the rights to obtain the land and the exclusive development right pertaining to the land development project of 珠海市龍山智業產業園 located in Long Shan Development Area, Doumen District, Zhuhai City. The subsidiaries of Hanny were also entitled to sell the rights to other investors at a consideration to be agreed among themselves.

30. DEBTORS, DEPOSITS AND PREPAYMENTS

	2008 HK\$'000	2007 HK\$'000
Trade debtors	7,346	16,115
Less: Allowance for doubtful debts	-	(2,223)
	<u>7,346</u>	<u>13,892</u>
Other debtors, deposits and prepayments	2,487	391,419
Less: Allowance for doubtful debts	(935)	(1,282)
	<u>1,552</u>	<u>390,137</u>
	<u>8,898</u>	<u>404,029</u>

Included in other debtors as at 31st March, 2007 was consideration receivables in connection with the disposal of the business of trading of computer related products under the trade name of "Memorex®" by Hanny on 19th January, 2006 of US\$33,000,000 (equivalent to HK\$256,047,000) held under an escrow account.

Trade debtors arise from property investment business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally range from 30 days to 90 days (2007: 30 days to 90 days).

The following is an aged analysis of trade debtors at the reporting date:

	2008 HK\$'000	2007 HK\$'000
Trade debtors		
0 - 30 days	7,338	7,018
31 - 60 days	3	28
61 - 90 days	3	1
Over 90 days	2	6,845
	<u>7,346</u>	<u>13,892</u>

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. Over 90% of the trade receivables are neither past due nor impaired and have the best credit rating.

Included in the Group's trade debtors balance are debtors with aggregate carrying amount of HK\$2,000 (2007: HK\$6,845,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is between 90 to 120 days (2007: between 90 to 240 days).

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

30. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Movement in the allowance for doubtful debts are as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Balance at beginning of the year	2,223	-
Impairment loss recognised on receivables	884	2,223
Impairment losses reversed	(1,438)	-
On deemed disposal and disposal of subsidiaries	(1,669)	-
	<hr/>	<hr/>
Balance at end of the year	-	2,223
	<hr/>	<hr/>

Included in the allowance for doubtful debts at 31st March, 2007 were individually impaired trade debtors with an aggregate balance of HK\$2,223,000 which had been in severe financial difficulties. The Group did not hold any collateral over these balances.

Movement in the allowance for other debtors are as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Balance at beginning of the year	1,282	1,204
Impairment loss recognised	197	389
Impairment losses reversed	(544)	(311)
	<hr/>	<hr/>
Balance at end of the year	935	1,282
	<hr/>	<hr/>

Included in the allowance for doubtful debts were individually impaired trade debtors with an aggregate balance of HK\$935,000 (2007: HK\$1,282,000) which had been in severe financial difficulties. The Group did not hold any collateral over these balances.

31. MARGIN ACCOUNT RECEIVABLES/PAYABLES

The margin account receivables/payables carry floating interest rates ranging from 1.17% to 5.63% (2007: 0.5% to 5.138%) per annum.

32. DEPOSITS FOR ACQUISITION OF INVESTMENTS HELD FOR TRADING

The deposits as at 31st March, 2007 were paid by Hanny for the acquisition of equity securities listed on the Over-The-Counter Bulletin Board of United States of America.

33. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, repayable on demand and non-interest bearing, except for an amount of approximately HK\$238,430,000 (2007: HK\$88,000,000) which bears interest at the Best Lending Rate plus 2% per annum which range from 7.25% to 9.75% (2007: 9.75% to 10%) per annum.

Before approving any new loan to associate, the Group will assess the potential borrower's credit quality and defines credit limits individually. The directors will continuously assess the recoverability of amounts due from associates. All amounts due from associates are neither past due nor impaired and have the best credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

33. AMOUNTS DUE FROM ASSOCIATES (continued)

The Group has provided fully for an amount of approximately HK\$2,578,000 (2007: HK\$2,456,000). Movement of the allowance is as follows:

	2008 HK\$'000	2007 HK\$'000
Balance at beginning of the year	2,456	2,255
Impairment losses recognised	122	201
	<hr/> 2,578	<hr/> 2,456
Balance at end of the year	<hr/> 2,578	<hr/> 2,456

Included in the allowance for doubtful debts were individually impaired amounts due from associates with an aggregate balance of HK\$2,578,000 (2007: HK\$2,456,000) which had been in severe financial difficulties. The Group did not hold any collateral over these balances.

34. AMOUNTS DUE FROM RELATED COMPANIES

	2008 HK\$'000	2007 HK\$'000
ITC Properties	-	1,055
See Corp	6,753	6,207
	<hr/> 6,753	<hr/> 7,262
	<hr/> 6,753	<hr/> 7,262

A director of the Company has significant influence over the above companies. See Corp is an investee of the Group.

The amounts are unsecured, aged within one year, repayable within one year and non-interest bearing, except for an amount of approximately HK\$5,742,000 (2007: HK\$5,742,000) which bears floating interest at 7.25% to 9.75% (2007: 9.75% to 10%) per annum.

Before approving any new loan to related company, the Group will assess the potential borrower's credit quality and defines credit limits individually. The directors will continuously assess the recoverability of amounts due from related companies. All amounts due from related companies are neither past due nor impaired and have the best credit rating.

The Group has provided fully for amounts of approximately HK\$26,683,000 (2007: HK\$24,294,000). The movement of the allowance is as follows:

	2008 HK\$'000	2007 HK\$'000
Balance at beginning of the year	24,294	21,764
Impairment losses recognised	2,389	2,530
	<hr/> 26,683	<hr/> 24,294
Balance at end of the year	<hr/> 26,683	<hr/> 24,294

Included in the allowance for doubtful debts were individually impaired amounts due from related companies with an aggregate balance of HK\$26,683,000 (2007: HK\$24,294,000) which had been in severe financial difficulties. The Group did not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

35. LOANS RECEIVABLE

	2008 HK\$'000	2007 HK\$'000
Secured (note (a) below)	-	308,549
Unsecured (note (b) below)	26,898	33,898
	26,898	342,447
Less: Impairment loss recognised	(1,898)	(1,898)
	25,000	340,549

Movement in the allowance for loans receivable is as follows:

	2008 HK\$'000	2007 HK\$'000
Balance at beginning of the year	1,898	8,671
Impairment losses reversed	-	(6,773)
Balance at end of the year	1,898	1,898

Before approving any loan to new borrower, the Group will assess the potential borrower's credit quality and defines credit limits individually. The directors will continuously assess the recoverability of loans receivable. All loans receivable are neither past due nor impaired and have the best credit rating.

Included in the allowance for doubtful debts were individually impaired loans receivable with an aggregate balance of HK\$1,898,000 (2007: HK\$1,898,000) which had been in severe financial difficulties. The Group did not hold any collateral over these balances.

Notes:

- (a) The amount as at 31st March, 2007 were lent by Hanny and secured by the (i) shares in land/property holding companies; (ii) equity interest in certain subsidiaries engaged in garment manufacturing and (iii) investment in listed securities.

The loans receivables carried interest at the Best Lending Rate plus 2% to 3% per annum which ranged from 9.75% to 11% per annum and repayable within one year.

- (b) The amounts are unsecured, carry interest at the Best Lending Rate plus 3% per annum (2007: the Best Lending Rate plus 2% to 3% per annum) which ranged from 7.25% to 10.75% (2007: 9.75% to 11%) per annum and repayable within one year from the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

36. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

	2008 HK\$'000	2007 HK\$'000
Equity linked notes <i>(note (a) below)</i>	5,390	24,689
Convertible notes <i>(note (b) below)</i>	-	122,549
	<u>5,390</u>	<u>147,238</u>

Notes:

- (a) The equity linked notes represent notes with interest payments based on the annual return of a portfolio of underlying asset-backed securities which have an early redemption option. Each equity linked note held by the Group contains one or more embedded derivatives. Hence, the Group designated the entire equity linked notes as financial assets at fair value through profit or loss.

The fair value of equity linked notes are determined by reference to the valuation provided by the counterparty financial institution, which is determined based on inputs such as volatility of relevant share price/index linked by the notes.

- (b) The amount as at 31st March, 2007 represented two convertible notes with principal amount of HK\$50,000,000 from Mei Ah Enterprises Group Limited ("Mei Ah CN") and HK\$50,000,000 from Golden Harvest Entertainment (Holdings) Limited ("Golden Harvest CN") held by Hanny. The Group designated these investments as financial assets at fair value through profit or loss.

Details of the assumptions used in the Black-Scholes Option Pricing Model in determining the fair value of the conversion option embedded in the convertible notes designed at fair value through profit or losses at 31st March, 2007 are as follows:

Mei Ah CN

Stock price	HK\$0.35
Conversion price	HK\$0.44
Volatility	64.58%
Dividend yield	0.37%
Option life	1.18 years
Risk free rate	3.76%

Golden Harvest CN

Stock price	HK\$3.2
Conversion price	HK\$2.2
Volatility	61.3%
Dividend yield	Zero
Option life	1.39 years
Risk free rate	3.79%

The fair value of debt element was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield of 9.75% at 31st March, 2007, which was determined with reference to the credit rating of the convertible notes issuer and remaining time to maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

37. INVESTMENTS HELD FOR TRADING

	2008 HK\$'000	2007 HK\$'000
Listed equity securities, at fair value:		
- in Hong Kong	32,138	594,645
- elsewhere	1,295	32,004
	<u>33,433</u>	<u>626,649</u>

38. SHORT-TERM BANK DEPOSITS AND BANK BALANCES

The short-term bank deposits and bank balances carry interest at prevailing market interest rates ranging from 0.7% to 6.05% (2007: 2.75% to 5.1%) per annum.

39. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 1st April, 2008, the Group entered into a sale and purchase agreement (the "Central Town Agreement") in relation to the sale of the Group's entire 50% equity interest in an associate, Central Town Limited ("Central Town") with the shareholder's loan of HK\$30,313,000, to a third party for a consideration of HK\$145,000,000. The transaction was completed and the voting power was passed to the acquirer on the same date as the Central Town Agreement.

As negotiations for the disposal of Central Town have taken place during the year, the Group's interest in Central Town, including the amount due from it, amounting to HK\$59,482,000 as at 31st March 2008 has been classified as non-current assets held for sale and are presented separately on the balance sheet.

40. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade creditors of approximately HK\$4,299,000 (2007: HK\$18,396,000) and their aged analysis at the balance sheet date is as follows:

	2008 HK\$'000	2007 HK\$'000
Trade creditors		
0 - 30 days	138	18,320
31 - 60 days	4,161	47
Over 90 days	-	29
	<u>4,299</u>	<u>18,396</u>

41. AMOUNTS DUE TO ASSOCIATES

The amounts are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

42. DERIVATIVE FINANCIAL INSTRUMENTS

	2008 HK\$'000	2007 HK\$'000
Derivative financial liabilities - Futures	-	222

The futures as at 31st March, 2007 represented the Group's investment in an overseas stock market index and matured on 7th June, 2007.

43. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The movement of the liability component of the redeemable convertible preference shares for the current and prior years is set out below:

	HK\$'000
At 1st April, 2006 shown under non-current liabilities	286,811
Finance cost	10,947
Interest paid in the form of a dividend	(10,679)
Conversion on 6th December, 2006	(942)
At 31st March, 2007 shown under current liabilities	286,137
Finance cost	6,491
Interest paid in the form of a dividend	(10,602)
Conversion on 7th August, 2007	(1,060)
Redemption on 5th November, 2007	(280,966)
At 31st March, 2008	-

Number of redeemable convertible preference shares issued and fully paid is as follows:

	Number of shares
At 1st April, 2006	266,952,000
Conversion on 6th December, 2006	(890,000)
At 31st March, 2007	266,062,000
Conversion on 7th August, 2007	(1,000,000)
Redemption on 5th November, 2007	(265,062,000)
At 31st March, 2008	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

43. REDEEMABLE CONVERTIBLE PREFERENCE SHARES *(continued)*

The redeemable convertible preference shares with a redemption value of HK\$1.06 per preference share were listed on the Hong Kong Stock Exchange and fully redeemed on 5th November, 2007. The redeemable convertible preference shares ranked in priority to the ordinary shares in the Company as to dividends and return of capital and were convertible into ordinary shares of the Company at the option of the holders at any time in accordance with the rights and restrictions as set out in the special resolution of the Company passed on 13th October, 2004 for the redeemable convertible preference shares.

The redeemable convertible preference shares contained two components: liability and equity elements. The equity element was presented in equity heading "preference share reserve". The effective interest rate of the liability component was 3.88% per annum. The fair value of the embedded derivative of the redeemable convertible was considered to be negligible.

907,115 and 1,019,230 ordinary shares of HK\$0.10 each of the Company were issued upon conversion of 890,000 and 1,000,000 redeemable convertible preference shares of HK\$0.10 each at the conversion price of HK\$1.04 per share on 6th December, 2006 and 7th August, 2007, respectively. The ordinary shares issued by the Company ranked pari passu with the then existing ordinary shares of the Company in all respects.

44. BORROWINGS

	2008 HK\$'000	2007 HK\$'000
The entire borrowings is secured and comprise:		
Bank loans	57,650	148,450
Other loans	-	510,000
	57,650	658,450

The borrowings are repayable as follows:

Within one year or on demand	2,450	517,100
From one to two years	2,450	9,890
From two to three years	5,250	9,890
From three to four years	5,250	9,890
From four to five years	5,250	12,690
More than five years	37,000	98,990
	57,650	658,450
Less: Amount due within one year or on demand shown under current liabilities	(2,450)	(517,100)
Amount due after one year	55,200	141,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

44. BORROWINGS (continued)

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	2008 HK\$'000	2007 HK\$'000
Fixed-rate borrowings due within one year carrying interest at 15% per annum	-	510,000

The Group has variable-rate borrowings which carry interest at HIBOR or Canadian prime rate plus a fixed percentage.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable rate borrowings are 2.09% to 5.16% (2007: 4.715% to 10%) per annum.

The Group's borrowings are denominated in functional currency of the relevant group entities.

45. BANK OVERDRAFTS

Bank overdrafts carry interest at prevailing market interest rates which range from 3.75% to 7.25% (2007: 6% to 8%) per annum.

46. CONVERTIBLE NOTES PAYABLE

	2008 HK\$'000	2007 HK\$'000
Liability component:		
At the beginning of the year	556,980	-
Issued during the year	191,238	-
On acquisition of subsidiaries	-	545,299
Interest charge	14,584	11,681
Interest payable	(4,136)	-
Eliminated on deemed disposal of a subsidiary	(565,714)	-
At the end of the year	192,952	556,980

The amount as at 31st March, 2007 represented the Hanny Notes which carry interest at 2% per annum and will be matured on 15th June, 2011. The Hanny Notes are denominated in HKD, with conversion price of HK\$9 per share (subject to anti-dilutive adjustments). The effective interest rate of the liability component is 6.87% per annum to the Group. Unless previously converted by the holders of the Hanny Notes, the Hanny Notes will be redeemed on the date of maturity at the principal amount of the Hanny Notes then outstanding. The amount of HK\$545,299,000 as acquired through acquisition of subsidiaries in 2007 was after elimination of the portion of Hanny Notes held by the Group (note 51) and was eliminated upon the deemed disposal of Hanny during the year (note 50).

On 2nd November, 2007, the Company issued 5% convertible notes at a par value of HK\$200,000,000. The convertible notes are denominated in HKD. The notes entitle the holder to convert it into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 2nd November, 2009 at an initial conversion price of HK\$0.75 per conversion share (subject to anti-dilutive adjustments), which is subsequently adjusted to HK\$0.63 as a result of bonus issue of shares as disclosed in note 48. If the notes have not been converted, they will be redeemed on 2nd November, 2009. The effective interest rate of the liability component is 6.06% per annum to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

47. DEFERRED TAX ASSETS (LIABILITIES)

The following table summarises the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1st April, 2006	1,163	99	(1,163)	99
Charge (credit) to consolidated income statement	21	(1,288)	(295)	(1,562)
Charge to equity	-	2,746	-	2,746
Arising on acquisition of subsidiaries	21,874	15,548	(1,078)	36,344
	<u>23,058</u>	<u>17,105</u>	<u>(2,536)</u>	<u>37,627</u>
At 31st March, 2007	23,058	17,105	(2,536)	37,627
Charge (credit) to consolidated income statement	2,118	(1,086)	(1,089)	(57)
Charge to equity	-	3,007	-	3,007
Eliminated on deemed disposals and disposal of subsidiaries	(21,914)	(14,261)	1,449	(34,726)
	<u>3,262</u>	<u>4,765</u>	<u>(2,176)</u>	<u>5,851</u>
At 31st March, 2008	<u>3,262</u>	<u>4,765</u>	<u>(2,176)</u>	<u>5,851</u>

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2008 HK\$'000	2007 HK\$'000
Deferred tax assets	-	1,464
Deferred tax liabilities	(5,851)	(39,091)
	<u>(5,851)</u>	<u>(37,627)</u>

At the balance sheet date, the Group has unused tax losses of approximately HK\$501,120,000 (2007: HK\$495,251,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$12,434,000 (2007: HK\$14,491,000) of such losses. No deferred tax asset in respect of the remaining tax losses of approximately HK\$488,686,000 (2007: HK\$480,760,000) has been recognised due to the unpredictability of future profit streams. Tax losses can be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

48. SHARE CAPITAL

	Number of shares	Value HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st April, 2006 and 31st March, 2007	3,000,000,000	300,000
Increase during the year <i>(note (a) below)</i>	7,000,000,000	700,000
	<hr/>	<hr/>
At 31st March, 2008	10,000,000,000	1,000,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
At 1st April, 2006	1,837,495,145	183,750
Conversion of redeemable convertible preference shares <i>(note (b) below)</i>	907,115	90
Issue of shares <i>(note (c) below)</i>	34,580,108	3,458
	<hr/>	<hr/>
At 31st March, 2007	1,872,982,368	187,298
Conversion of redeemable convertible preference shares <i>(note (d) below)</i>	1,019,230	102
Placement of shares <i>(note (e) below)</i>	300,000,000	30,000
Issue of bonus shares <i>(note (f) below)</i>	434,800,319	43,480
Issue of shares <i>(note (g) below)</i>	85,803,352	8,580
	<hr/>	<hr/>
At 31st March, 2008	2,694,605,269	269,460
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) On 19th September, 2007, the authorised ordinary share capital of the Company was increased from HK\$300,000,000 to HK\$1,000,000,000 by the creation of 7,000,000,000 ordinary shares of HK\$0.10 each.
- (b) On 6th December, 2006, 907,115 ordinary shares of the Company of HK\$0.10 each were issued upon the conversion of 890,000 redeemable convertible preference shares of HK\$0.10 each at the conversion price of HK\$1.04 per ordinary share.
- (c) 25,208,848 and 9,371,260 ordinary shares of the Company of HK\$0.10 each were issued in the form of a scrip dividend on 3rd November, 2006 and 27th February, 2007, respectively.
- (d) On 7th August, 2007, 1,019,230 ordinary shares of the Company of HK\$0.10 each were issued upon the conversion of 1,000,000 redeemable convertible preference shares of HK\$0.10 each at the conversion price of HK\$1.04 per ordinary share.
- (e) On 29th June, 2007, 300,000,000 ordinary shares of the Company of HK\$0.10 each were issued at HK\$0.74 per ordinary share pursuant to a placing and subscription agreement dated 16th June, 2007 entered into between the Company, Dr. Chan Kwok Keung, Charles and a placing agent.
- (f) On 5th November, 2007, 434,800,319 ordinary shares of the Company of HK\$0.10 each were issued on the basis of one bonus share for every five ordinary shares held by the ordinary shareholders.
- (g) 49,916,232 and 35,887,120 ordinary shares of the Company of HK\$0.10 each were issued in the form of a scrip dividend on 5th November, 2007 and 14th March, 2008, respectively.

The ordinary shares issued by the Company ranked *pari passu* with the then existing ordinary shares of the Company in all respects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

49. SHARE OPTIONS

(a) Share options of the Company

The Company adopted a share option scheme (the "ITC Scheme") on 16th January, 2002 (the "Adoption Date") (which was amended on 19th September, 2007) for the purpose of providing incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company. The board of directors of the Company may in its absolute discretion, subject to the terms of the ITC Scheme, grant options to, inter alia, employees and directors of the Company, the controlling shareholder of the Company and invested entity and their respective subsidiaries, supplier, adviser, agent, consultant, or contractor for the provision of goods or services to any member of the Group or any invested entity and its subsidiaries and any vendor, customer or celebrity of any member of the Group or any invested entity and its subsidiaries, any person or entity that provides research, development or other technological support to any member of the Group, and any shareholder of any member of the Group or any invested entity and its subsidiaries or any holder of any securities issued by any member of the Group or any invested entity and its subsidiaries.

At the time of adoption of the ITC Scheme the aggregate number of shares which may be issued upon the exercise of all options to be granted by the Company under the ITC Scheme and any other share option scheme(s) adopted by the Company must not exceed 10% of the total number of issued shares of the Company as at the date of shareholders' approval of the ITC Scheme. By ordinary resolution passed at the Company's annual general meetings on 19th September, 2007 relating to the refreshing of the scheme limit on grant of options under the ITC Scheme and any other share option scheme(s) of the Company, the scheme limit on grant of options was refreshed to 217,400,159 shares of the Company. As at the date of this report, the total number of shares available for issue, save for those granted but yet to be exercised, under the ITC Scheme is 18,800,159 shares, which represented approximately 0.70% of the issued share capital of the Company as at the date of this report. Notwithstanding the foregoing, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the ITC Scheme and any other share option scheme(s) of the Company must not, in aggregate, exceed 30% of the total number of issued shares of the Company from time to time.

Unless approved by the shareholders of the Company in general meeting, the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted (whether exercised, cancelled or outstanding) under the ITC Scheme and any other share option scheme(s) of the Company to any eligible person in any 12-month period expiring on the date of offer shall not exceed 1% of the total number of the Company's shares in issue from time to time. Options granted to a substantial shareholder and/or an independent non-executive director of the Company or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules")) in any 12-month period in excess of 0.1% of the total number of shares of the Company in issue and have an aggregate value exceeding HK\$5 million must be approved by the shareholders of the Company in general meeting in advance.

The period within which the options may be exercised will be determined by the directors of the Company at the time of grant. This period must expire in any event not later than the last day of the ten year period after the Adoption Date. The ITC Scheme does not provide for any minimum period for which an option must be held before it can be exercised. Options may be granted at an initial payment of HK\$1.00 for each acceptance of grant of option(s). The directors of the Company shall specify a date, being a date not later than 30 days after (i) the date on which the offer of the options is issued, or (ii) the date on which the conditions for the offer are satisfied, by which the eligible person must accept the offer or be deemed to have declined it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

49. SHARE OPTIONS (continued)**(a) Share options of the Company** (continued)

The exercise price of the options will be determined by the directors of the Company (subject to adjustments as provided in the rules of the ITC Scheme) which shall not be lower than the nominal value of the shares of the Company and shall be at least the higher of (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of the offer, which must be a business day; and (ii) the average of the closing prices of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer.

The ITC Scheme is valid and effective for a period of ten years commencing after the Adoption Date, after which period no further options may be granted.

Details of the movements in share options of the Company granted under the ITC Scheme during the year are as follows:

Category of participants	Date of grant	Vesting date	Exercisable period	Exercise price per share (subject to adjustments) HK\$	Number of shares of the Company to be issued upon exercise of the share options		
					Outstanding as at 1.4.2007	Granted during the year	Outstanding as at 31.3.2008
Directors	28.3.2008	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	96,400,000	96,400,000
Employees	28.3.2008	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	30,200,000	30,200,000
Other participants	28.3.2008	28.3.2008	28.3.2008 to 27.3.2011	0.385	-	72,000,000	72,000,000
Total					-	198,600,000	198,600,000

No options were exercised, cancelled or lapsed during the year. All of the outstanding share options are exercisable as at 31st March, 2008.

The fair values of the share options granted during the current year were calculated using the Binomial Model (the "Model") carried out by Greater China Appraisal Limited, an independent valuer with no connection with the Group. The inputs into the Model and the estimated fair values of the share options granted on 28th March, 2008 were summarised as follows:

Closing share price at the date of grant	HK\$0.385
Exercise price	HK\$0.385
Expected volatility	47%
Expected life	3 years
Risk-free interest rate	1.601%
Expected annual dividend yield	5.83%
Fair value per share option	HK\$0.0945

The Model is one of the commonly used models to estimate the fair value of the share option. The value of a share option varies with different variables of certain subjective assumptions. Any changes in the variables so adopted may materially affect the estimation of the fair value of a share option.

The expected volatility used in the Model was determined by using the annualised standard deviation of the continuously compounded rate of return on the ordinary shares of the Company. The expected life used in the Model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

49. SHARE OPTIONS *(continued)***(a) Share options of the Company** *(continued)*

The total estimated fair value of approximately HK\$11,964,000 and HK\$6,804,000 with respect to share options granted to directors/employees of the Group and other eligible participants respectively, were charged to the consolidated income statement during the year.

As the fair value of services to be performed by other eligible participants cannot be estimated reliably, the fair value of such services is also measured with reference to the fair value of the share options granted using the Model.

(b) Share options of Trasy*(i) Pre-IPO Option Plan of Trasy*

Trasy, a former subsidiary of the Company, adopted a pre-IPO share option plan (the "Trasy Pre-IPO Plan") on 6th November, 2000. Pursuant to the Trasy Pre-IPO Plan, the board of directors of Trasy could, at its discretion, grant options to any full-time employees or executives of Trasy or its former ultimate holding company and their respective subsidiaries on or before 29th November, 2000 which entitle them to subscribe for shares representing up to a maximum of 10% of the shares of Trasy in issue on the date of listing on the Growth Enterprise Market of the Hong Kong Stock Exchange on 7th December, 2000.

No share options were granted under the Trasy Pre-IPO Plan during the year and prior year.

(ii) Share Option Scheme of Trasy

Trasy adopted a new share option scheme (the "Trasy Scheme") on 30th April, 2002. The purpose of the Trasy Scheme is to enable the board of directors of Trasy, at its discretion, grant options to any employees or proposed employees or executives, including executive directors, of Trasy, the controlling company and of their respective subsidiaries, non-executive directors of Trasy, any controlling company and their respective subsidiaries, any suppliers, adviser, consultant, contractor, customers, person or entity that provides research, development or other technological support to Trasy and its subsidiaries (the "Trasy Group") or any shareholders of any members of the Trasy Group or any invested entity as incentives or rewards for their contribution to the Trasy Group.

The total number of shares may be issued upon exercise of all options to be granted under the Trasy Scheme must not, in aggregate, exceed 10% of the issued share capital of Trasy as at the date of adoption of the Trasy Scheme, unless approval by its shareholders has been obtained, and which must not in aggregate exceed 30% of the shares in issue from time to time. The maximum entitlement of each participant under the Trasy Scheme in any 12-month period up to the date of grant shall not exceed 1% of shares in issue as at the date of grant.

An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option upon payment of HK\$1.00 to Trasy by way of consideration for the grant. There is no minimum period for which an option must be held before it can be exercised. An option may be exercised in accordance with the terms of the Trasy Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.

The exercise price in respect of any particular option granted under the Trasy Scheme shall be determined by the board of directors of Trasy and will not be less than the highest of (a) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (b) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

49. SHARE OPTIONS (continued)**(b) Share options of Trasy** (continued)*(ii) Share Option Scheme of Trasy* (continued)

The Trasy Scheme shall be valid and effective for a period of 10 years from the date of its adoption. Trasy granted 5,400,000 share options to employees and other eligible participant(s) during the period from 1st April, 2007 to 10th June, 2007, the date immediate before the date on which Trasy ceased to be a subsidiary of the Company and all of them remain outstanding at the date immediate before the date on which Trasy ceased to be a subsidiary of the Company. 1,510,000 outstanding share options are exercisable at the date immediate before the date on which Trasy ceased to be a subsidiary of the Company.

The closing prices of shares of Trasy immediate before 1st June, 2007 and 6th June, 2007, the dates of grants of the options, were HK\$0.231 and HK\$0.163 respectively. The fair values of the options determined at the dates of the grants using the Model were approximately HK\$159,000 and HK\$25,000, respectively. An amount of share option expense of approximately HK\$69,000 has been recognised in the current year.

Date of grant	1st June, 2007	6th June, 2007
Closing share price at the date of grant	HK\$0.2190	HK\$0.1890
Exercise price	HK\$0.2194	HK\$0.2014
Expected volatility	14.34%	14.34%
Expected life	3 years	3 years
Risk-free interest rate	4.355%	4.355%
Expected annual dividend yield	Nil	Nil

The Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The expected volatility used in the Model was determined by using the annualised standard deviation of the continuously compounded rate of return on the ordinary shares of Trasy. The expected life used in the Model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

Share options granted thereunder are exercisable in stages during the option period in the following manner:

- (i) 1st one-third of share options granted become exercisable from the grant date;
- (ii) 2nd one-third of share options granted shall become exercisable one year after the grant date; and
- (iii) 3rd one-third of share options granted shall become exercisable two years after the grant date.

As the fair value of the services to be performed by other eligible participants cannot be estimated reliably, the fair value of such services is also measured with reference to the fair value of share options granted using the Model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

49. SHARE OPTIONS *(continued)***(c) Share options of Hanny**

Pursuant to a resolution passed at a special general meeting of Hanny on 17th March, 2003, Hanny adopted a share option scheme (the "2003 Share Option Scheme"). Under the 2003 Share Option Scheme, the board of directors of Hanny may grant options to directors and employees of the Hanny Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any members of the Hanny Group to whom the board of directors of Hanny considers have contributed or will contribute or can contribute to the Hanny Group. The purpose of the 2003 Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Hanny Group and to encourage participants to work towards enhancing the value of the Hanny Group and its shares for the benefits of the Hanny Group and its shareholders as a whole.

Subject to the condition that the total number of shares which may be issued upon the exercise of all outstanding options granted and to be exercised under the 2003 Share Option Scheme and any other schemes of Hanny must not exceed 30% of the shares of Hanny in issue from time to time, the total number of shares in respect of which options may be granted under the 2003 Share Option Scheme, when aggregated with any shares subject to any other schemes, is not permitted to exceed 10% of the shares of Hanny in issue on the date of approval and adoption of the 2003 Share Option Scheme.

Under the 2003 Share Option Scheme, the options which may be granted to any individual in any one year are not permitted to exceed 1% of the shares of Hanny in issue, without prior approval from Hanny's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess 0.1% of Hanny's share capital or with a value in excess of HK\$5 million must be approved in advance by Hanny's shareholders.

Options granted must be taken up within 28 days from the date of grant, upon payment of HK\$1 per grant. Options may be exercised at any time from the date on which the option is accepted to the tenth anniversary of the date of grant. The exercise price is determined by the directors of Hanny, and will not be less than the higher of the closing price of Hanny shares on the date of grant or the average closing price of the shares for the five business days immediately preceding the date of grant or the nominal value of the share of Hanny.

No share options were granted under the 2003 Share Option Scheme until the date immediate before the date on which Hanny ceased to be a subsidiary of the Company and during the year of 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

50. DEEMED DISPOSAL AND DISPOSAL OF SUBSIDIARIES

As detailed in note 13, the Company's interests in Hanny and Trasy were reduced to below 50% and they ceased to be the subsidiaries of the Company on 18th May, 2007 and 11th June, 2007, respectively. In addition, the Company's interests in Dreyer was disposed as detailed in note 16. The net assets of Hanny, Trasy and Dreyer at the respective disposal dates were as follows:

	Hanny HK\$'000	Trasy HK\$'000	Dreyer HK\$'000	Total HK\$'000
Net assets disposed of:				
Property, plant and equipment	120,038	534	8	120,580
Investment properties	146,000	-	-	146,000
Intangible assets	3,525	250	-	3,775
Interests in associates	853,122	-	-	853,122
Debt portion of convertible notes	250,457	-	-	250,457
Conversion options embedded in convertible notes	169,771	-	-	169,771
Deposits for acquisition of subsidiaries	30,000	-	-	30,000
Deposits for acquisition of long-term investments	255,000	-	-	255,000
Payments for acquisition of interest in properties	59,800	-	-	59,800
Available-for-sale investments	1,119,918	136	-	1,120,054
Deferred tax assets	1,464	-	-	1,464
Inventories	141	-	169	310
Other assets	229,288	-	-	229,288
Debtors, deposits and prepayments	300,873	496	355	301,724
Margin account receivables	3,474	26,222	-	29,696
Deposits for acquisition of investments held for trading	73,289	-	-	73,289
Amounts due from associates	444,298	-	-	444,298
Amounts due from related companies	-	-	21	21
Loans receivable	313,263	-	-	313,263
Financial assets designated at fair value through profit or loss	291,232	-	-	291,232
Investments held for trading	654,072	14,438	-	668,510
Tax recoverable	1,451	-	-	1,451
Short-term bank deposits, bank balances and cash	85,637	17,096	631	103,364
Margin account payables	(6,135)	-	-	(6,135)
Creditors and accrued expenses	(158,146)	(9,694)	(1,158)	(168,998)
Amount due to ultimate holding company	(169,000)	-	-	(169,000)
Amounts due to associates	(167,297)	-	(4)	(167,301)
Tax payable	(74,716)	-	-	(74,716)
Borrowings	(597,188)	-	-	(597,188)
Bank overdrafts	(20,613)	-	-	(20,613)
Convertible notes payable	(636,066)	-	-	(636,066)
Deferred tax liabilities	(36,190)	-	-	(36,190)
	3,540,762	49,478	22	3,590,262
Minority interests	(2,095,962)	(24,704)	-	(2,120,666)
Conversion option reserve	(55,099)	-	-	(55,099)
Share option reserve	-	(69)	-	(69)
	1,389,701	24,705	22	1,414,428
Transfer to interests in associates	(1,388,988)	(24,716)	-	(1,413,704)
Release of reserve on acquisition	(106)	-	-	(106)
Release of translation reserve	(352)	-	-	(352)
Release of investment revaluation reserve	(617)	-	-	(617)
Release of other reserve	97	-	-	97
(Gain) loss on deemed disposal and disposal of subsidiaries	(265)	(11)	22	(254)
Cash and cash equivalent of subsidiaries disposed of	65,024	17,096	631	82,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

51. ACQUISITION OF SUBSIDIARIES

In 2007, the Group acquired an additional equity interest in Hanny. Hanny and its subsidiaries are engaged in the business of securities trading, property investment and trading, holding of vessels for sand mining and strategic investments. Hanny's shares are listed on the Hong Kong Stock Exchange and it became a subsidiary of the Company in December 2006. The acquisition had been accounted for using the purchase method. The amounts of assets and liabilities acquired by the Group, and the discount on acquisition arising in 2007 are as follows:

	Hanny's carrying amount before combination HK\$'000	Adjustments HK\$'000	Fair value HK\$'000
NET ASSETS ACQUIRED:			
Property, plant and equipment	121,737	-	121,737
Intangible assets	3,500	-	3,500
Investment properties	143,000	-	143,000
Interests in associates	811,988	(16,975)	795,013
Conversion option embedded in convertible notes	116,303	-	116,303
Debt portion of convertible notes	239,787	9,007	248,794
Available-for-sale investments	967,994	-	967,994
Deposits for acquisition of subsidiaries	50,000	-	50,000
Deposits for acquisition of long-term investments	190,175	-	190,175
Payments for acquisition of interest in properties	57,546	-	57,546
Inventories	32	-	32
Other assets	229,288	-	229,288
Debtors, deposits and prepayments	335,820	-	335,820
Margin account receivables	2,501	-	2,501
Amount due from an associate	60,453	-	60,453
Amounts due from related companies	30,000	-	30,000
Financial assets designated at fair value through profit or loss	106,961	-	106,961
Investments held for trading	466,331	-	466,331
Loans receivable	442,665	-	442,665
Tax recoverable	1,095	-	1,095
Short-term bank deposits, bank balances and cash	55,348	-	55,348
Margin account payables	(6,424)	-	(6,424)
Creditors and accrued expense	(139,236)	-	(139,236)
Amounts due to associates	(138)	-	(138)
Amounts due to related companies	(190,227)	-	(190,227)
Amount due to ultimate holding company	(169,757)	-	(169,757)
Tax payable	(53,248)	-	(53,248)
Borrowings	(140,675)	-	(140,675)
Obligation under a finance lease	(111)	-	(111)
Convertible notes payable	(644,556)	17,652	(626,904)
Deferred tax liabilities	(36,344)	-	(36,344)
	<u>3,051,808</u>	<u>9,684</u>	<u>3,061,492</u>
Minority interests			(1,765,646)
Convertible notes reserve (Note)			(59,530)
Less: Interests acquired in previous acquisition			
- interests in an associate			(554,332)
- revaluation increase on net assets shared by the Group in interest in an associate			(4,215)
- available-for-sale investments			(18,681)
- investment revaluation reserve reversed			1,681
Discount on acquisition			(370,923)
Share of results recognised in retained profits			(3,143)
			<u>286,703</u>
SATISFIED BY:			
Cash consideration paid			<u>286,703</u>
Net cash outflow arising on acquisitions:			
Cash consideration paid			(286,703)
Cash and cash equivalents acquired			55,348
			<u>(231,355)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

51. ACQUISITION OF SUBSIDIARIES *(continued)*

Note:

Since a portion of Hanny Notes is held by the Group, the corresponding convertible notes reserves is eliminated after acquisition and the remaining amount of HK\$55,279,000 is presented in the consolidated statement of changes in equity.

In 2007, Hanny contributed HK\$41,582,000 and HK\$121,535,000 to the Group's revenue and profit for the year, between the dates of acquisition and the balance sheet date.

Had the acquisition been completed on 1st April, 2006, the Group's revenue and profit for the year attributable to the equity holders of the Company from operations would have been approximately HK\$467,255,000 and HK\$527,080,000, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been impacted had the acquisitions been completed on 1st April, 2007, nor is it intended to be a projection of future results.

The consideration paid for acquisition of interest in Hanny was based on the offer price of HK\$3.8 per share, which was substantially lower than the fair value of the net assets acquired. Accordingly, a discount on acquisition of HK\$370,923,000 was recognised for the year ended 31st March, 2007. Subsequent to December 2006, the Group acquired additional equity interest of 14.20% in Hanny resulting in a discount on acquisition of additional interest in subsidiaries of approximately HK\$189,132,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

52. MAJOR NON-CASH TRANSACTIONS

During the year, 1,000,000 (2007: 890,000) redeemable convertible preference shares were converted into 1,019,230 (2007: 907,115) ordinary shares of the Company at HK\$1.04 per share.

In addition, 434,800,319 bonus shares of the Company were issued on the basis of one bonus share of every five shares held by the ordinary shareholders.

53. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance for qualifying employees. The assets of the scheme are separately held in funds under the control of trustees.

The cost charged to the consolidated income statement represents contributions paid and payable to the funds by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group will be reduced by the amount of forfeited contributions.

At the balance sheet date, there were no significant forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

The Group also joined a Mandatory Provident Fund Scheme (the "MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at the rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contributions are available to reduce the contributions payable by the Group in future years.

54. CONTINGENT LIABILITIES

	2008	2007
	HK\$'000	HK\$'000
Guarantees given to banks and financial institutions in respect of general facilities:		
– granted to an associate (<i>note</i>)	53,667	56,000
– granted to a third party	–	23,292
Financial support given to an associate (<i>note</i>)	6,840	8,790
	60,507	88,082

Note:

The guarantees and financial support were provided to Central Town, which have been released upon the disposal of Central Town as disclosed in note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

55. OPERATING LEASE ARRANGEMENTS**(a) The Group as a lessee:**

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2008 HK\$'000	2007 HK\$'000
Within one year	384	363
In the second to fifth year inclusive	108	327
	<u>492</u>	<u>690</u>

Leases are negotiated, and monthly rentals are fixed, for an average term of two years.

(b) The Group as a lessor:

At the balance sheet date, the Group had contracted with tenants for future minimum lease payments which fall due as follows:

	2008 HK\$'000	2007 HK\$'000
Within one year	596	1,050
In the second to fifth year inclusive	307	745
	<u>903</u>	<u>1,795</u>

The investment properties held have committed tenants for the next two years.

56. PLEDGE OF ASSETS

At the balance sheet date, the following assets were pledged by the Group to secure banking and other financing facilities:

	2008 HK\$'000	2007 HK\$'000
Listed securities of associates	97,942	92,955
Buildings	60,164	44,024
Prepaid lease payments	87,438	89,651
Investment properties	9,511	150,421
Investments held for trading	10,915	101,543
	<u>265,970</u>	<u>478,594</u>

57. POST BALANCE SHEET EVENT

As disclosed in note 39, the Group disposed of its entire 50% equity interest in Central Town on 1st April, 2008. According to the Central Town Agreement, the Group had given an indemnity to the purchaser relating to taxation liabilities, if any, and the affairs and business of Central Town.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

58. RELATED PARTIES TRANSACTIONS

During the year, the Group had transactions balances with the following related parties, details of which are as follows:

Class of related party	Nature of transactions/balances	2008 HK\$'000	2007 HK\$'000
Associates of the Group	Sales of building materials by the Group	458	424
	Rentals and related building management fee charged by the Group	2,435	366
	Service fees charged by the Group	1,178	1,028
	Interest income received by the Group	35,501	18,901
	Interest expense paid by the Group	1,963	-
	Rental and related building management fee paid by the Group	72	2,027
	Other related companies (note)	Rental and related building management fee charged by the Group	-
	Rental and related building management fee paid by the Group	60	-
	Interest income received by the Group	11,789	8,398

Note: A director of the Company has significant influence over the above other related companies.

Compensation of key management personnel

The directors were considered to be key management personnel of the Group. The remuneration of directors was disclosed in note 9. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The discretionary bonus is based on the director's and employee's skills, knowledge and involvement in the Company's affairs and are determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions.

59. BALANCE SHEET OF THE COMPANY

	2008 HK\$'000	2007 HK\$'000
Total assets	2,074,840	1,978,996
Total liabilities	(212,792)	(304,943)
Total assets and liabilities	1,862,048	1,674,053
Capital and reserves		
Share capital	269,461	187,298
Share premium and reserves	1,592,587	1,486,755
Total equity	1,862,048	1,674,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH, 2008

60. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31st March, 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital				Principal activities
			held by the Company* / subsidiaries		attributable to the Group		
			2008 %	2007 %	2008 %	2007 %	
All Combine Investments Limited	British Virgin Islands	US\$1 ordinary share	100*	100*	100	100	Investment holding
Burcon Group Limited (note (a))	Canada	CAD1,000 class A common shares	100	100	100	100	Investment and property holding
China Enterprises Limited ("CEL") (note (b))	Bermuda	US\$90,173 common stock	N/A (note (c))	55.23	N/A (note (c))	36.72	Investment holding
Dreyer	Hong Kong	HK\$6,424,000 ordinary shares	-	99	-	99	Trading of building materials and machinery
Great Intelligence Holdings Limited	Hong Kong	HK\$2 ordinary shares	100	100	100	100	Securities trading and treasury investment
Great Intelligence Limited	British Virgin Islands	US\$1 ordinary share	100*	100*	100	100	Investment holding
Great Intelligence Limited	Hong Kong	HK\$2 ordinary shares	100	100	100	100	Property holding and investment
Hanny	Bermuda	HK\$2,528,243 ordinary shares	N/A (note (d))	67.23	N/A (note (d))	67.23	Investment holding
Hanny Magnetics Limited	Hong Kong	HK\$1,100,000,200 ordinary shares HK\$6,000,000 5% non-voting deferred shares (note (e))	N/A (note (c))	100	N/A (note (c))	100	Investment holding
Hero's Way Resources Ltd.	British Virgin Islands	US\$1 ordinary share	100*	100*	100	100	Investment holding
Island Town Limited	Hong Kong	HK\$100	N/A (note (c))	100	N/A (note (c))	67.23	Investment property holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

60. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital				Principal activities
			held by the Company* / subsidiaries		attributable to the Group		
			2008 %	2007 %	2008 %	2007 %	
ITC Development Co. Limited	British Virgin Islands	US\$15,000 ordinary shares	100*	100*	100	100	Investment holding
ITC Finance Limited	Hong Kong	HK\$2 ordinary shares	100	100	100	100	Provision of finance
ITC Investment Holdings Limited	British Virgin Islands	US\$1 ordinary share	100*	100*	100	100	Investment holding
ITC Management Group Limited	British Virgin Islands	US\$2 ordinary shares	100*	100*	100	100	Investment holding
ITC Management Limited	Hong Kong	HK\$2 ordinary shares	100	100	100	100	Provision of management and financial services and treasury investment
Large Scale Investments Limited	British Virgin Islands	US\$1 ordinary share	100*	100*	100	100	Investment holding
MRI Holdings Limited ("MRI") <i>(note (f))</i>	Australia	A\$31,184,116	N/A <i>(note (c))</i>	57.26	N/A <i>(note (c))</i>	38.08	Investment holding
Trasy	Cayman Islands	HK\$27,790,000 ordinary shares	-	56.45	-	56.45	Provision and operation of an internet-based precious metal trading system
Zhuhai Zhongce Property Investment Limited	British Virgin Islands	US\$1	N/A <i>(note (c))</i>	100	N/A <i>(note (c))</i>	67.23	Holding of land development project held for sale
廣州耀陽實業有限公司 <i>(note (g))</i>	PRC	RMB1,000,000	N/A	100	N/A	67.23	Sand mining

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

All of the above subsidiaries are limited companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST MARCH, 2008

60. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)**Notes:*

- (a) Burcon Group Limited operates in Canada.
- (b) CEL operates in both Hong Kong and the PRC and its shares are trading on the OTC Securities Market of the United States of America.
- (c) These companies are subsidiaries of Hanny, which ceased to be a subsidiary of the Group on 18th May, 2007.
- (d) As disclosed in note 23 to the consolidated financial statements, Hanny ceased to be a subsidiary of the Company on 18th May, 2007.
- (e) The holders of the 5% non-voting deferred shares are not entitled to receive notice of or to attend or vote at any general meetings of Hanny Magnetics Limited. The non-voting deferred shares practically carry no rights to dividends or to participate in any distribution on winding up.
- (f) MRI operates in both Australia and Hong Kong and its shares are listed on the Australian Securities Exchange.
- (g) This company is registered in the form of wholly-owned foreign investment enterprise and 100% owned by Hanny.

Other than the subsidiaries stated in the above notes, all of the above subsidiaries have its principal place of operation in Hong Kong.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the directors, result in particular of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year of 2008 and 2007 except for Hanny which has issued convertible notes at principal amount of HK\$770,973,000, in which the Group has HK\$101,742,000 interest at 31st March, 2007.



FINANCIAL SUMMARY

RESULTS

	Year ended 31st March,				2008 HK\$'000
	2004 HK\$'000 (Restated)	2005 HK\$'000 (Restated)	2006 HK\$'000 (Restated)	2007 HK\$'000 (Restated)	
Revenue					
- Continuing operations	94,323	46,088	44,238	244,060	155,634
- Discontinued operations	3,340,343	1,927,272	4,234	5,177	2,547
	<u>3,434,666</u>	<u>1,973,360</u>	<u>48,472</u>	<u>249,237</u>	<u>158,181</u>
Profit (loss) before taxation	(278,990)	81,249	46,436	899,546	324,501
Taxation	-	(260)	-	(8,695)	(10,669)
Profit for the year from discontinued operations	364,119	151,672	-	29	2
Profit for the year	<u>85,129</u>	<u>232,661</u>	<u>46,436</u>	<u>890,880</u>	<u>313,834</u>
Attributable to:					
Equity holders of the Company	(16,166)	204,377	50,289	843,929	252,051
Minority interests	101,295	28,284	(3,853)	46,951	61,783
	<u>85,129</u>	<u>232,661</u>	<u>46,436</u>	<u>890,880</u>	<u>313,834</u>

ASSETS AND LIABILITIES

	As at 31st March,				2008 HK\$'000
	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	
Total assets	5,337,404	2,292,457	2,460,700	6,310,209	3,705,532
Total liabilities	(2,427,756)	(568,308)	(428,691)	(1,938,149)	(309,101)
Shareholders' funds	<u>2,909,648</u>	<u>1,724,149</u>	<u>2,032,009</u>	<u>4,372,060</u>	<u>3,396,431</u>
Attributable to:					
Equity holders of the Company	1,714,284	1,694,490	2,009,945	2,810,426	3,396,431
Convertible notes reserve of a subsidiary	-	-	-	55,279	-
Minority interests	1,195,364	29,659	22,064	1,506,355	-
	<u>2,909,648</u>	<u>1,724,149</u>	<u>2,032,009</u>	<u>4,372,060</u>	<u>3,396,431</u>

ITC

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China
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