Annual Report 2007/2008
年度報告

大 凌 集 團 有 限 公 司
STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 211)

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	*Executive Directors*	
	Ms. Yeung Han Yi Yvonne	
	Ms. Chan Chi Mei Miranda	
	Ms. Zhang Yuyan	
	Mr. Cheung Hoo Win	
	Independent Non-Executive Directors	
	Mr. Lim Man San David	*(Chairman)*
	Mr. Yeung Shun Kee Edward	
	Mr. Chow Pat Kan	
AUDIT COMMITTEE	Mr. Chow Pat Kan	*(Chairman)*
	Mr. Lim Man San David	
	Mr. Yeung Shun Kee Edward	
REMUNERATION COMMITTEE	Mr. Yeung Shun Kee Edward	*(Chairman)*
	Mr. Chow Pat Kan	
	Mr. Lim Man San David	
COMPANY SECRETARY	Mr. Wang Chin Mong Jimmy	
AUDITORS	SHINEWING (HK) CPA Limited	
LEGAL ADVISERS	*As to Hong Kong Law:*	
	P.C. Woo & Co.	
	Michael Li & Co.	
	Chiu & Partners	
	Huen & Partners, Solicitors in association with S.G. Fafalen & Co.	
	Andrew Law & Franki Ho, Solicitors	
	As to Bermuda Law:	
	Appleby Spurling Hunter	

PRINCIPAL BANKERS	The Hongkong and Shanghai Banking Corporation Limited Bank of China (Hong Kong) Limited DBS Bank (Hong Kong) Limited Standard Chartered Bank Chong Hing Bank Limited Wing Hang Bank Limited The Industrial & Commercial Bank of China Wuhan Economic and Technology Development Zone Branch
PRINCIPAL REGISTRAR	The Bank of Bermuda Limited 6 Front Street Hamilton 5-31 Bermuda
HONG KONG BRANCH REGISTRAR	Tricor Tengis Limited 26th Floor Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
REGISTERED OFFICE	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
PRINCIPAL PLACE OF BUSINESS	28th Floor, Aitken Vanson Centre 61 Hoi Yuen Road Kwun Tong, Kowloon Hong Kong Telephone: (852) 2959 3123 Facsimile: (852) 2310 4824
SHAREHOLDERS' SERVICE HOTLINE	**Name** **Telephone** Ms. Yeung (852) 2815 3625 Mr. Yu (852) 2850 7107 Mr. Ng (852) 2815 3522 Facsimile: (852) 2581 0638 E-mail address: els@everlong.com.hk
WEBSITE	http://www.styland.com

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Yeung Han Yi Yvonne, aged 51, has served the Group for 28 years. She has extensive experience in business management. Ms. Yeung is responsible for the Group's administration, personnel and general management.

Ms. Chan Chi Mei Miranda, aged 47, joined the Group in 1979 and was appointed as a Director in 1993. Ms. Chan has over 20 years' experience in trading business and has over 10 years' experience in securities business. She is responsible for the securities brokerage and financing businesses of the Group.

Ms. Zhang Yuyan, aged 46, has been the general manager of a joint venture of the Group in the PRC since 1998. She was appointed as a Director in 2006. Ms. Zhang graduated from Zhongnan University of Economics and Law (中南財經大學) (formerly known as Hubei Economics College (湖北財經學院). Ms. Zhang has extensive experience in management and is familiar with the mainland's economic, finance and taxation matters.

Mr. Cheung Hoo Win, aged 28, joined the Group in 2004 and was appointed as a Director in 2006. Mr. Cheung graduated from Peking University (Department of International Economy and Trade) and is responsible for China related business of the Group. Mr. Cheung is the son of Ms. Yeung Han Yi Yvonne.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Man San David, aged 60, was appointed as an independent non-executive Director of the Company in 1995. Mr. Lim was the Vice-Chairman of Po Leung Kuk in Hong Kong for the period from 1979 to 1981. He has over 30 years' experience in the fields of trading and securities investment in Hong Kong and Taiwan. Mr. Lim was appointed as Chairman of the Company in 2005.

Mr. Yeung Shun Kee Edward, aged 49, was appointed as an independent non-executive Director of the Company in 2003. He is a qualified accountant and has extensive experience in accounting, auditing and taxation works. Mr. Yeung is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chow Pat Kan, aged 56, was appointed as an independent non-executive Director of the Company in 2004. Mr. Chow holds a bachelor degree in Business Administration from The Chinese University of Hong Kong and had worked in Education Department of HKSAR as senior civil servant for more than 20 years. Prior to joining the Company, he served in various voluntary organizations and committees.

SENIOR MANAGEMENT

Mr. Ng Shun Fu, aged 60, joined the Group in 1996 as a director of Ever-Long Securities Company Limited, a wholly owned subsidiary of the Group engages in securities brokerage business. Prior to joining the Group, Mr. Ng had been working in the banking sector for 25 years and held senior management positions. Mr. Ng has extensive experience in securities business.

Mr. Choy Shuen Yan Andy, aged 47, was appointed as a director of Ever-Long Securities Company Limited in 1998. Mr. Choy holds a bachelor degree in Commerce from McMaster University of Ontario in Canada. Mr. Choy is a responsible officer registered under the Securities and Future Ordinance and has more than 20 years experience in securities business.

Mr. Wang Chin Mong Jimmy, aged 36, is financial controller and company secretary of the Company. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. Mr. Wang is also appointed as a director of certain subsidiaries of the Company. He joined the Group in October 2003.

Ms. Mak Kit Ping, aged 43, joined Ever-Long Securities Company Limited as deputy general manager in April 2008. Ms. Mak is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant in Hong Kong. She has more than 15 years experience in securities business.

Mr. Mak Chi Ho Michael, aged 36, was appointed as a project manager of the Group in 2004. Mr. Mak holds a bachelor degree in Accounting from University of Southern California and a master degree in Finance from the Curtin University of Technology. Mr. Mak is a responsible officer registered under the Securities and Future Ordinance and has over 6 years experience in securities analysis.

+72%
Turnover

TURNOVER AND PROFITS

The audited turnover of the Group for the year ended 31 March 2008 was HK$187,576,000, representing a 72% increase over previous year while the profit attributable to equity holders of the Company for the year soared to HK$18,549,000, marking a rise of 209%. The basic earnings per share climbed approximately 209% to HK0.99 cent from HK0.32 cent in 2007.

BUSINESS REVIEWS

Financial business The Group recorded the fund flows of HK$7.4 billion for its brokerage and finance business for the current year, a rise of 196%. The total transactions for the brokerage and financial services grew from 25,751 in 2007 to 51,926 in 2008. All of order execution and settlement operated smoothly and the Group received zero complaint from its customers.

Property investment business The price of luxury properties in Hong Kong has been appreciating since last year. As a result, the valuation of the properties of the Group has also been adjusted. The Group is considering to realize one of its investment properties at the satisfactory price and to redevelop the other property. The Group expects that the realization and redevelopment of investment properties may contribute huge gains to the Group and therefore enhance its cash flows.

+209%
Profit attributable to equity holders

General trading The Group engages in general trading of diversified products including foods, electronic products and garments. To maximize the return for shareholders of the Company, the Group will gradually fade out from trading of those products with low profit margin and apply the working capital to the products which can generate stable revenue and higher profit margin.

Infrastructure The Group's investment in infrastructure in the PRC contributed great returns to the Group. For the toll road, the Group was responsible for the construction of bridge, highway and toll stations till completion in a coordinated process ("Toll Road"). However, as a result of the relocation of the toll station of the Toll Road by the PRC joint venture ("JV") partner ("JV Partner") unilaterally which has affected revenue of the Toll Road, the Group therefore asked for compensation. According to the arbitration, the JV Partner is required to pay to the Group RMB157,298,300 for the Group's operation interests in the Toll Road as well as the arbitration fee of RMB1,000,968. The Group partially received RMB75,000,000 in April 2007.

+209%

Earnings per share

"Attracted the attention of investors and the public"

INVESTORS

To rest on the diversified businesses, the Group is expecting a bright future. The profit attributable to equity holders of the Company and the net assets value of the Group continues the upward trend. During the past year, the Group has attracted the attention of a number of investors and the public who have respectively subscribed for the share options, convertible bonds and new shares of the Company with a total investment of more than HK$70 million. The Group would like to express thanks to the investors and the public for their recognition to the business development of the Group.

"However shares of the Company cannot be property traded"

SHARES OF THE COMPANY CANNOT BE PROPERLY TRADED

At the request of the Company, trading in the shares of the Company was suspended on 21 April 2004 pending for release of an announcement, which was subsequently withdrawn. However, the Stock Exchange has not granted the resumption of trading till now.

- To obtain the understanding of the officers of the Stock Exchange and the shareholders of the Company, Mr. Cheung Chi Shing Kenneth, the founder of the Group, made a newspaper advertisement on 2 May 2008 and stated that he will be solely responsible for the possible censures proposed by the Stock Exchange;

- In the evening of the even day, the Stock Exchange also made an announcement in relation to the long suspension of trading in the shares of the Company without the consent of the Company. The Group did not endorse the announcement as it did not reflect the view of the Company. The Group believes that the legal advisor of the Listing Committee of the Stock Exchange concurs with certain views of the minority shareholders of the Company as well as the public who have expressed their views in the newspapers and the websites (www.211concern.org);

- The Company's legal advisor is vigorously dealing with the relevant issues;

- The Listing Committee has subsequently abandoned certain proposed sanction after the issue of written legal opinion of its legal advisor which, among other things, expressly point out that the Listing Committee is not given the authority by the Listing Rules to impose such sanction; and

- The Group is disappointed that the Listing Committee did not instruct, after seeking its legal advisor, the Listing Division to grant the resumption of trading in shares of the Company immediately, which is the "wish" and "interest" of the minority shareholders of the Company and the public.

APPRECIATION

On behalf of the shareholders of the Company, I would like to extend my appreciation to the Board, Mr. Cheung Chi Shing Kenneth, staff and minority shareholders of the Company.

- Thanks to the outstanding performance of Ms. Yeung Han Yi Yvonne ("Ms. Yeung") and Ms. Chan Chi Mei Miranda ("Ms. Chan"), both executive directors of the Company, the profit for the Group increased significantly this year. The directors are respected and supported by employees, independent non-executive directors of the Company as well as customers and business partners;

- Though certain Board members were criticized by some "unfriendly parties" who may have bias against them, their efforts and contribution are confirmed by the good results and remarkable track records of the Group;

- Ms. Yeung and Ms. Chan were therefore nominated and re-elected by the independent shareholders of the Company. All investors and the public expect that Ms. Yeung and Ms. Chan will continue their efforts for the better return for the shareholders;

"Outstanding performance of the Board members, including Ms. Yeung and Ms. Chan"

"Thanks Mr. Cheung Chi Shing Kenneth for his assistance"

- On behalf of shareholders, investors and the board of the Company, I would like to thank Ms. Yeung, Ms. Chan, Mr. Cheung Hoo Win and Ms. Zhang Yuyan for their hard working and selfless dedication to the Group;

- The Board would like to take this opportunity to express thanks to the founder Mr. Cheung Chi Shing Kenneth. Mr. Cheung resigned as chairman and director of the Group years ago, but he still helps developing the business of the Group by taking advantage of his personal network. Mr. Cheung also assisted the Group in handling various troublesome issues;

- In Hong Kong, there are few enterprises having a history of 30 years. As a result of long suspension, employees of the Group may work under ambient pressure. The Group didn't encourage its staff to take part in the activities of the Shareholders' Interest Concern Group lest "unfriendly parties" may have excuse to criticize the Group. Employees can do nothing but to follow the policy of the Group even though they are keen to participate in it. To help staff to release from the inflation pressure and to thank for their support, the Board will propose to the human resource department to adjust the salaries of staff during Christmas;

"Thanks staff and minority shareholders for their efforts"

- Finally, the Board would like to offer thanks to minority shareholders of the Company. Their interests are prejudiced because of long suspension. The Board understands that it is not the fault of the minority shareholders, and promises that it will continue to strive for their interests.

Lim Man San David
Chairman

Hong Kong, 21 July 2008

FINANCIAL REVIEW

At 31 March 2008, the Group had cash at bank and in hand of approximately HK$32.9 million (2007: HK$19.4 million) and net assets value of approximately HK$199.3 million (2007: HK$185.0 million).

Bank borrowings at 31 March 2008 amounted to HK$18.5 million (2007: HK$96.2 million), of which HK$4.7 million (2007: HK$80.4 million) were repayable within one year. The gearing ratio, being the ratio of total bank borrowings of approximately HK$18.5 million to shareholders' fund of approximately HK$160.7 million, was about 0.12 (2007: 0.68).

At 31 March 2008, a deposit of HK$5 million, the investment properties at a total valuation of HK$74.0 million were pledged to secure the banking facilities granted to the Group.

INVESTMENTS

Investment property

As a result of recovery of property market, the Group recorded the appreciation of its investment properties. In fact, the Company received an offer from a potential purchaser during the year and had entered a sale and purchase agreement for disposal of the investment property. The transaction was terminated as the purchaser could not fulfill certain condition on its part. Nevertheless, pursuant to revaluation in respect of the investment property, the Board will consider to approach other potential purchasers so that it can be disposed of it at the reasonable price. With a view to reflect the value of the property, the Group will consider to redevelop another valuable property which has a gross site area of more than 10,000 square feet.

"Appreciation of investment properties"

Investment in infrastructure

As disclosed in the Company's announcement dated 27 February 2004, the PRC JV Partner in the Toll Road had unilaterally decided to relocate the toll station of the Toll Road, which resulted in significant drop in traffic flows of the Toll Road. The Group kept negotiating with the JV Partner for compensation for the losses since then. As both parties had not been able to come to an agreed sum for the compensation, the Group applied for arbitration through the Wuhan Arbitration Commission ("WAC") in China in October 2004. In April 2006, the WAC arbitrated that the Group could transfer its interests in the JV to the JV Partner at a consideration of RMB157,298,300.

"Received RMB75,000,000 from JV Partner"

In April 2007, the Group received RMB75,000,000 from Wuhan Communications Commission (武漢市交通委員會) and understands that the payment is relating to the arbitration of WAC. However, due to non co-operation of one of the other shareholders of Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da (HK)"), the non-wholly owned subsidiary of the Group through which the Group made investment in the Toll Road, who is also a co-signer of the bank accounts of Sheng Da (HK), Sheng Da (HK) cannot change the bank signature and is not able to make payment of legal fee to a PRC law firm who acted as legal advisor in the arbitration. As a result, Sheng Da (HK), on 24 June 2008, received a writ of summons from Wuhan Intermediate People's Court, in which the PRC lawyer firm claims against Sheng Da (HK) and its subsidiary for the legal fee RMB100,000 together with overdue interests and costs. In light of insignificant claimed amount, the Board considers that it has no material impact on the Group. The Board reserves its right to claim that shareholder for the losses which may arise from the non co-operation.

The amount received in April 2007 was applied for the repayment of project loan for JV. Settlement of the loan has strengthened the Group's financial position and has significantly released the burden of interest expenses of the Group.

CLOSURE OF REGISTER OF MEMBERS

"Propose final dividend"

The register of members of the Company will be closed from 17 September to 19 September 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, subject to the fulfillment of conditions set out in note 14, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 September 2008.

For any queries, shareholders can contact the responsible persons of the Group at the shareholders hotlines as disclosed in the "Corporate Information".

CREDIT POLICIES

Trading terms with general trading customers are mainly on credit, except for new customers, where payment in advance is normally required or letter of credit is received. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days.

"Prudent credit control policies"

For the securities dealings, and broking and financing businesses, the Group is strictly in compliance with the Securities and Future Ordinance and Hong Kong Monetary Authority. Loans will be granted to customers based on individual assessment on the financial status, repayment records and the liquidity of collaterals placed by a customer and the applicable interest rate will be determined thereon. Loans will be demanded for repayment once a customer fails to repay any deposit, margin or other sum payable to the Group.

To follow the prudent credit control measures and to strictly comply with the corporate governance policies, the bad debts provision was therefore kept at a low level.

FOREIGN EXCHANGE EXPOSURE

During the year under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars, United States dollars and Renminbi. In light of linked exchange rate system between Hong Kong dollars and United States dollars and the borrowing in Renminbi was settled during the year under review, the Group considered its foreign exchange risk was immaterial. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

"Strictly comply with corporate governance policies"

To follow the prudent foreign currency control measures and to strictly comply with corporate governance policies, the Group didn't make investment in any hedging product.

"Prudent risk management"

OPERATIONAL RISK

The Group has put in place the effective internal control system for its operations. Under the business of securities dealing and broking, a monitoring team consisting of Securities and Future Commission ("SFC") licensed responsible officers and senior management, who have been acting in compliance with Securities and Futures Ordinance ("SFO"), has been set up to monitor the settlement matter of traded securities and cashes. In order to safeguard client's interests and comply with the requirements of SFC and SFO, our monitoring team carries out ongoing checks and verification so that our service standard has been maintaining at a satisfactory level.

To follow the prudent operational strategy and strictly comply with the corporate governance policy, the Group could operate the fund flows of HK$7.4 billion for its brokerage and finance business for the current year smoothly and received zero complaint from its customers.

"Concentrate on profit-oriented business"

PROSPECTS

In light of the continuous keen competition in the general trading of certain product in which the Group engages, the Group will consider to tighten the operation cost on that area and will concentrate on profit-oriented business and fade out from the trading of that kind of product which profit margin is short of expectation. The Group believes that the redefinition of strategy will in the long term generate stable income to the Group and result in greater return for its shareholders.

Though the slowdown of the economy of the United States will cast uncertainty over the territory's economic development, Hong Kong can still take advantage of the continuing growth of economic development in the mainland. To take advantage of abundant fund flows in the mainland, the Group will plan to forge strategic alliances with brokerage firms in the PRC. The Group believes that the alliances will be instrumental in bringing in new referral business to the Group. Other than the brokerage and finance service, the Group will enhance the provision of corporate finance service.

Under the linked exchange rate system between the United States and Hong Kong, interest rates remain at a low level in Hong Kong and is also in the era of the negative real interest rates. To preserve the purchase power, Hong Kong citizens will therefore made investment in the markets of stock and property, which will certainly help to the boost of financial business and lead to appreciation of properties of the Group.

CONTINGENT LIABILITIES

As at 31 March 2008, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the properties mortgage loans granted to certain subsidiaries, of which HK$15.7 million (2007: HK$17.6 million) had been utilized.

LITIGATION

Details of the litigation are set out in note 41 to the financial statements.

STAFF

As at 31 March 2008, the Group employed 49 employees (2007: 50), excluding employees of part-time job. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed annually based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

"To offer attractive benefits to reward staff"

The Board may from time to time review the overall staff benefits and, subject to the relevant rules and regulations, may implement and grant new incentive scheme, such as new share option plan and quasi share option plan to the existing employees with a view to reward their contribution to the Group by way of benefits in kind.

During the past year, all contributions to mandatory provident fund were paid on time. Also, timely supports were offered to employees who needed the hospitalization or medical treatment services.

The Group also attaches importance to the regular communication between the staff and the Board. Due to the long suspension, employees of the Group may work under ambient pressure. The Group didn't encourage its staff to take part in the activities of the Shareholders' Interest Concern Group lest "unfriendly parties" may have excuse to criticize the Group. Employees can do nothing but to follow the policy of the Group though they are keen to participate in it. To help staff to release from the inflation pressure and to thank for their support, the Board will propose to the human resource department to adjust the salaries of staff during Christmas.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, securities dealing and brokerage, financing, trading of securities, general import and export trading and property development and investment. There were no significant changes in the nature of the Group's activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2008 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 30 to 94.

Due to the uncertainty of the view of the Stock Exchange in relation to the resumption of trading of the shares of the Company, the Board is unable to form a proper dividend policy. Nevertheless, the Board intends to propose similar scrip dividend policy as for the year 2007.

Eligible shareholders are entitled to a final dividend of HK$22 for every lot of shares of the Company (10,000 shares) or HK0.22 cent per share. Shareholders are offered the option of receiving the final dividend in the form of either cash or new shares of the Company.

The proposed dividend will be conditional on:

(i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company;

(ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof; and

(iii) the resumption of trading in the shares of the Company within 3 months from the date of the forthcoming annual general meeting.

The dividend policy for the year 2007 was well supported by the shareholders of the Company, and was approved in the 2007 annual general meeting. However, since the similar conditions (ii) and (iii) were beyond the control of the Company and were not fulfilled last year, the 2007 final dividend could not be completed as proposed. In this year, the same conditions (ii) and (iii) will be imposed and therefore whether or not the Company can proceed with the proposed final dividend for 2008 will highly depend on the action of the Stock Exchange.

As shareholders who own less than one lot of shares (10,000 shares) of the Company may encounter certain technical or supportive difficulties when receiving the cash dividends or scrip dividends, the Company has engaged the following company to deal with such problems:

Company: Ever-Long Securities Company Limited
Address: 18/F, Dah Sing Life Building, 99-105 Des Voeux Road Central, Hong Kong

Any shareholder who needs the special arrangement should produce supporting documents for verification of identification of the shareholder. They can contact the following persons:

Name	Telephone	Facsimile	E-mail
Ms. Yeung	2815 3625	2581 0638	els@everlong.com.hk
Mr. Yu	2850 7107	2581 0638	els@everlong.com.hk
Mr. Ng	2815 3522	2581 0638	els@everlong.com.hk

Further details of such special arrangement and other relevant details will be included in the circular to be sent to the shareholders after fulfilment of the conditions (i), (ii) and (iii) mentioned above.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group are set out in notes 16 and 17 to the consolidated financial statements, respectively. Further details of the Group's investment properties are set out on page 96.

PROPERTY HELD FOR REDEVELOPMENT

Details of the property held for redevelopment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital are set out in notes 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserve of the Group during the year are set out on page 33.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for distribution were HK$73,988,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$35,831,000, may be distributed in the form of fully paid bonus shares.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 95. This summary does not form part of the audited financial statements.

DIRECTORS

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

Executive Directors

Ms. Yeung Han Yi Yvonne
Ms. Chan Chi Mei Miranda
Ms. Zhang Yuyan
Mr. Cheung Hoo Win

Independent Non-Executive Directors

Mr. Lim Man San David *(Chairman)*
Mr. Yeung Shun Kee Edward
Mr. Chow Pat Kan

In accordance with the Company's Bye-laws 182(vi), Mr. Lam Man San David, Mr. Yeung Shun Kee Edward and Ms. Zhang Yuyan shall retire and be eligible for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2008, the interests and short positions of the Directors of the Company (the "Directors") in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

	Number of ordinary shares of HK$0.01 each held and nature of interest			
Name of Directors	**Family interests**	**Personal Interests**	**Total**	**Shareholding percentage**
Ms. Yeung Han Yi Yeung Yvonne ("Ms. Yeung")	369,995,967 *(Note)*	30,000,000	399,995,967	21.38%
Ms. Chan Chi Mei Miranda	–	39,288	39,288	0.00%

Note: Mr. Cheung Chi Shing Kenneth ("Mr. Cheung") personally held 299,995,967 shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interests in 60,000,000 shares of the Company held by KY and Mr. Cheung is further deemed to be interested in 10,000,000 shares of the Company held by K.C. (Investment) Limited, a wholly owned subsidiary of KY.

Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 369,995,967 shares of the Company that Mr. Cheung is beneficially interested.

All the interests stated above represented long positions. As at 31 March 2008, no short positions were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept under Section 352 of the SFO.

Save as disclosed above, as at 31 March 2008, none of the directors of the Company had any interest or short position whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, at 31 March 2008, the Company had been notified of the following interests in the Company:

	Number of shares	Percentage
Mr. Cheung *(Note1)*	399,995,967	21.38%
Ms. Yeung *(Note 2)*	399,995,967	21.38%
Mr. Rajkumar M Daswani *(Note 3)*	112,411,667	6.01%

Notes:

1. Please refer to the note under the heading "Directors' Interest in Securities" for details of the beneficial interests of Mr. Cheung in the shares of the Company. Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 30,000,000 shares of the Company beneficially interested by Ms. Yeung.

2. Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 369,995,967 shares beneficially interested by Mr. Cheung.

3. The interests of Mr. Rajkumar M Daswani are set out based on his notification given to the company on 1 April 2004 pursuant to the SFO. On 7 December 2004, the Company wrote to Mr. Rajkumar M Daswani for his shareholding in the Company and received a letter dated 13 December 2004 from Mr. Rajkumar M Daswani that he and Shalini R Daswani in joint account held 114,731,667 shares of the Company as at 30 September 2004. The Company didn't receive valid notification pursuant to the SFO from Shalini R Daswani.

4. On 20 August 2002, Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) notified the Company that they respectively held shares of 165,050,000 and 150,800,000 in the Company. To ensure the accuracy of its Register, the Company wrote to Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) to inquire their then shareholdings in the Company on 14 June 2004. On 13 December 2004, the Company received a letter from Mr. Lin Wen (林文先生), claiming that he held approximately 5 million shares of the Company, which was substantially different from the record of Mr. Lim Wen's (林文先生) interests available from the web site of the Stock Exchange and the Company. The Company has repeatedly tried to seek valid notification under the SFO from Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生). However, up to the date of this report, the Company has not received any further response from Mr. Lin Wen (林文先生) or Mr. Sun Jin Lin (孫進林先生). Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) took unfriendly legal action against the Company in 2003, so the Company regarded them as "unfriendly parties". Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) were ordered to pay the legal cost of HK$862,000 to the Company in 2004. The amount remains outstanding.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's single largest and five largest customers combined accounted for 28% and 59%, respectively, of the Group's total sales, whereas purchases from the Group's single largest and five largest suppliers combined accounted for 8% and 29%, respectively, of the Group's total purchases.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, the public float of the share of the Company is sufficient.

AUDITORS

SHINEWING (HK) CPA Limited was appointed as auditor of the Company for the financial year ended 31 March 2008 upon the retirement of Li, Lai & Cheung, who acted as the auditor of the Company for the financial years ended 31 March 2006 and 2007.

SHINEWING (HK) CPA Limited will retire at the forthcoming annual general meeting. A resolution will be proposed to appoint auditors and to authorise the Board to fix their remuneration.

On behalf of the Board
Chan Chi Mei Miranda
Director

Hong Kong, 21 July 2008

CORPORATE GOVERNANCE REPORT

The Board of the Company is committed to maintain high standards of corporate governance and it considers that effective corporate governance is an essential factor to the corporate success for more than 30 years. Subject to those as disclosed on this report, the Group has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008.

The Company does not have any officer with the title of "chief executive officer" ("CEO"), the day-to-day business operation of the Group will be carried out by executive directors. As there exists a clear division of each director's duties in the Group, no designation of CEO will not have any material impact on operation of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

BOARD OF DIRECTORS

At the date of this report, the Board comprises four executive directors and three independent non-executive directors ("INEDs"). The Company believes that the Board has a balance of skills and experience appropriate for the requirements of the business of the Group. As the number of the INEDs represents more than one-third of the Board, there is a strong independent element on the Board, which can effectively exercise independent judgment. Each of the INEDs has entered with the Company a service agreement with a term of two years up to 31 March 2009 and has made an annual confirmation on his independency.

To further strengthen its corporate governance and elevate the function the directors, Ms. Chan Chi Mei Miranda has enrolled in the New Leadership Advance Course organised by Tsing Hua University and Ms. Yeung Han Yi Yvonne has finished the Course on Corporate Governance offered by School of Continuing and Professional Education, City University of Hong Kong and ET Business College, Hong Kong Economic Times. The Group may consider increasing the number of independent non-executive directors in its Board.

Directors' securities transactions

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

Nomination of directors

The Board as whole is responsible for the selection and approval of candidates for appointment to the Board. The selection criteria are mainly based on the professional and experience of candidates. A newly appointed director must retire and be re-elected at the first general meeting after his appointment. There are no fixed terms of services for executive directors while INEDs are engaged for a term of two years, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws of the Company.

Board meeting

During the year ended 31 March 2008, four regular board meetings and two board meetings to approve annual results and interim result were held to which 14 days' notice was given to all directors. The individual attendance of directors is set out as follows:

	Number of board meetings attended
Executive directors:	
Ms. Yeung Han Yi Yvonne	6/6
Ms. Chan Chi Mei Miranda	6/6
Ms. Zhang Yuyan	4/6
Mr. Cheung Hoo Win	5/6
Independent non-executive directors:	
Mr. Lim Man San David *(Chairman)*	6/6
Mr. Yeung Shun Kee Edward	5/6
Mr. Chow Pat Kan	5/6

Remuneration of directors

The Group has a remuneration committee with specific written terms of reference which deals with clearly with its authority and duties. The members of the remuneration committee are Mr. Yeung Shun Kee Edward (Chairman), Mr. Lim Man San David and Mr. Chow Pat Kan. All committee members are INEDs.

The remuneration committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance. It is also the remuneration committee's duty to determine the specific remuneration packages of all executive directors and senior management.

During the year ended 31 March 2008, two remuneration committee meetings were held to review the remuneration package and discretionary bonus to certain executive directors.

The individual attendance of members of remuneration committee is set out as follows:

Members of remuneration committee	Number of remuneration committee meetings attended
Mr. Yeung Shun Kee Edward *(Chairman)*	2/2
Mr. Lim Man San David	2/2
Mr. Chow Pat Kan	2/2

AUDITORS' REMUNERATION

During the year and up to the date of this report, the total amount of remuneration paid / payable to the auditor of the Company for the audit and non-audit services rendered to the Group is as follows:

	HK$
Audit services	580,000
Non-audit services	150,000

AUDIT COMMITTEE

The Company has an audit committee comprising three INEDs of the Company, namely, Mr. Chow Pat Kan (Chairman), Mr. Lim Man San David and Mr. Yeung Shun Kee Edward. The principal duties of the audit committee are to review the Group's interim and annual reports, internal controls and make recommendations to the Board.

During the year, four audit committee meetings were held and the individual attendance of members of audit committee is set out as follows:

Members of audit committee	Number of audit committee meetings attended
Mr. Chow Pat Kan *(Chairman)*	4/4
Mr. Lim Man San David	4/4
Mr. Yeung Shun Kee Edward	4/4

During the meetings, the audit committee had performed the following works:

(i) reviewed the draft interim and annual financial statements and the related draft results announcements;

(ii) reviewed the change in accounting standards and assessment of potential impacts on the Group's financial statements;

(iii) discussed with external auditors for any major audit issues of the Group; and

(iv) discussed with external auditors about the scope of the annual audit.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management reports to the Board the Group's financial situations on a regular basis, and this reporting regime extends to the annual and interim results announcement of the company, thereby enabling the Board from time to time has a continued, balanced, clear and understandable assessment of the Group's situations for determining strategy and fulfilling relevant compliance requirements.

The Board acknowledges that it is the Board's responsibility for preparing the accounts of the Company. As at 31 March 2008, the directors of the Company do not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

For the responsibilities of the Company's auditors in respect of presenting the Company's financial statements, please refer to the section headed "Independent Auditor's Report" of this annual report.

Internal control review

It is the Board's responsibility to ensure that the Company maintains sound and effective internal control, whereby safeguarding its shareholders' investment and the Company's assets.

During the year under review, the Board has conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries. There was no significant control failings found during the review.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of strong communication with shareholders of the Company. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents are also made available on the websites of the Company and irasia.com.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. A separate resolution is proposed in respect of each issue to be considered at the annual general meeting. Details of poll voting procedures and the rights of shareholders to demand a poll are included in the circular to shareholders and will be further briefed in the general meetings. Chairman of the Company didn't attend the annual general meeting of 2007 due to his personal reason.

On 25 July 2008, the Shareholders' Interest Concern Group of the Company forwarded a copy of a letter to the Company it received from Mr. Chan Kam-lam (note), in which Mr. Chan expressed his concerns over the long suspension of trading in the shares of the Company, which can be summarized as follows:

(i) It is uncommon for the Stock Exchange to suspend the trading in shares of an active company over a period of many years. Mr. Chan is very concerned over the continued suspension of the Company and its effects;

(ii) Mr. Chan questioned the reasons given by the Stock Exchange over the continued suspension of the Company. Mr. Chan also questioned the process of the disciplinary hearing and the bases of the disciplinary review hearing. Mr. Chan further questioned whether the Stock Exchange has considered the effects of the disciplinary hearing of a few persons over the interests of a large group of shareholders. The public is unable to find out the decision making process of the Stock Exchange nor to monitor the progress of the disciplinary hearing;

(iii) The general reasons given by the Stock Exchange that the decision to maintain the current suspension of the Company's securities is founded solely upon shareholders and market protection concerns is not acceptable to the shareholders. The shareholders are facing the fact that they are suffering losses because they are unable to trade the Company's shares even though the Company is operating satisfactorily;

(iv) It is apparent that there is a loophole in the system to allow the prolonged suspension of the trading of the Company's shares because of the long process of the disciplinary hearing. Instead of being aware of the problems arising from this loophole, the Stock Exchange has made use of this loophole and even dressed it up with their good reasons; and

(v) Mr. Chan doubted that the Stock Exchange may have contravened the Practice Note 11, note 1 to 6.02, 6.03 and notes 1 and 2 to 6.05 of the Listing Rules.

Note: Mr. Chan Kam-lam serves in various organizations, include:
- *Legislative Councillor of the HKSAR;*
- *Chairman of Legislative Council Panel on Financial Affairs; and*
- *non-executive director of Securities and Futures Commission.*

The Company also refer to another court case in respect of Sanyuan Group Limited (stock code: 140), in which the relevant person of the Stock Exchange was criticised by the trial judge that "he is depending partly on his "feel". The Company is worried that the Stock Exchange is also apply its subjective view on us.

On behalf of the Board
Zhang Yuyan
Director

Hong Kong 21 July 2008

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF STYLAND HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Styland Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 94, which comprise the consolidated balance sheet as at 31 March 2008, 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 1981, 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 the Group's affairs as at 31 March 2008 and of its 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.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798

Hong Kong
21 July 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	8	**187,576**	108,793
Cost of sales		**(145,834)**	(94,241)
Gross profit		**41,742**	14,552
Other income	8	**11,387**	12,279
Administrative expenses		**(27,428)**	(27,581)
Selling and distribution expenses		**(1,423)**	(1,169)
Write-back of impairment loss recognised in respect of property held for redevelopment		**–**	2,000
Change in fair value of investment property		**10,000**	400
Change in fair value of financial assets at fair value through profit or loss		**965**	3,453
Gain on disposal of available-for-sale investment		**153**	–
Impairment loss recognised in respect of trade receivables		**(627)**	(84)
Impairment loss recognised in respect of loan receivables		**(2,074)**	(60)
Bad debt recovery for loan receivables		**1,373**	4,038
Impairment loss recognised in respect of other receivables		**(16,885)**	–
Finance costs	9	**(1,333)**	(7,019)
Profit before tax		**15,850**	809
Income tax (expense) credit	10	**(1,551)**	4,790
Profit for the year	11	**14,299**	5,599
Attributable to:			
Equity holders of the Company		**18,549**	6,008
Minority interests		**(4,250)**	(409)
		14,299	5,599
Earnings per share	15		
Basic		**HK0.99 cent**	HK0.32 cent
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	16	**2,138**	2,588
Investment properties	17	**74,000**	15,000
Property held for redevelopment	18	**–**	49,000
Available-for-sale investment	19	**183**	227
		76,321	66,815
Current assets			
Inventories	20	**498**	32
Loan receivables	21	**28,581**	21,505
Trade and bills receivables	22	**9,321**	3,831
Other receivables, deposits and prepayments	23	**4,773**	21,145
Tax recoverable		**–**	564
Financial assets at fair value through profit or loss	24	**14,960**	10,509
Client trust funds	25	**11,746**	9,237
Pledged bank deposit	26	**5,000**	5,000
Bank balances and cash	27	**32,927**	19,359
		107,806	91,182
Interest in a joint venture held-for-sale	28	**174,776**	157,298
Current liabilities			
Trade and bills payables	29	**16,566**	11,466
Other payables and accruals	30	**121,198**	22,607
Tax liabilities		**1,307**	39
Derivative financial instruments - options	31	**1,989**	–
Bank borrowings – due within one year	32	**4,688**	80,445
		145,748	114,557
Net current assets		**136,834**	133,923
Total assets less current liabilities		**213,155**	200,738
Non-current liability			
Bank borrowings – due after one year	32	**13,832**	15,728
Net assets		**199,323**	185,010

	Notes	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	33	**18,712**	18,712
Reserves		**142,004**	123,441
Equity attributable to equity holders of Company		**160,716**	142,153
Minority interests		**38,607**	42,857
Total equity		**199,323**	185,010

Approved and authorised for issue by the Board of Directors on 21 July 2008 and are signed on its behalf by:

Chan Chi Mei Miranda
Director

Zhang Yuyan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital redemption reserve	Special capital reserve	Contributed surplus	Investment revaluation reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				Note 35(b)	*Note 35(a)*					
At 1 April 2006	18,712	35,831	6,040	571,147	599,433	(1,615)	(1,094,960)	134,588	43,266	177,854
Transfer to profit or loss on sales of available-for-sale investment	–	–	–	–	–	1,557	–	1,557	–	1,557
Profit for the year	–	–	–	–	–	–	6,008	6,008	(409)	5,599
At 31 March 2007 and 1 April 2007	18,712	35,831	6,040	571,147	599,433	(58)	(1,088,952)	142,153	42,857	185,010
Transfer to profit or loss on sales of available-for-sale investment	–	–	–	–	–	4	–	4	–	4
Change in fair value of available-for-sale investment	–	–	–	–	–	10	–	10	–	10
Profit for the year	–	–	–	–	–	–	18,549	18,549	(4,250)	14,299
At 31 March 2008	18,712	35,831	6,040	571,147	599,433	(44)	(1,070,403)	160,716	38,607	199,323

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
Operating activities		
Profit before tax	**15,850**	809
Adjustments for:		
Depreciation	**608**	566
Change in fair value of derivative financial instruments – options	**989**	–
Finance costs	**1,333**	7,019
Reversal of allowance for inventories	**(18)**	–
Dividend income	**(28)**	–
Interest income	**(525)**	(563)
Loss on disposals of property, plant and equipment	**160**	184
Change in fair value of financial assets at fair value through profit or loss	**(965)**	(3,453)
Change in fair value of investment property	**(10,000)**	(400)
Write-back of impairment loss recognised in respect of property held for redevelopment	**–**	(2,000)
Gain on disposal of available-for-sale investment	**(153)**	–
Impairment loss recognised in respect of trade receivables	**627**	84
Impairment loss recognised in respect of loan receivables	**2,074**	60
Impairment loss recognised in respect of other receivables	**16,885**	–
Operating cash flows before movements in working capital	**26,837**	2,306
(Increase) decrease in inventories	**(448)**	160
(Increase) decrease in trade and bills receivables	**(6,117)**	4,676
(Increase) decrease in loan receivables	**(9,150)**	19,731
Decrease (increase) in other receivables, deposits and prepayments	**1,033**	(8)
Increase in financial assets at fair value through profit or loss	**(3,486)**	(4,602)
Increase (decrease) in trade and bills payables	**5,100**	(172)
Increase (decrease) in other payables and accruals	**15,258**	(2,475)
Effect of foreign exchange	**(1,546)**	–
Cash generated from operations	**27,481**	19,616
Hong Kong profits tax refunded	**281**	11
Net cash from operating activities	**27,762**	19,627

	2008 *HK$'000*	2007 *HK$'000*
Investing activities		
Dividend received	**28**	–
Interest received	**525**	563
Purchases of property, plant and equipment	**(1,488)**	(1,136)
Increase in client trust funds	**(2,509)**	(931)
Decrease in pledged bank deposit	**–**	4,000
Decrease in dividend receivable	**–**	19,153
Proceeds from disposal of available-for-sale investment	**211**	4,428
Proceeds from disposals of property, plant and equipment	**1,170**	249
Deposit received from a joint venture held-for-sale	**83,333**	–
Net cash from investing activities	**81,270**	26,326
Financing activities		
Deposit received in respect of options granted	**1,000**	–
Repayments of bank borrowings	**(75,896)**	(14,769)
Interest paid	**(1,333)**	(7,019)
Repayments of obligations under finance leases	**–**	(402)
Net cash used in financing activities	**(76,229)**	(22,190)
Net increase in cash and cash equivalents	**32,803**	23,763
Cash and cash equivalents at beginning of the year	**14,810**	(3,489)
Effect of foreign exchange rate changes	**(17,478)**	(5,464)
Cash and cash equivalents at end of the year	**30,135**	14,810
Analysis of the balances of cash and cash equivalents		
represented by:		
Bank balances and cash	**32,927**	19,359
Bank overdrafts – secured	**(2,792)**	(4,549)
	30,135	14,810

1. GENERAL

Styland Holdings Limited (the "Company") was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is same as the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 42.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company and its subsidiaries (collectively referred to as 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 ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation ("Int") 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
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 adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

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

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 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Share-based Payment – 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 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 January 2008.
4 Effective for annual periods beginning on or after 1 July 2008.

The directors of the Company anticipate that the application of these new and revised standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the 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 into 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest in a joint venture held-for-sale

Interest in a joint venture is classified as held-for-sale if its 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.

Interest in a joint venture classified as held-for-sale is measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after an item of property, plant and equipment has been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write-off the cost of item of property, plant and equipment over their estimated useful lives and after taking into accounts of their estimated residual values, using the reducing balance method, at the following rates per annum:

Leasehold improvements	25%
Furniture, fixtures and equipment	15%
Motor vehicles	20%

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

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 method. Gains or losses arising from changes in the fair value of investment properties are included in consolidated income statement for the period in which they arise.

Property held for redevelopment

Property held for redevelopment is stated at costs less impairment losses. Costs include the acquisition costs of the properties and all costs attributable to such redevelopment.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. 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, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

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, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instruments. 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.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale investment. 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.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial assets is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near future; or

– 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 derivate that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Financial assets at fair value through profit or loss (continued)

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; or

– 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 permits the entire combined contract (asset or liability) to be designated as 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 or loss recognised in profit or loss excludes any dividend or interest 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 bills receivables, other receivables and deposits, loan receivables, financial assets at fair value through profit or loss, client trust funds, pledged bank deposit, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. (See accounting policy on impairment loss of financial assets below).

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial instruments (continued)

Available-for-sale investment

Available-for-sale investment is non-derivative that is either designated or not classified as financial assets at FVTPL or loans and receivables.

At each balance sheet date subsequent to initial recognition, available-for-sale investment is measured at fair value. Changes in fair value are recognised in equity, until the investment 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 of financial assets below).

For available-for-sale equity investment that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivates that is linked to and must be settled by delivery of such unquoted equity instruments, it is measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. (see accounting policy on impairment loss of financial assets below).

Impairment loss 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; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial instruments (continued)

Impairment loss of financial assets (continued)

For certain categories of financial asset, such as trade and bills receivables, loan receivables and other receivables, 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 average credit period of 90 days, 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables, loan receivables and other receivables, 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 trade and bills receivable, loan receivable and other receivable 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.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial instruments (continued)

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 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, the shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Derivative financial instruments

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.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial instruments (continued)

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. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies (continued)

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 Group (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.

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 lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term 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 term on a straight-line basis.

Taxation

Income tax expense represents the sum of the tax 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.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Taxation (continued)

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents, the amounts receivable for goods sold and service provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised in the consolidated income statement on the following basis:

(a) revenue from sales of goods is recognised when the goods are delivered and titled has passed;

(b) service income is recognised which the services are provided;

(c) revenue from trading of securities and securities dealing is recognised on the transaction dates when the relevant contract notes are exchanged;

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (continued)

(d) commission and brokerage income on securities dealing is recognised as income on a trade date basis;

(e) interest income from a financial asset, excludes 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;

(f) dividend income from investments in listed securities is recognised when the shareholders' right to receive payment has been established.

Provision

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Employee benefits

(a) Retirement benefits scheme

Payments to the Group's Mandatory Provident Fund Scheme are charged as expense when employees have rendered service entitling them to the contributions.

(b) Long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance ("Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance. A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Share-based payment transactions

Equity-settled share-based payment transactions:

Share options granted to employee

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no change is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements:

Valuation of share option granted

The fair value of derivative financial instruments - options is subject to the limitations of the Binomial Model and the uncertainty in estimates used by management in the assumptions. The estimates include limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life, and other relevant parameters of the share option model.

b) Key sources of estimation uncertainty

(i) Depreciation

The Group's carrying values of property, plant and equipment as at 31 March 2008 was approximately HK$2,138,000 (2007: HK$2,588,000). The Group depreciates the property, plant and equipment over the estimated useful lives, and after taking into account of their estimated residual value, using the reducing balance method, at the rate of 15 – 25% per annum, commencing from the date the property, plant and equipment is placed into productive use. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

b) Key sources of estimation uncertainty (continued)

(ii) Estimate impairment loss of trade and loan receivables

The policy for making impairment loss on trade and loan receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

5. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which engages in securities dealing and broking service, corporate finance and advisory service are the regulated entities under the Hong Kong Securities and Futures Ordinance and are subject to the respective minimum capital requirements.

The capital structure of the Group consists of debts, which included the bank borrowings as disclosed in Note 32, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of convertible bonds, new share issues and share buy-back.

There is no change in the capital risk management policy adopted by the Company during the two years ended 31 March 2008 and 31 March 2007.

6. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**14,960**	10,509
Loan and receivables		
– trade and bills receivables	**9,321**	3,831
– other receivables and deposits	**2,803**	20,114
– loan receivables	**28,581**	21,505
– client trust funds	**11,746**	9,237
– pledged bank deposit	**5,000**	5,000
– bank balances and cash	**32,927**	19,359
	90,378	79,046
Available-for-sale investment	**183**	227
	105,521	89,782
Financial liabilities		
Derivative financial instruments – options	**1,989**	–
Other financial liabilities at amortised cost		
– trade and bills payables	**16,566**	11,466
– other payables	**118,938**	19,876
– bank borrowings	**18,520**	96,173
	154,024	127,515
	156,013	127,515

6. FINANCIAL INSTRUMENTS *(continued)*

b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank borrowings and overdrafts. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as financial assets at fair value through profit or loss, trade and bills receivables, loan receivables, other receivables and deposits, client trust funds, pledged bank deposit, bank balances and cash, available-for-sale investment, derivative financial instruments – options, trade and bills payables and other payables, which arise directly from its operations. The risks associated with these financial instruments include market risk (currency risk, other price risk and interest rate risk), credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

i) Currency risk

The Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars, United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises

ii) Other price risk

Other price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as financial assets at fair value through profit or loss (Note 24) and available-for-sale investment (Note 19) as at 31 March 2008. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the balance sheet date.

In light of immaterial available-for-sale investment during the year, the other price risk to that classification is insignificant. In respect of the financial assets at fair value through profit or loss, the following table demonstrates the sensitivity to every 1% change in the fair value of financial assets at fair value through profit or loss, with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date.

6. *FINANCIAL INSTRUMENTS (continued)*

b) Financial risk management objectives and policies (continued)

Market risk (continued)

ii) Other price risk (continued)

	Carrying amount of equity investments *HK$'000*	Increase (decrease) in profit before tax *HK$'000*	Increase (decrease) in equity *HK$'000*
2008			
Investments listed in:			
Hong Kong			
– financial assets at fair value through profit or loss	13,450	135	–
2007			
Investments listed in:			
Hong Kong			
– financial assets at fair value through profit or loss	10,509	105	–

iii) Interest rate risk

The Group was exposed to cash flow and fair value interest rate risk in relation to variable-rate bank overdrafts and bank borrowings and fixed-rate bank borrowings, respectively. The interest rate risk is managed by the directors of the Company on an ongoing basis with the primary objective of limiting extent to which interest expense could be affected by adverse movement in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the balance sheet date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of 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 ended 31 March 2008 would decrease/increase by approximately HK$93,000 (2007: HK$88,000).

6. FINANCIAL INSTRUMENTS *(continued)*

b) Financial risk management objectives and policies (continued)

Credit risk

The loan receivables, trade and bills receivables and other receivables represent the Group's major exposure to the credit risk arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated balance sheet.

For the securities dealings, broking and financing businesses, loan will be granted based on assessment on financial status, repayment records and the liquidity of collaterals placed by a customer and the interest rate will be determined thereon. The Group's loans to customers arising from the business of securities dealings are secured by the underlying pledged securities. Loan will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

The account executives of the Group are responsible for making margin calls to customers whose trades exceed their respective limits. The deficiency report will be monitored daily by the Group's directors and responsible officers.

Trading terms with general trading customers are mainly on credit, except for new customers, where payment in advance is normally required or letter of credit is received. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days and open account may be granted subject to the coverage of bad debt insurance by Hong Kong Export Credit Insurance Corporation.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate banking facilities from major financial institutions to meet its liquidity requirements in the short and long term.

In respect of the Group's securities dealing and broking services business, it is subject to various statutory liquidity requirements as prescribed by the respective government authorities. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant Financial Resources Rules.

6. FINANCIAL INSTRUMENTS *(continued)*

b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Maturity analysis

The following table details the Group's remaining contractual maturities for its financial liabilities as at 31 March 2008 and 31 March 2007. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay.

As at 31 March 2008

	On demand/ within one year	One year to two years	Over two years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills payables	16,566	–	–	16,566	16,566
Other payables	118,938	–	–	118,938	118,938
Bank borrowings	5,455	8,157	6,507	20,119	18,520
	140,959	8,157	6,507	155,623	154,024

As at 31 March 2007

	On demand/ within one year	One year to two years	Over two years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills payable	11,466	–	–	11,466	11,466
Other payables	19,876	–	–	19,876	19,876
Bank borrowings	96,743	7,879	8,439	113,061	96,173
	128,085	7,879	8,439	144,403	127,515

6. *FINANCIAL INSTRUMENTS (continued)*

c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities 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 are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The carrying amounts of financial assets and financial liabilities reported in the consolidated balance sheets of the Group approximate their fair values due to their immediate or short-term maturities.

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial report.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represent a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Summary details of the business segments are as follows:

– the general import and export trading segment mainly engages in the trading of garment and garment-related goods;

– the securities dealing and broking services segment provides underwriting, trading and broking services mainly on marketable securities;

– the financing segment engages in money lending;

– the trading of securities segment engages in dealing with securities which are listed and trading in the Stock Exchange;

– the property redevelopment and investment segment engages in property redevelopment and letting of property;

– the strategic investment segment engages in investments for an identified long-term purpose; and

– the corporate segment comprises corporate income and expense items.

The Group recognised the trading of securities as one of its principle activities with effective from 1 April 2006.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of the assets.

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(a) Business segments

Segment information about business segments is presented below:

	General import and export trading HK$'000	Securities dealing and broking services HK$'000	Financing HK$'000	Trading of securities HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
For the year ended 31 March 2008										
Segment revenue										
External sales	27,225	17,102	6,923	136,326	–	–	–	–	–	187,576
Inter-segment sales	–	184	–	–	1,200	–	11,042	–	(12,426)	–
Total turnover	27,225	17,286	6,923	136,326	1,200	–	11,042	–	(12,426)	187,576
Intra-segment sales are charged at prevailing market rates.										
Segment result	(2,518)	1,899	1,702	22,931	10,373	(14,455)	(3,323)	2,139	(2,118)	16,630
Unallocated other income										553
Finance costs										(1,333)
Profit before tax										15,850
Income tax expense										(1,551)
Profit for the year										14,299
As at 31 March 2008										
Segment assets	1,763	43,594	2,422	13,761	74,905	176,755	1,923	5,853	–	320,976
Unallocated assets										37,927
Consolidated total assets										358,903
Segment liabilities	793	18,824	422	–	272	104,246	11,935	3,261	–	139,753
Unallocated liabilities										19,827
Consolidated total liabilities										159,580

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(a) Business segments (continued)

	General import and export trading	Securities dealing and broking services	Financing	Trading of securities	Property development and investment	Strategic investments	Corporate	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2008										
Other information										
Depreciation	9	116	–	–	1	–	482	–	–	608
Change in fair value of investment property	–	–	–	–	(10,000)	–	–	–	–	(10,000)
Change in fair value of financial assets at fair value through profit or loss	–	–	–	(965)	–	–	–	–	–	(965)
Loss on disposals of property, plant and equipment	122	–	–	–	–	–	38	–	–	160
Change in fair value of derivative financial instruments – options	–	–	–	–	–	–	989	–	–	989
Gain on disposal of available-for-sale investment	–	–	–	–	–	(153)	–	–	–	(153)
Impairment loss recognised in respect of trade receivables	501	126	–	–	–	–	–	–	–	627
Impairment loss recognised in respect of loan receivables	–	1,804	270	–	–	–	–	–	–	2,074
Bad debt recovery for loan receivables	–	–	(1,373)	–	–	–	–	–	–	(1,373)
Impairment loss recognised in respect of other receivables	–	–	–	–	–	16,885	–	–	–	16,885
Reversal of allowance for inventories	(18)	–	–	–	–	–	–	–	–	(18)
Capital expenditure	–	323	–	–	840	–	325	–	–	1,488

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(a) Business segments (continued)

	General import and export trading HK$'000	Securities dealing and broking services HK$'000	Financing HK$'000	Trading of securities HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
For the year ended 31 March 2007										
Segment revenue										
External sales	14,134	11,300	3,647	79,712	–	–	–	–	–	108,793
Inter-segment sales	–	265	–	–	1,200	3	10,610	–	(12,078)	–
Total turnover	14,134	11,565	3,647	79,712	1,200	3	10,610	–	(12,078)	108,793

Intra-segment sales are charged at prevailing market rates.

	General import and export trading HK$'000	Securities dealing and broking services HK$'000	Financing HK$'000	Trading of securities HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment result	(2,367)	1,760	5,200	4,070	2,826	1,283	(5,139)	(85)	(283)	7,265
Unallocated other income										563
Finance costs										(7,019)
Profit before tax										809
Income tax credit										4,790
Profit for the year										5,599
As at 31 March 2007										
Segment assets	1,203	31,961	8,259	36,119	40,270	164,678	8,387	86	(27)	290,936
Unallocated assets										24,359
Consolidated total assets										315,295
Segment liabilities	825	9,560	328	5,518	283	16,967	523	96	(27)	34,073
Unallocated liabilities										96,212
Consolidated total liabilities										130,285

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(a) Business segments (continued)

	General import and export trading	Securities dealing and broking services	Financing	Trading of securities	Property development and investment	Strategic investments	Corporate	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2007										
Other information										
Depreciation	33	46	–	–	1	16	470	–	–	566
Write-back of impairment loss recognised in respect of property held for redevelopment	–	–	–	–	(2,000)	–	–	–	–	(2,000)
Change in fair value of investment property	–	–	–	–	(400)	–	–	–	–	(400)
Loss on disposals of property, plant and equipment	40	–	–	–	–	–	144	–	–	184
Change in fair value of financial assets at fair value through profit or loss	–	–	–	(3,453)	–	–	–	–	–	(3,453)
Impairment loss recognised in respect of trade receivables	84	–	–	–	–	–	–	–	–	84
Impairment loss recognised in respect of loan receivables	–	–	60	–	–	–	–	–	–	60
Bad debt recovery for loan receivables	–	–	(4,038)	–	–	–	–	–	–	(4,038)
Capital expenditure	369	129	–	–	–	–	638	–	–	1,136

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(b) Geographical segments

The following table provides an analysis of the Group's turnover by geographic market, irrespective of the origin of the goods and services, presents segment assets and capital expenditure information for the Group's geographical segments:

	2008	2007
	HK$'000	*HK$'000*
Hong Kong	**171,365**	96,125
Europe	**9,308**	6,701
North America	**4,982**	5,933
PRC	**1,921**	34
	187,576	108,793

	Segment assets		**Capital expenditure**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**179,693**	139,225	**1,488**	1,136
PRC	**179,210**	176,070	**–**	–
	358,903	315,295	**1,488**	1,136

8. TURNOVER AND OTHER INCOME

Turnover represents the amounts received and receivable for goods sold, services provided by the Group to outside customers, brokerage and commission income, interest income and dividend income is analysed as follows:

	2008 HK$'000	2007 HK$'000
Value of transactions from sales of securities	**136,326**	79,712
Sale of goods	**27,225**	14,134
Commission and brokerage income from securities dealing	**17,102**	11,300
Interest income from margin and other financing	**6,923**	3,647
	187,576	108,793
Other income comprises:		
Interest income	**525**	563
Gain on foreign exchange	**9,398**	3,578
Sundry income	**1,464**	8,138
	11,387	12,279

9. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on:		
– bank overdrafts and borrowings wholly repayable within five years	**1,291**	6,037
– bank borrowings not wholly repayable within five years	**–**	976
– finance leases	**–**	6
– deposits received in respect of proposed subscription of new shares	**42**	–
	1,333	7,019

10. INCOME TAX (EXPENSE) CREDIT

	2008 **HK$'000**	2007 *HK$'000*
Hong Kong Profits Tax		
Under(over)provision in prior year	**718**	(4,800)
Current year	**833**	10
Income tax expense (credit) for the year	**1,551**	(4,790)

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profits for the two years ended 31 March 2008 and 31 March 2007.

The tax charge for the years can be reconciled to the profit per the consolidated income statement as follows:

	2008 **HK$'000**	2007 *HK$'000*
Profit before tax	**15,850**	809
Tax at domestic income tax rate of 17.5% (2007: 17.5%)	**2,774**	142
Tax effect of expenses not deductible for tax purpose	**3,442**	1,079
Tax effect of income not taxable for tax purpose	**(4,057)**	(452)
Tax effect of tax losses not recognised	**1,787**	973
Under(over)provision in prior year	**718**	(4,800)
Utilisation of tax loss previously not recognised	**(3,162)**	(1,725)
Others	**49**	(7)
Income tax expense (credit) for the year	**1,551**	(4,790)

As at 31 March 2008, the Group has unused tax losses of approximately HK$282,143,000 (2007: HK$290,000,000) available for offset against future profits. No deferred tax asset has been recognised of such losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2008 **HK$'000**	2007 HK$'000
Staff costs (including directors' remuneration):		
– Salaries, allowances and other benefits	**9,962**	10,023
– Retirement benefit scheme contributions	**446**	449
	10,408	10,472
Auditor's remuneration	**580**	467
Depreciation	**608**	566
Change in fair value of derivative financial instruments – options	**989**	–
Loss on disposals of property, plant and equipment	**160**	184
Minimum lease payments under operating leases for land and buildings	**1,313**	1,153
Cost of inventories recognised as an expense	**24,920**	12,331
Reversal of allowance for inventories	**(18)**	–
Dividend income	**(28)**	–

12. DIRECTORS' REMUNERATION

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

Name of director	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Performance related incentive payments *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
For the year ended 31 March 2008					
Yeung Han Yi Yvonne	–	694	–	35	729
Chang Chi Mei Miranda	–	579	250	29	858
Zhang Yuyan	–	150	–	–	150
Cheung Hoo Win	–	437	–	12	449
Wu Ho Fai David *(Note a)*	–	67	–	–	67
Lim Man San David	80	–	–	–	80
Yeung Shun Kee Edward	160	–	–	–	160
Chow Pat Kan	80	–	–	–	80
	320	1,927	250	76	2,573
For the year ended 31 March 2007					
Yeung Han Yi Yvonne	–	651	–	33	684
Chang Chi Mei Miranda	–	543	55	30	628
Zhang Yuyan	–	150	–	–	150
Cheung Hoo Win	–	1,065	95	10	1,170
Wu Ho Fai David	–	339	–	12	351
Tam Wing Fai Johnny *(Note b)*	–	330	–	2	332
Lim Man San David	80	–	–	–	80
Yeung Shun Kee Edward	140	–	–	–	140
Chow Pat Kan	80	–	–	–	80
	300	3,078	150	87	3,615

No directors waived their emoluments for the two years ended 31 March 2008 and 31 March 2007. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any director for the two years ended 31 March 2008 and 31 March 2007.

Notes:

(a) Resigned on 2 August 2007

(b) Resigned on 1 June 2006

13. EMPLOYEES' EMOLUMENTS

During the year, the five highest paid individuals included three directors (2007: four directors) of the Company, whose emoluments have been included in Note 12 above. The emoluments of the remaining two individuals (2007: one individual) for the year ended 31 March 2008 and 31 March 2007 were as follows:

	2008 ***HK$'000***	2007 *HK$'000*
Salaries, allowances and other benefits	**804**	520
Retirement benefit scheme contributions	**23**	12
	827	532

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any highest paid individual (including director and other employee) for the two years ended 31 March 2008 and 31 March 2007.

Their emoluments were within the following band:

	No. of employees	
	2008	2007
– HK$Nil to HK$1,000,000	**2**	1

14. DIVIDEND

	2008	2007
	HK$'000	*HK$'000*
Proposed final dividend	**4,117**	4,117

During the year ended 31 March 2008, the Board recommended payment of a final dividend of HK0.22 cent (2007: HK0.22 cent) per share. Shareholders would also be offered the option of receiving the final dividend in the form of either cash or new shares of the Company. The proposed dividend would be conditional on (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company, (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company within 3 months from the date of the annual general meeting. However, as the Company could not fulfill the conditions (ii) and (iii), the final dividend could not be completed as proposed for the year ended 31 March 2007.

15. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit for the year attributable to equity holders of the Company of approximately HK$18,549,000 (2007: HK$6,008,000) and the weighted average number of 1,871,188,679 (2007: 1,871,188,679) ordinary shares in issue during the year.

No diluted earnings per share has been presented for the year ended 31 March 2008 as the outstanding share options during the year had an anti-dilutive effect on the basic earnings per share.

No diluted earnings per share had been presented for the year ended 31 March 2007 as there was no diluting events during the year.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 April 2006	1,282	3,843	4,037	9,162
Additions	270	316	550	1,136
Disposals	(118)	(12)	(1,034)	(1,164)
At 31 March 2007 and 1 April 2007	1,434	4,147	3,553	9,134
Additions	55	386	1,047	1,488
Disposals	(49)	(291)	(2,955)	(3,295)
At 31 March 2008	**1,440**	**4,242**	**1,645**	**7,327**
Accumulated depreciation				
At 1 April 2006	1,207	3,206	2,298	6,711
Charge for the year	40	151	375	566
Eliminated on disposals	(79)	(6)	(646)	(731)
At 31 March 2007 and 1 April 2007	1,168	3,351	2,027	6,546
Charge for the year	91	184	333	608
Eliminated on disposals	(29)	(144)	(1,792)	(1,965)
At 31 March 2008	**1,230**	**3,391**	**568**	**5,189**
Carrying values				
At 31 March 2008	**210**	**851**	**1,077**	**2,138**
At 31 March 2007	266	796	1,526	2,588

17. INVESTMENT PROPERTIES

	2008 HK$'000	2007 HK$'000
Fair value		
At 1 April	**15,000**	14,600
Change in fair value recognised during the year	**10,000**	400
Transfer from property held for redevelopment	**49,000**	–
At 31 March	**74,000**	15,000
Leasehold properties situated in Hong Kong held under medium-term lease	**74,000**	15,000

The investment properties were valued on 31 March 2008 by Asset Appraisal Limited ("Asset Appraisal"), an independent qualified professional valuer, not connected with the Group. Asset Appraisal has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

At the balance sheet date, the investment properties were pledged to secure the banking facilities granted to the Group as details stated in Note 37.

18. PROPERTY HELD FOR REDEVELOPMENT

	2008 HK$'000	2007 HK$'000
At 1 April	**49,000**	47,000
Write-back of impairment loss to the consolidated income statement	**–**	2,000
Transfer to investment properties	**(49,000)**	–
At 31 March	**–**	49,000

As at 31 March 2007, the property held for redevelopment is situated in Hong Kong, held under medium-term lease and is pledged to secure banking facilities granted to the Group as detailed stated in Note 37.

19. AVAILABLE-FOR-SALE INVESTMENT

	2008 HK$'000	2007 HK$'000
Listed equity investments issued by corporate entities at fair value – listed in Hong Kong	183	227

20. INVENTORIES

	2008 HK$'000	2007 HK$'000
Raw materials	687	109
Finished goods	–	130
	687	239
Less : allowance for inventories	(189)	(207)
	498	32

During the year ended 31 March 2008, there was a significant increase in the net realisable value of raw materials due to market shortage in raw materials. As a result, a reversal of allowance for raw materials of approximately HK$18,000 (2007: HK$Nil) has been recognised in the consolidated income statement.

21. LOAN RECEIVABLES

	2008 *HK$'000*	2007 *HK$'000*
Securities dealing and broking services		
– secured margin loans *(Note)*	**35,841**	24,391
Less: Impairment loss recognised	**(9,673)**	(8,446)
	26,168	15,945
Financing business		
– secured loans *(Note)*	**–**	3,598
– unsecured loans	**20,351**	20,341
	20,351	23,939
Less: Impairment loss recognised	**(17,938)**	(18,379)
	2,413	5,560
	28,581	21,505

Note:

Secured loans and loans to margin clients are secured by the underlying pledged securities and are interest-bearing. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not meaningful in view of the nature of the business of securities dealing and broking services.

The amount of credit facilities granted to clients is determined by the market value of the collateral securities accepted by the Group. As at 31 March 2008, the total market value of securities pledged as collateral in respect of the loans to clients was HK$225 million (2007: HK$157 million).

21. LOAN RECEIVABLES *(continued)*

The aged analysis of the Group's loan receivables net of impairment for the financing business is as follows.

	2008	2007
	HK$'000	*HK$'000*
Within 6 months	**1,943**	1,157
7 to 12 months	**405**	566
Over 1 year	**65**	3,837
	2,413	5,560

The following is an aged analysis of past due but not impaired at the balance sheet date:

	Total	Neither past due nor impaired	Past due but not impaired < 90 days	91 to 180 days	181 to 360 days	1 to 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2008	**2,413**	**46**	**1,780**	**118**	**405**	**64**
31 March 2007	5,560	59	962	135	566	3,838

Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

21. LOAN RECEIVABLES *(continued)*

The movement in the impairment of loan receivables is as follows:

	Financing business		**Margin clients**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At 1 April	**18,379**	45,369	**8,446**	11,000
Bad debts written-off	**(366)**	(25,926)	**(922)**	(3,678)
Impairment loss recognised for the year	**177**	3,046	**2,149**	1,124
Write-back of impairment loss recognised to the consolidated income statement	**(252)**	(4,110)	**–**	–
At 31 March	**17,938**	18,379	**9,673**	8,446

All loan receivables are denominated in Hong Kong dollars.

22. TRADE AND BILLS RECEIVABLES

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. The general settlement terms of trade receivable attributable to the securities dealing and the broking services are two days after the trade date.

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**9,385**	4,479
Bills receivables	**1,189**	–
	10,574	4,479
Less: Impairment loss recognised	**(1,253)**	(648)
	9,321	3,831

	2008	2007
	HK$'000	HK$'000
Balance in relation to:		
– securities dealing and broking services	**2,734**	3,149
– general trading and others	**6,587**	682
	9,321	3,831

An aged analysis of the Group's trade and bills receivable net of impairment is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 6 months	**8,148**	3,347
7 to 12 months	**471**	129
Over 1 year	**702**	355
	9,321	3,831

22. TRADE AND BILLS RECEIVABLES *(continued)*

The movement in the impairment of trade receivables is as follow:

	2008 **HK$'000**	2007 HK$'000
At 1 April	**648**	564
Bad debts written-off	**(22)**	–
Impairment loss recognised for the year	**643**	152
Write-back of impairment loss recognised to the consolidated income statement	**(16)**	(68)
At 31 March	**1,253**	648

The following is an aged analysis of past due but not impaired at the balance sheet date:

			Past due but not impaired			
	Total HK$'000	**Neither past due nor impaired** HK$'000	**< 90 days** HK$'000	**91 to 180 days** HK$'000	**181 to 360 days** HK$'000	**1 to 2 years** HK$'000
31 March 2008	**9,321**	**6,222**	**1,596**	**330**	**471**	**702**
31 March 2007	3,831	666	2,410	271	129	355

The Group's neither past due nor impaired trade and bills receivables mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment provision is required for the past due balances based on the historical payment records.

The Group's trade and bills receivables that are denominated in currencies other than the functional currency of the Group before impairment loss recognised are as follows:

	2008 **HK$'000**	2007 HK$'000
Euro ("EURO")	**30**	26
USD	**2,657**	587

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The movement in the impairment of other receivables is as follow:

	2008 HK$'000	2007 HK$'000
At 1 April	–	–
Impairment loss recognised for the year	16,885	–
At 31 March	16,885	–

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008 HK$'000	2007 HK$'000
Fair value:		
Listed securities issued by corporate entities		
– listed in Hong Kong	13,450	10,509
Unlisted securities issued by financial institution	1,510	–
	14,960	10,509

The fair values of the above listed and unlisted securities are determined based on the quoted market bid prices available on the relevant exchange and quoted prices provided by the financial institutions, respectively.

The Group's financial assets at fair value through profit or loss that are denominated in currencies other than the functional currency of the relevant group entities is as follows:

	2008 HK$'000	2007 HK$'000
Vietnam Dong	1,510	–

25. CLIENT TRUST FUNDS

Client trust funds comprise short-term bank deposits of approximately HK$11,746,000 (2007: HK$9,237,000) at prevailing market rate.

26. PLEDGED BANK DEPOSIT

The bank deposit carries interest rate ranging from 1.74% to 4.54% (2007: 2.9% to 4%) per annum and has been pledged to bank to secure banking facilities granted to the Group.

27. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits of approximately HK$32,896,000 (2007: HK$19,304,000) at prevailing market rate.

The Group's bank balances that are denominated in currencies other than the functional currency of the relevant group entities is as follows:

	2008 ***HK$'000***	2007 *HK$'000*
EURO	**1**	7
RMB	**2,203**	1,590
USD	**40**	22

Included in the balances are bank balances of approximately HK$2,203,000 (2007: HK$1,590,000) subject to foreign exchange control regulations or not freely transferable.

28. INTEREST IN A JOINT VENTURE HELD-FOR-SALE

	2008	2007
	HK$'000	*HK$'000*
Unlisted investment, at cost	**551,837**	551,837
Less: Accumulated amortisation	**(268,331)**	(268,331)
Impairment loss recognised	**(131,672)**	(131,672)
	151,834	151,834
Effect of foreign exchange rate	**22,942**	5,464
	174,776	157,298
Amount due to the joint venture *(Note 30(c))*	**(20,441)**	(18,397)
Deposit received from the joint venture partner *(Note 30(d))*	**(83,333)**	–
	71,002	138,901
Classified as:		
Current assets		
Interest in a joint-venture held-for-sale	**174,776**	157,298
Current liabilities		
Amount due to the joint venture, included in other payables *(Note 30(c))*	**(20,441)**	(18,397)
Deposit received from the joint venture partner, included in other payables *(Note 30(d))*	**(83,333)**	–
	71,002	138,901

The investment in a joint venture held-for-sale represents the Group's investment in a Sino-foreign co-operative joint venture (the "JV"), Wuhan Dongseng Highway Building Development Company Limited ("Dongseng"). The principal activity of Dongseng is the development and operation of a section of the National Highway 318 as a toll expressway in Wuhan, China for a tenure of 19.5 years commenced from 10 November 1995, including 1.5 years of construction and development period and an operational period of 18 years.

28. INTEREST IN A JOINT VENTURE HELD-FOR-SALE *(continued)*

Pursuant to the joint venture agreement, the Group cannot control or exercise significant influence over Dongseng and is only entitled to profit distribution throughout the operational period of 18 years. Upon expiry of the joint venture, the toll expressway will be returned to the joint venture partner (the "Chinese JV partner").

As the Chinese JV partner had unilaterally decided to relocate the toll station of the National Highway 318 during the year ended 31 March 2004, the Group therefore decides to dispose of its interest in Dongseng to the Chinese JV partner. Pursuant to an arbitration judgement issued by Wuhan Arbitration Commission (武漢仲裁委員會) on 18 April 2006, the Group's interest in Dongseng shall be transferred to the Chinese JV partner at a value of RMB157,298,300, equivalent to approximately HK$174,776,000 (2007: HK$157,298,000) as at 31 March 2008 (the "judgement amount").

The Group has been negotiating with the Chinese JV partner and Wuhan Traffic Commission (武漢市交通委員會) regarding the transfer of its interest in Dongseng in accordance with the arbitration judgement. In April 2007, the Group received a remittance of RMB75,000,000 (equivalent to approximately HK$83,333,000), stated as re-purchase fund, from Wuhan Traffic Commission (武漢市交通委員會). The fund received has been fully applied to repay in full the outstanding bank loan amounted to RMB74,000,000 which is secured by the Group's interest in Dongseng. The Group is continued to negotiate with the Chinese JV partner and Wuhan Traffic Commission (武漢市交通委員會) regarding the transfer of its interest in Dongseng and payment of the remaining balance of the judgement amount in accordance with the arbitration judgement. No formal sale and purchase agreement has been entered into between the Group and the Chinese JV partner and no concrete payment schedule has been agreed between each parties. The directors of the Company are of the opinion that the disposal of Dongseng and the remaining balance of the judgement amount is expected to be received by 31 March 2009.

As at 31 March 2007, the investment in Dongseng was pledged to secure a bank loan granted to the Group, as further detailed in Note 37 and which had been released upon the repayment of the bank loan during the year ended 31 March 2008.

The amount due to Dongseng is unsecured, interest-free and repayable on demand.

29. TRADE AND BILLS PAYABLES

	2008 HK$'000	2007 HK$'000
Trade and bills payable:		
– securities dealing and broking services	13,673	10,745
– general trading and others	2,893	721
	16,566	11,466

An aged analysis of the Group's trade and bills payables is as follows:

	2008 HK$'000	2007 HK$'000
Within 6 months	13,344	8,781
7 to 12 months	1,117	665
Over 1 year	2,105	2,020
	16,566	11,466

The Group's trade and bills payables that are denominated in currencies other than the functional currency of the Group are as follows:

	2008 HK$'000	2007 HK$'000
EURO	583	3
USD	1,309	188

30. OTHER PAYABLES AND ACCRUALS

Included in the balances are the following advances to or deposits received by the Group:

(a) Refundable deposits of approximately HK$8,320,000 (2007: HK$Nil) was received by the subscribers in relation to the subscription of the new shares of the Company. The balances are unsecured, interest bearing at the prevailing market rate and refundable upon the expiry of the long stop date as prescribed in the subscription agreement or supplementary agreement. After the balance sheet date, approximately HK$1,920,000 has been refunded to certain subscribers due to the long stop date expired and those subscribers not agreed to extend further.

(b) Non-refundable deposits of approximately HK$988,000 (2007: HK$Nil) was received by the subscribers in relation to the subscription of the convertible bonds of the Company.

(c) Advance of approximately HK$20,441,000 (2007: HK$18,397,000) was due to the joint venture. The balance was unsecured, interest-free and repayable on demand.

(d) Deposit of approximately HK$83,333,000 (2007: HK$Nil) was received from the joint venture partner in relation to the acquisition of the equity interest in a joint venture held-for- sale from the Group (Note 28).

31. DERIVATIVE FINANCIAL INSTRUMENTS – OPTIONS

On 7 June 2007, the Company issued 370,000,000 options ("Options") to an independent third party. The Options are exercisable at any time from the date of grant to 6 December 2008 at an exercise price of HK$0.024 per share.

The fair value of Options at 7 June 2007, the date of grant, and 31 March 2008 are HK$989,000 and HK$266,000, respectively.

As at 31 March 2008, 370,000,000 of Options are outstanding. Exercise in full of the outstanding Options would results in the issue of 370,000,000 additional shares with an aggregate subscription value of HK$8,880,000. The new shares are rank pari passu with the then existing shares of the Company.

32. BANK BORROWINGS

	2008 HK$'000	2007 HK$'000
Secured bank borrowings comprise:		
– loans	**15,728**	91,624
– overdrafts	**2,792**	4,549
	18,520	96,173
Bank borrowings and overdrafts are repayable:		
– Within one year	**4,688**	80,445
– In the second year	**7,584**	1,896
– In the third to fifth years, inclusive	**6,248**	5,688
– Beyond five years	**–**	8,144
	18,520	96,173
Less: amounts due within one year shown under current liabilities	**(4,688)**	(80,445)
Amounts due after one year	**13,832**	15,728

32. BANK BORROWINGS *(continued)*

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

	2008 **HK$'000**	2007 HK$'000
Fixed-rate bank borrowings are repayable:		
– Within one year	**–**	74,000
Floating-rate bank borrowings are repayable:		
– Within one year	**4,688**	6,445
– In the second year	**7,584**	1,896
– In the third to fifth years, inclusive	**6,248**	5,688
– Beyond five years	**–**	8,144
	18,520	22,173
	18,520	96,173

As at 31 March 2007, the fixed-rate bank borrowings of approximately HK$74,000,000 carried interest at 6.73% per annum.

For the two years ended 31 March 2008 and 31 March 2007, the floating-rate bank borrowings carry interest at the prime rate for Hong Kong Dollars as quoted by the Bank of China minus 2.75%, and their effective interest rates ranging from 2.5% - 5.25% (2007: 5.25% – 5.50%) per annum.

For the two years ended 31 March 2008 and 31 March 2007, the floating-rate bank overdrafts carry interest at 1% plus the interest rate of the pledged bank deposit, and their effective interest rates ranging from 2.74% - 5.54% (2007: 3.9% – 5%) per annum.

Bank loans and overdrafts are denominated in Hong Kong dollars.

33. SHARE CAPITAL

	2008 and 2007	
	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 March 2007 and 31 March 2008	200,000,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 31 March 2007 and 31 March 2008	1,871,188,679	18,712

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Scheme which was approved and adopted in a special general meeting of the Company held on 22 August 2002, the directors may, within a period of 10 years, grant to directors and/or executives of the Group, non-transferrable options to subscribe for shares in the Company.

The maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder, employee, consultant, customer, supplier, or to any of their associates, are subject to approval in advance by the independent non-executive directors.

The exercise price of the share options is determined by directors, but may not be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 31 March 2008, there was no share option outstanding.

34. SHARE OPTION SCHEME *(continued)*

For the year ended 31 March 2007

	Number of share options							
Name of grantee	At 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2007	Date of grant	Exercise period	Exercise price HK$
Director								
Tam Wing Fai Johnny	17,000,000	–	–	(17,000,000)	–	13 November 2003	13 November 2003 – 12 November 2006	0.0228
Employee A	14,549,800	–	–	(14,549,800)	–	20 June 2003	20 June 2003 – 19 June 2006	0.0148
Employee B	17,000,000	–	–	(17,000,000)	–	13 November 2003	13 November 2003 – 12 November 2006	0.0228
Total	48,549,800	–	–	(48,549,800)	–			

35. RESERVES

(a) Contributed surplus

The contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account of HK$605,473,000 in December 2000, less the transfer to the capital redemption reserve of HK$6,040,000 in November 2000. Under the Companies Act 1981 of Bermuda (the "Act"), the Company's contributed surplus is distributable to shareholders under certain circumstances.

(b) Special capital reserve

Special capital reserve represents the amounts transferred from the Company's share capital upon adjustments of the nominal value of the Company's share in prior years. Under the Act, the special capital reserve is distributable to shareholders under certain circumstances.

36. OPERATING LEASE ARRANGEMENTS

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

	2008	2007
	HK$'000	*HK$'000*
Within one year	**811**	809
In the second to fifth years, inclusive	**63**	271
	874	1,080

Leases for rented premises are negotiated for an average of two years and rentals are fixed for an average of two years.

37. PLEDGED OF ASSETS

As at 31 March 2008, the Group had pledged the following assets to secured the banking facilities granted by the financial institutions:

	2008	2007
	HK$'000	*HK$'000*
Investment properties	**74,000**	15,000
Property held for redevelopment	**–**	49,000
Pledged bank deposit	**5,000**	5,000
Interest in a joint venture held-for-sale	**–**	157,298
	79,000	226,298

38. CAPITAL COMMITMENTS

	2008 HK$'000	2007 HK$'000
Capital expenditure in respect of the acquisition of motor vehicle contracted for but not provided in the consolidated financial statements	438	–

39. RELATED PARTY TRANSACTIONS

(a) Compensation to directors and key management personnel of the Group:

	2008 HK$'000	2007 HK$'000
Short-term benefits	2,497	3,528
Post-employment benefits	76	87
	2,573	3,615

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individual and market trends.

(b) During the year, the Group has entered into the following transactions with its related party

	2008 HK$'000	2007 HK$'000
Consultancy fee paid to Mr. Cheung Chi Shing Kenneth	908	936

Mr. Cheung Chi Shing, Kenneth is a substantial shareholder of the Company, spouse of the Company's director, Ms. Yeung Han Yi Yvonne, and father of the Company's director, Mr. Cheung Hoo Win.

The price of the above transaction was determined by the director of the Company by reference to market price for similar transaction.

40. POST BALANCE SHEET EVENTS

On 28 March 2008, the Company entered into the sale and purchase agreement with Long Success International (Holdings) Limited (the "Purchaser") (the "Sale and Purchase Agreement"). Pursuant to the Sale and Purchase Agreement, the Company will procure to sell and the Purchaser will acquire the entire issued share capital of City Faith Investments Limited ("City Faith"), a wholly-owned subsidiary of the Company, and the shareholder's loans advanced by the Company to City Faith and remaining outstanding from City Faith to the Company as at the completion date of the disposal (the "Sale Debt") (the "Proposed Disposal") for a total consideration of HK$24,700,000 (the "Consideration").

The aggregate Consideration for the Proposed Disposal of HK$24,700,000 will be satisfied by HK$14,000,000 in cash and HK$10,700,000 convertible notes ("Convertible Notes"), issued by the Purchaser to the Company.

The Convertible Notes carry interest at Hong Kong Dollar Prime Rate as quoted by the Hongkong and Shanghai Banking Corporation Limited minus 3% per annum. The convertible notes will be matured after one year from the date of issue.

Since the relevant resolution regarding the issue of the Convertible Notes has been voted down at the general meeting of the Purchaser held on 30 May 2008, the Purchaser could not fulfill one of the conditions of the Sale and Purchase Agreement for Disposal on its part and the Sale and Purchase Agreement has been terminated accordingly.

41. LITIGATIONS

In June 2003, Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) ("Hainan Wanzhong (海南萬眾)") urged the Haikou Intermediate People's Court of Hainan Province (海南省海口市中級人民法院) to issue a Notice for Assistance in Execution (協助執行通知書) to Wuhan Dongseng Highway Building Development Co. Limited ("Wuhan Dongseng (武漢東升)") to retain an amount of RMB19,270,000 to be distributed to Sheng Da Investment Holding (Hong Kong) Ltd. ("Sheng Da (HK)") (the "Lawsuit").

In October 2006, the Count dismissed the claims from Hainan Wanzhong (海南萬眾) and Sheng Da (HK) had recovered the retained money of RMB19,270,000.

On 16 March 2007, Sheng Da (HK) received a copy of notice which was published on a PRC newspaper and became aware that Hainan Wanzhong (海南萬眾) had filed its appeal against the judgement of Haikou Intermediate People's Court and the hearings were scheduled on 10 and 17 May 2007, respectively.

41. LITIGATIONS *(continued)*

In June 2007, Sheng Da (HK) was informed by its shareholders Ms. Li Kai Yin (李繼賢女士), Ms. Wan Qinghua (萬慶華女士) and Mr. Huang Zhaohua (黃招華先生) (collectively referred to as "Li, Wan & Huang") that the Haikou Intermediate People's Court of Hainan issued a Notice for Assistance in Execution on 6 June 2007 to Wuhan Transport Development Co., Ltd., the Chinese JV partner of Sheng Da (HK) in Wuhan Dongseng, requesting for retaining an amount of RMB19,270,000 from the payment of equity transfer amount to Sheng Da (HK) until the dispute is resolved.

Pursuant to a shareholders' resolution of Sheng Da (HK) passed in 2003 (reference no. of the shareholders' resolution: HKSDSM2003002) and shareholders' agreement signed on 9 December 2005, Li, Wan & Huang undertook that they would bear the liabilities and legal costs arising from the Lawsuit (the "Undertaking"). Subsequently, Sheng Da (HK) received letters from Li, Wan & Huang for several times, who intended to revoke the Undertaking.

The directors of the Company are of the opinion that the Group is not liable for any debt arising from the Lawsuit and the claim from Hainan Wanzhong has no ground. The directors consider that the Lawsuit does not have material impact on the Group and no provision has been made as at 31 March 2008 and 31 March 2007.

The directors of the Company consider that it is unacceptable and without legal basis for Li, Wan & Huang to withdraw the Undertaking unilaterally. To preserve the interests of the Company and its shareholders as a whole, the board of directors of the Company concurred that the Company would not accept the withdrawal of the Undertaking by Li, Wan & Huang unilaterally, and will take legal action against Li, Wan & Huang for damages if the Company or Sheng Da (HK) sustains any loss from the Lawsuit.

42. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2008 are as follows:

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Issued and fully paid share capital	Percentage of equity attributable to the Group	Principal activities
Direct subsidiaries					
Styland Enterprises Limited	Hong Kong	Ordinary	HK$2	100	Provision of management services
Indirect subsidiaries					
City Faith	Hong Kong	Ordinary	HK$2	100	Property investment
City Lion Worldwide Limited	The British Virgin Islands ("BVI")	Ordinary	US$1	100	Securities trading
Devonia Development Limited	Hong Kong	Ordinary	HK$10,000	100	Property redevelopment
Ever-Long Asset Management Limited	Hong Kong	Ordinary	HK$10,000,000	100	Securities trading
Ever-Long Capital Limited	BVI	Ordinary	US$4,000,000	100	Provision of financing services
Ever-Long Finance Limited	Hong Kong	Ordinary	HK$22,500,000	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	Ordinary	HK$100,000,000	100	Securities broking and provision of financing services
Kalomex (International) Limited	Hong Kong	Ordinary	HK$2,000,000	100	Trading of garment
Kippton Limited	Hong Kong	Ordinary	HK$10,000	86.8	Investment holding
Long River Investments Holdings Limited	BVI	Ordinary	US$200	100	Securities trading

42. PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation / operations	Class of shares held	Issued and fully paid share capital	Percentage of equity attributable to the Group	Principal activities
Indirect subsidiaries (continued)					
Sheng Da (HK)	Hong Kong	Ordinary	HK$204,082	48.9*	Investment holding
Styland (International) Limited	Hong Kong	Ordinary	HK$100,000	100	Securities trading and general trading

* Sheng Da (HK) is a subsidiary of Kippton Limited, an 86.8% indirectly owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of control.

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

None of the subsidiaries had issued any debt securities subsisting at the end of the year or any time during the year.

43. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified and restated as appropriate, is set out below:

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**187,576**	108,793	71,604	96,546	114,728
PROFIT/(LOSS) BEFORE TAXATION	**15,850**	809	(7,883)	501	(268,836)
TAXATION	**(1,551)**	4,790	–	(573)	655
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	**14,299**	5,599	(7,883)	(72)	(268,181)
MINORITY INTERESTS	**4,250**	409	(6,107)	3,328	110,505
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**18,549**	6,008	(13,990)	3,256	(157,676)

ASSETS AND LIABILITIES AND MINORITY INTERESTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**358,903**	315,295	333,214	326,599	358,724
TOTAL LIABILITIES	**(159,580)**	(130,285)	(155,360)	(139,788)	(169,697)
MINORITY INTERESTS	**(38,607)**	(42,857)	(43,266)	(37,159)	(40,487)
	160,716	142,153	134,588	149,652	148,540

DETAILS OF PROPERTIES HELD

INVESTMENT PROPERTIES

Property	Lot no./location	Category of lease	Use
Unit 3A, Daisyfield No. 4135 Tai Po Road Tai Po Kau New Territories Hong Kong	All those 38 equal undivided 200th parts or shares of the remaining portion of Tai Po Inland Lot no. 10 and the extension thereto	Medium term	Residential
House 4, Customs Pass No. 18 Fei Ngo Shan Road Sai Kung, New Territories Hong Kong	31 In D.D. 228	Medium term	Redevelopment