大凌集團有限公司

STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

ANNUAL REPORT 2008/2009

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	*Executive Directors*
	Mr. Cheung Hoo Win *(Chief Executive Officer)*
	Ms. Yeung Han Yi Yvonne
	Ms. Chan Chi Mei Miranda
	Ms. Zhang Yuyan
	Independent Non-Executive Directors
	Mr. Zhao Qingji *(Chairman)*
	Mr. Li Hancheng
	Mr. Lo Tsz Fung Philip
	Mr. Yeung Shun Kee Edward
AUDIT COMMITTEE	Mr. Lo Tsz Fung Philip
	Mr. Li Hancheng
	Mr. Yeung Shun Kee Edward
	Mr. Zhao Qingji
REMUNERATION COMMITTEE	Mr. Yeung Shun Kee Edward
	Mr. Li Hancheng
	Mr. Lo Tsz Fung Philip
	Mr. Zhao Qingji
NOMINATION COMMITTEE	Mr. Zhao Qingji
	Mr. Li Hancheng
	Mr. Lo Tsz Fung Philip
	Mr. Yeung Shun Kee Edward
COMPANY SECRETARY	Mr. Wang Chin Mong Jimmy
AUDITORS	SHINEWING (HK) CPA Limited
LEGAL ADVISERS	*As to Hong Kong Law*
	P.C. Woo & Co.
	D.S. Cheung & Co. Solicitors
	Michael Li & Co.
	Chiu & Partners, Solicitors
	Huen & Partners, Solicitors in association with S.G. Fafalen & Co.
	Andrew Law & Franki Ho, Solicitors
	As to Bermuda Law
	Appleby

PRINCIPAL BANKERS	The Hongkong and Shanghai Banking Corporation Limited Wing Hang Bank Limited Chong Hing Bank Limited DBS Bank (Hong Kong) Limited Standard Chartered Bank Bank of China (Hong Kong) 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 HM11 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	Telephone: (852) 2959 3123 Facsimile: (852) 2310 4522 E-mail address: shareholder@styland.com
WEBSITE	http://www.styland.com
INVESTORS' WEBSITE	http://www.irasia.com/listco/hk/styland

EXECUTIVE DIRECTORS

Mr. Cheung Hoo Win, aged 30, joined the Group in 2004 and was appointed as a Director in 2006. Mr. Cheung graduated at Peking University (Department of International Economy and Trade). During his studies in Peking University, Mr. Cheung has built up good business connection in the PRC. He is responsible for China related business of the Group. Mr. Cheung was appointed as Chief Executive Officer of the Company in July 2009. Mr. Cheung is the son of Ms. Yeung Han Yi Yvonne.

Ms. Yeung Han Yi Yvonne, aged 52, has served the Group for 29 years. She has extensive experience in business management. Ms. Yeung is responsible for the Group's administration, personnel and general management. Ms. Yeung 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.

Ms. Chan Chi Mei Miranda, aged 48, 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 11 years' experience in securities business. She is responsible for the securities brokerage and financing businesses of the Group. Ms. Chan has completed the New Leadership Advance Course organised by Tsing Hua University.

Ms. Zhang Yuyan, aged 47, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Qingji, aged 36, was appointed as an independent non-executive Director of the Company in April 2009 and Chairman in July 2009. Prior to joining to the Group, Mr. Zhao was the chairman, the chief executive officer and an executive director of China Properties Investment Holdings Limited (formerly known as Northern International Holdings Limited) (stock code: 736), a company listed on the main board of the Stock Exchange until 2 March 2009. Mr. Zhao graduated at Peking University with a bachelor's degree in economic in 1998.

Mr. Zhao has ample of experience in mergers and acquisitions, corporate restructurings, investment management, finance and initial public offering in the PRC. He was also the vice president of Peking University Resource Group, responsible for management of investments in property development projects and investment properties.

Mr. Li Hancheng, aged 46, was appointed as an independent non-executive Director of the Company in 2008. He graduated from Southwest University of Political Science and Law in 1984. Since his graduation, Mr. Li has extensive experience and practice in law. He worked in the Supreme People's Court of the People's Republic of China as senior judge in the Economic Court.

Mr. Li is now a senior partner and the chief operational officer of a law firm in Beijing. He also acts as an independent director in the board of directors of Tianhong Asset Management Company Limited from December 2003. Mr. Li is currently a member of China Maritime Law Association, a member of Beijing Lawyers Association and a member of Chinese Lawyers Association.

Mr. Lo Tsz Fung Philip, aged 43, was appointed as an independent non-executive Director of the Company in April 2009. He graduated from University of Wollongong, NSW Australia in 1992, holding a degree in Bachelor of Commerce. Prior to joining the Group, Mr. Lo acted as chief financial officer of Wuhan Zhongye Yangluo Heavy Machinery Company Limited. He has extensive experience and practice in corporate management, financial accounting and auditing works.

Mr. Lo is a member of the Certified Public Accountants of Australia and Hong Kong Institute of Certified Public Accountants ("HKICPA").

Mr. Lo had several public services. He was a member of the standing committee of the 12th Guangzhou Liwan District Committee of CPPCC, a member of the standing committee of the 5th Guangzhou Fanchun District Committee of CPPCC, and the vice president of the 4th Session of the Council of Guangzhou Association of Enterprises with Foreign Investment.

Mr. Yeung Shun Kee Edward, aged 50, 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 HKICPA.

SENIOR MANAGEMENT

Mr. Ng Shun Fu, aged 61, 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 48, was appointed as a director of Ever-Long Securities Company Limited in March 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 Futures Ordinance (the "SFO") and has more than 21 years experience in securities business.

Mr. Wang Chin Mong Jimmy, aged 37, is the financial controller and company secretary of the Company. He is an associate member of the HKICPA 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.

Mr. Mak Chi Ho Michael, aged 37, 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 master degree in finance from the Curtin University of Technology. Mr. Mak is a responsible officer registered under the SFO and has over 7 years experience in securities analysis. Mr. Mak was promoted to associate director in July 2009.

Ms. Mak Kit Ping, aged 44, 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 16 years experience in securities business.

It has been 30 years since the incorporation of Styland Holdings Limited (the "Company") and its subsidiary (the "Styland Group" or the "Group"). During the period, the Group has fought through many trials and hardships to become a well-established enterprise in Hong Kong. The Company's application for listing of its shares on the Stock Exchange was approved in 1991, stock code: 211.

It is a great honor to be appointed as the Chairman of the Company. Since my appointment, I have visited the branch and departments of the Group and had meetings with the management to review the overall situation of the Group. I am deeply impressed by the way the business is run and managed, the efficiency of the internal control system and the outstanding performance of the management (including Ms. Yeung Han Yi, Yvonne and Ms. Chan Chi Mei, Miranda) in carrying out their duties and their care of the Group's affairs. The Group's corporate governance also complies with the Listing Rule requirements, and in order to adhere to such requirements, the Group appointed an additional non-executive independent director, adding new strength to the control and function of the Board.

In terms of business operation, the Group strictly follows the relevant regulations of the SFO. Despite the fact that the Group handled more than 40,000 transactions, totaling over HK$ 5 billion last year, we are delighted to report that we are not involved in Lehman Minibonds and have maintained last year's excellent record of zero complaint from our clients, demonstrating our honesty and integrity.

I am happy to report that the founder of the Group, Mr. Cheung Chi Shing Kenneth, continues to make contributions by procuring businesses for the Group, despite the fact that he has resigned as the Chairman of the Company for years. Mr. Cheung showed great concern about the Wuhan Toll Road issue and, through his concerted efforts, he succeeded in getting back RMB75,000,000 for the Group. Amidst the global financial tsunami, Mr. Cheung demonstrated his leadership spirit by sharing the ups and downs with the staff and investors of the Group. He voluntarily forfeited his income from the Group for the year, totalling HK$888,000. Mr. Cheung's genuine care and concern about the welfare of the Group and this very selfless act has successfully reduced the pressure of imminent pay cuts and downsizing.

Mr. Cheung not only took the lead in fulfilling his social responsibility, but also encouraged the Group and its staff to participate in social welfare functions and make donations. On behalf of the Group and the staff, I would like to express my most sincere appreciation to Mr. Cheung Chi Shing Kenneth

I would also like to take this opportunity to thank all our shareholders, would-be investors and staff of the Company for their continuous support. The board recommended an interim dividend in the interim report, and will present to each of our shareholders a gift. For more details, please refer to the Company's announcement.

I am confident that the Group has a promising future, and I will join forces with the management and staff to make this come true. We in Styland Group will make every endeavor to repay the shareholders, investors and Mr. Cheung's support.

Zhao Qingji
Chairman

Hong Kong, 28 July 2009

BUSINESS REVIEW AND PROSPECTS

Results

During the year under review, the Group recorded a turnover of HK$132.1 million (2008: 187.6 million) and a loss of HK$18.6 million (2008: profit 14.3 million).

According to a valuation report of an independent valuer, the fair value of one of the investment properties as at 31 March 2009, on redevelopment basis, was HK$80 million (the "Company Property"). On that basis, the Group might gain HK$24 million more than the booked value. Also according to the property transaction record of The Land Registry of the SAR government, a nearby property has just been concluded at approximately HK$75 million. Given the transaction of the comparable property of similar site size, the market value of the Company Property may be more than HK$80 million in light of the superiority of its view and location.

At 31 March 2009, the Group held a portfolio of listed securities with market value of HK$5.0 million, and had a decrease in fair value of HK$7.7 million due to the effects of the global financial crisis. However, as the Directors and the investment manager expected that stock market would recover in the second half of the year, and did not dispose of them at the depreciated prices. In fact, the stock market has rebounded recently and the Group has recorded a total of realized and unrealized gain of approximately HK$8.0 million when compared to their fair values at 31 March 2009.

If the Group took into accounts of the revaluation of the Company Property on redevelopment basis and the appreciation of the listed securities, it might record a profit of approximately HK$13.4 million instead of a loss of HK$18.6 million. However, to follow the prudent accounting standards, the Board including independent non-executive Directors had not booked those gains. Since incorporation, the Group has upheld the deliberate financial planning, adopted prudent accounting policies and strictly complied with accounting guidelines and policies issued by the HKICPA. Thanks to the prudential manner of the Directors in managing the financial matters of the Group, the Group has not been significantly affected by the financial tsunami.

Review of operations

Financial business:

During the year under review, due to the sub-prime credit crisis in the United States and then financial tsunami which had resulted in weak investors' sentiment in the financial market, the overall trading volume of Hong Kong stock market fell significantly as investors were uncertain about the direction of the market. When compared to the closing Hang Seng Index in the previous year, it dropped from 22,849 to 13,576 at 31 March 2009, representing a decrease of 41%. Due to such economic reality, most of the initial public offerings and other fund raising activities were postponed or withdrawn during the year.

In order to minimize its exposure to the market risk, the Group had therefore tightened its credit control during the year under review and this was the main reason for the decrease of revenue from brokerage and financial services; however, thanks to our lean operating structure, the Group continued to record net profits from the segment of brokerage. Also, to boast effective internal control system, and to strictly follow the SFO, the corporate governance as required by the Stock Exchange and other regulations, the Group operated properly and received zero complaint from its customers in managing the fund flows of approximately HK$5.3 billion which involved more than 44,055 transactions.

General trading:

To reduce the risk to over-reliance on individual product, the Group's general trading business comprises of food products, consumer goods and electric products. Benefit from this multi-product strategy, the turnover of the general trading marked a rise as compared to previous year. However, in light of the keen competition, the Group will continue to manage the costs efficiently. More resources will be allocated to profit-oriented products, or measures may be taken, for example, to implement performance reward scheme, so that sale teams will be more target-oriented.

Property investments:

Residential properties in Hong Kong experienced depreciation after the outbreak of financial tsunami, but the prices have bottomed out and started to rise in December 2008 and recorded vigorous recovery since March this year. It is expected that the upward trend will continue based on factors of abundant cash flow in the market and historically low interest rates.

Benefiting from the rebound in the property market in the territory, the Group may consider to realize its investment properties or to redevelop one of them to maximize its valuation. According to a valuation report of an independent valuer, the fair value of one of the investment properties as at 31 March 2009, on redevelopment basis, was HK$80 million. On that basis, the Group might gain HK$24 million more than the booked value, and might record a profit for the current year.

Infrastructure:

As disclosed in the Company's announcement dated 27 February 2004, the PRC joint venture (the "JV") partner (the "JV Partner") in the toll road in Wuhan (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. In April 2007, the Group received RMB75,000,000 from Wuhan Communications Commission (武漢市交通委員會) the Group is using its best endeavor in negotiation with the relevant parties to receive the balance sum.

Prospects

Subsequent to the year end, the Hang Seng Index rose steadily from 14,545 to over 20,000. It is generally expected that the economy will recover in the second half of the year. Also, during the era of near-zero deposit rates and at historically low level of loan interest rate, to preserve the purchasing power, Hong Kong citizens may make investments in the markets of stock and property, which will boost brokerage business and lead to the appreciation of investment properties of the Group.

In light of the issues of share options, convertible bonds and subscription of new shares and the balance sum of RMB82 million for the disposal of the Group's interest in the Toll Road, the Group has sufficient working capital for its existing operation and will allocate more resources to expand its existing business, especially the brokerage and financial services. In addition, to sustain the business growth and to maximize the return of shareholders of the Company, the Group will also seek other investments with high growth potential.

To overcome the financial crisis, the Chinese government will drive up the development of the economy in the PRC to ensure the achievement of the full-year target of a GDP growth of 8%. The Group will therefore take advantage of the recent economic stimulus plans of the Chinese government, and will consider increasing its investment in the PRC.

Capital structure

Though the long suspension of trading in shares of the Company, we are grateful that we are having the continuing support from public investors. To this end the Company has concluded with certain independent and public investors for the subscription of share options, convertible bonds and new shares of the Company.

On 7 June 2007, the Company issued 370,000,000 options ("Options") to an independent third party at the exercise price of HK$0.024 per share. The exercisable period is 18 months commencing from the date of fulfilment of conditions precedent set out in the option agreement, which were not fulfilled at the date of this report. Exercise in full of the Options would result in issue of 370,000,000 additional shares with an aggregate subscription value of HK$8,880,000. The new shares were rank pari passu with the existing shares of the Company.

On 9 July 2007, the Company entered into eight subscription agreements in respect of the issue of convertible bonds in the aggregate principal amount of HK$9,880,000 due 2012. The convertible bonds shall not carry any interest. Each of the subscribers will have the right to convert the convertible bonds into shares of the Company at the price of HK$0.026. Any outstanding convertible bonds shall be redeemed on the date falling on the fifth anniversary of the date of issue of the convertible bonds. Completion of the subscription agreements is subject to the conditions as set out in the subscription agreements, which were not fulfilled at the date of this report.

On 15 November 2007, the Company entered into eight several subscription agreements to issue 600,000,000 shares of the Company at the price of HK$0.08 per share which involves the total subscription price of HK$48,000,000. Subsequently, five of the subscribers mutually agreed with the Company to release each other from the respective subscription agreements to subscribe for an aggregate of 300,000,000 subscription shares. Conditions precedent for the completion of the remaining 300,000,000 subscription shares were not fulfilled at the date of this report.

FINANCIAL REVIEW

At 31 March 2009, the Group had cash at bank and in hand totaled approximately HK$25.5 million (2008: HK$32.9 million) and net assets value of approximately HK$180.8 million (2008: HK$199.3 million).

Bank borrowings at 31 March 2009 amounted to HK$18.8 million (2008: HK$18.5 million), of which HK$6.9 million (2008: HK$4.7 million) were repayable within one year. The gearing ratio, being the ratio of total bank borrowings and financial lease of approximately HK$19.2 million to shareholders' fund of approximately HK$141.9 million, was about 0.14 (2008: 0.12).

At 31 March 2009, a time deposit of HK$5.0 million and investment properties at a valuation of HK$78.0 were pledged to secure the banking facilities granted to the Group.

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.

For the securities dealings, and broking and financing businesses, the Group is strictly in compliance with the SFO. Loans will be granted based on individual assessment on 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.

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, US dollars and Renminbi. In light of linked exchange rate system between Hong Kong dollars and US dollars and the liabilities in Renminbi were matched by assets denominated in Renminbi, 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.

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 Futures Commission ("SFC") licensed responsible officers and senior management, who have been acting in compliance with the SFO, has been set up to monitor the settlement matter of traded securities and cash. 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.

CONTINGENT LIABILITIES

As at 31 March 2009, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK$13.8 million (2008: HK$15.7 million) had been utilized.

LITIGATION

Details of the litigations are set out in note 40 to the financial statements.

STAFF

As at 31 March 2009, the Group employed 49 employees (2008: 49), 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.

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.

The board (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. Other than creating value to its shareholders, the Company is also taking care of the needs of its employees and dedicated to be a responsible corporate citizen in the territory.

The Board believes that the Board comprising of four executive directors and four independent non-executive directors has a balance of skills and experience appropriate for the requirements of the business of the Group.

SHAREHOLDERS' RIGHTS AND INTERESTS

The Company always gives weights to voices of its shareholders. During the year, the minority shareholders of the Company requested to convene a special general meeting ("SGM") to discuss (i) how to resolve the legal proceedings with the SFC; (ii) how to protect the rights of the shareholders; and (iii) issues as to the suspension of the trading of the shares of the Company. The SGM was convened on 29 April 2009 and shareholders' views were freely voiced out in the meeting. The summary of the opinions expressed by shareholders were disclosed in the announcement of the Company dated 29 June 2009.

The Company believes that shareholder meetings also provide 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. The retiring chairman, Mr. Lim Man San David was not able to attend the annual general meeting of 2008 due to his personal reason. On 16 July 2009, Mr. Zhao Qingji, an independent non-executive director of the Company, was appointed as Chairman of the Company.

Notwithstanding the fact that the trading in shares of the Company has suspended since 2004, the Company had frequently proposed dividends over the past five years. In addition to the proposed dividends, the Company also arranged to distribute gifts to its shareholders. The gift distribution scheme proposed in August 2007 and February 2008 had completed and were well accepted by shareholders. The Company is now arranging the third gift distribution. To ensure non-registered shareholders who hold the shares of the Company through brokerage firms can also get free gifts, the Company at its own costs sent reminder letters to brokerage firms to ask for their assistance in informing those non-registered shareholders of the gift redemption arrangement.

The Board adopts an open and transparent communication policy and encourages full disclosure to the public as a way to enhance corporate governance. The Board aims to provide shareholders and the public with the necessary information for them to form their own judgement on the Company. Corporate communication such as annual reports, interim reports and circulars are issued in printed form and are available on the websites of the Stock Exchange, the Company and irasia.com.

CORPORATE SOCIAL RESPONSIBILITY

- Being a corporation, the Group fulfils its social responsibility. The Group did not have a plan to lay off its staff, and salaries were paid on time when the economic condition was worsening in the financial tsunami. Also, to enhance employees' sense of belonging, the Group organizes monthly gathering to create a caring environment to staff. Benefiting from the sense of belonging of its employees, the Group has a low turnover. More than one third of the employees have been working in the Group for more than 10 years, and the overall average length of service is about 8 years. The Board believes the management team of the Group including Directors is supported by the employees.

- During the year, to express our sympathy to Sichuan earthquake victims, the Group has donated the whole amount of the brokerage commissions for a certain period to HSBC China Earthquake Relief, which was used in rescue and relief work in Sichuan.

- The Board would also like to express its appreciation to Mr. Cheung Chi Shing Kenneth ("Mr. Cheung"), a substantial shareholder of the Company, and his family for their generosity. They donated HK$1.2 million to help the victims of nationwide snow storm and earthquake in Sichuan. In October 2007, Mr. Cheung also donated HK$1.0 million to help students of the closed English Language College to continue their studies so that they could complete their courses.

- Recently, Christian Zheng Sheng College ("Zheng Sheng College") incident (relating to the rehabilitation issue to the youths) in Hong Kong has aroused the concern of the public. To continue the practice to contribute to the society, Mr. Cheung and the Company have also made a donation to support the Zheng Sheng College in relocation of a new campus.

BOARD OF DIRECTORS

According to the Listing Rules, the Company is required to have at least three independent non-executive directors ("INEDs"), and at least one of them must have appropriate professional qualifications or accounting expertise. In order to strengthen its corporate governance and elevate the function non-executive directors, the Company has appointed four INEDs in its Board, one more than as required by the Listing Rules. Also, one of the INEDs is the retiring judge of the Supreme People's Court of the People's Republic of China while two of them are professional accountants, one more than as required by Listing Rules.

As the number of the INEDs represents half of the members in the Board, there is a strong independent element which can effectively exercise independent judgment and monitor the corporate governance of the Group. Each of the INEDs has entered with the Company a service agreement with a term of two years and has made a confirmation on independency.

During the year ended 31 March 2009, the Company does not have any officer with the title of "chief executive officer" ("CEO"), the day-to-day business operations of the Group were 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. However, to have clear power and authority in the Board, Mr. Cheung Hoo Win, the executive director of the Company has been appointed as the CEO of the Company.

Nomination of directors

The Company has set up a nomination committee comprising of all INEDs. The nomination committee shall make recommendations to the Board on all new appointments or re-appointments of directors. 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 annual 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.

To make sure directors are fully aware of the responsibilities as a director, every newly appointed director is briefed his responsibilities under statute and common law, the Listing Rules, applicable legal requirements.

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 have 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.

Board meeting

During the year ended 31 March 2009, four regular board meetings and two board meetings to approve annual results and interim result were held to which 14 days' notice is given to all directors. The individual attendance of directors is set out as follows:

	Number of board meetings attended
Executive directors:	
Mr. Cheung Hoo Win (CEO)	6/6
Ms. Yeung Han Yi Yvonne	6/6
Ms. Chan Chi Mei Miranda	6/6
Ms. Zhang Yuyan	4/6
Independent non-executive directors:	
Mr. Yeung Shun Kee Edward	6/6
Mr. Li Hancheng	3/3
Mr. Lim Man San David	6/6
Mr. Chow Pat Kan	3/3
Mr. Zhao Qingji (Chairman)	Note
Mr. Lo Tsz Fung Philip	Note

Note: Mr. Zhao Qingji and Mr. Lo Tsz Fung Philip were appointed in April 2009.

Remuneration of directors

The Group has a remuneration committee with specific written terms of reference which deal with clearly with its authority and duties. The members of the remuneration committee are Mr. Yeung Shun Kee Edward (Chairman), Mr. Zhao Qingji, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip. All committee members are INEDs.

The remuneration committee's principal duties are to make recommendations to the Board on the remuneration policies 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 2009, one remuneration committee meeting was held to review the remuneration package of a director.

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

Members of remuneration committee	Number of remuneration committee meeting attended
Mr. Yeung Shun Kee Edward *(Chairman)*	1/1
Mr. Li Hancheng	0/0
Mr. Lim Man San David	1/1
Mr. Chow Pat Kan	0/0
Mr. Zhao Qingji	Note
Mr. Lo Tsz Fung Philip	Note

Note: Mr. Zhao Qingji and Mr. Lo Tsz Fung Philip were appointed in April 2009

AUDITORS' REMUNERATION

During the year, the remuneration in respect of statutory audit services by the auditors of the Company was HK$550,000, and the non-audit services was HK$78,300.

AUDIT COMMITTEE

The Company has an audit committee comprising four INEDs of the Company, namely, Mr. Lo Tsz Fung Philip, Mr. Zhao Qingji, Mr. Li Hancheng 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, two 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. Yeung Shun Kee Edward	2/2
Mr. Li Hancheng	1/1
Mr. Lim Man San David	2/2
Mr. Chow Pat Kan	1/1
Mr. Zhao Qingji	Note
Mr. Lo Tsz Fung Philip	Note

Note: Mr. Zhao Qingji and Mr. Lo Tsz Fung Philip were appointed in April 2009

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 2009, 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 "Report of the Auditors" 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.

Subject to the disclosures in 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 2009.

On behalf of the Board
Cheung Hoo Win
Director

Hong Kong 28 July 2009

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2009.

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 loss for the year ended 31 March 2009 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 28 to 94.

During the year ended 31 March 2009, the Board recommended payment of an interim dividend of HK0.18 cent per share. The dividend will be satisfied by scrip dividend wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment. The proposed dividend would be conditional on (i) the approval of the proposed interim dividend at the forthcoming special general meeting of the Company; and (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof. The circular and a notice convening the special general meeting to approve the scrip dividend scheme were dispatched to shareholders on 22 July 2009. No final dividend was paid or proposed during the year ended 31 March 2009, nor has any final dividend been proposed since the balance sheet date.

PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

SHARE CAPITAL

Details of movements in the share capital are set out in note 33 to the 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 reserves of the Company during the year are set out in note 43(b) to the financial statements. Details of movements in the reserve of the Group during the year are set out on page 31.

DISTRIBUTABLE RESERVES

At 31 March 2009, in the opinion of Directors, the Company has no distributable reserves.

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

Mr. Cheung Hoo Win	*(Chief Executive Officer)*
Ms. Yeung Han Yi Yvonne	
Ms. Chan Chi Mei Miranda	
Ms. Zhang Yuyan	

Independent Non-Executive Directors

Mr. Zhao Qingji	*(Chairman)*	(appointed on 6 April 2009)
Mr. Lo Tsz Fung Philip		(appointed on 6 April 2009)
Mr. Li Hancheng		(appointed on 5 December 2008)
Mr. Yeung Shun Kee Edward		
Mr. Lim Man San David		(resigned on 6 April 2009)
Mr. Chow Pat Kan		(resigned on 5 December 2008)

In accordance with the Company's Bye-laws 102(B), Mr. Zhao Qingji, Mr. Lo Tsz Fung Philip and Mr. Li Hancheng shall retire and be eligible for re-election at the forthcoming annual general meeting.

In accordance with the Company's bye-laws 182(vi), Mr. Cheung Hoo Win and either of Ms. Chan Chi Mei Miranda or Ms. Yeung Han Yi Yvonne 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.

Reference is made to the announcement of the Company dated 8 April 2009. As Mr. Zhao Qingji will devote more time to the Company, on 1 June 2009, his remuneration was adjusted to HK$200,000 per annum with other terms of his service contract remain unchanged. Mr. Zhao was appointed as Chairman of of the Company in July 2009.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2009, 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 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:

Name of Directors	Number of ordinary shares of HK$0.01 each held and nature of interest			Shareholding percentage
	Family interests	Personal Interests	Total	
Ms. Yeung Han Yi 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 was 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 2009, 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 2009, 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 2009, the Company had been notified of the following interests in the Company:

	Number of ordinary shares of HK$0.01 each held	Shareholding 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%
Gloryrise Group Limited (Note 4)	370,000,000	19.77%
Tai Kwok Leung, Alexander (Note 4)	370,000,000	19.77%

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 has not received valid notification pursuant to the SFO from Shalini R Daswani.

4. The Company had entered into an option agreement (the "Option Agreement") with Gloryrise Group Limited ("Gloryrise") on 7 June 2007, pursuant to which Gloryrise conditionally agreed to subscribe and the Company conditionally agreed to grant options which, upon full exercise, would entitle the holder of the options to require the Company to allot and issue up to 370,000,000 shares at the subscription price of HK$8,880,000 in total (equivalent to HK$0.024 per share). Gloryrise is hence interested in the 370,000,000 underlying shares that may fall to be issued under the Option Agreement.

   As at the date of this report, the conditions precedent had not been fulfilled.

   Mr. Tai Kwok Leung, Alexander beneficially owns the entire issued share capital of Gloryrise, and is therefore deemed to be interested in the 370,000,000 underlying shares that may fall to be issued under the Option Agreement.

5. 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).

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 55% and 82%, respectively, of the Group's total sales, whereas purchases from the Group's single largest and five largest suppliers combined accounted for 14% and 43%, 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

SHINEWIING (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 year ended 31 March 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, 28 July 2009

信永中和 ShineWing

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 28 to 94, which comprise the consolidated balance sheet as at 31 March 2009, 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 2009 and of its loss 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 27 to the consolidated financial statements which indicates that the interest in a joint venture is continuously classified as assets held-for-sale while the deposit received from the joint venture partner is included in other payables as a current liability as at 31 March 2009. However, we have not been provided with sufficient evidence to satisfy ourselves about the appropriateness of the classification of this interest in a joint venture and deposit received from the joint venture partner as current asset and current liability respectively.

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

Hong Kong
28 July 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	8	**132,146**	187,604
Revenue		**54,125**	51,278
Cost of sales		**(43,535)**	(31,636)
Gross profit		**10,590**	19,642
Other income	8	**5,335**	11,359
Administrative expenses		**(25,749)**	(27,428)
Selling and distribution expenses		**(1,452)**	(1,423)
Change in fair value of investment properties		**4,000**	10,000
Change in fair value of financial assets at fair value through profit or loss		**(7,737)**	965
(Loss) gain on disposal of listed trading securities		**(2,555)**	22,128
Gain on disposal of available-for-sale investment		**–**	153
Impairment loss recognised in respect of trade receivables		**(625)**	(643)
Reversal of impairment loss recognised in respect of trade receivables		**153**	16
Impairment loss recognised in respect of other receivables		**(319)**	(16,885)
Impairment loss recognised in respect of loan receivables		**(120)**	(2,326)
Reversal of impairment loss recognised in respect of loan receivables		**454**	252
Bad debt recovery for loan receivables		**96**	1,373
Finance costs	9	**(578)**	(1,333)
(Loss) profit before tax		**(18,507)**	15,850
Income tax expense	10	**(87)**	(1,551)
(Loss) profit for the year	11	**(18,594)**	14,299
Attributable to:			
Equity holders of the Company		**(18,818)**	18,549
Minority interests		**224**	(4,250)
		(18,594)	14,299
(Loss) earnings per share	15		
Basic		**(HK1.01 cents)**	HK0.99 cents

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Plant and equipment	16	**2,188**	2,138
Investment properties	17	**78,000**	74,000
Available-for-sale investment	18	**230**	183
		80,418	76,321
Current assets			
Inventories	19	**156**	498
Loan receivables	20	**17,639**	28,581
Trade and bills receivables	21	**8,797**	9,321
Other receivables, deposits and prepayments	22	**5,477**	4,773
Financial assets at fair value through profit or loss	23	**4,973**	14,960
Tax recoverable		**114**	–
Client trust funds	24	**15,446**	11,746
Pledged bank deposit	25	**5,000**	5,000
Bank balances and cash	26	**25,507**	32,927
		83,109	107,806
Interest in a joint venture held-for-sale	27	**178,080**	174,776
Current liabilities			
Trade and bills payables	28	**18,143**	16,566
Other payables and accruals	29	**122,196**	122,198
Tax liabilities		**1,334**	1,307
Derivative financial instruments – options	30	**–**	989
Bank borrowings – due within one year	31	**6,875**	4,688
Obligations under finance leases – due within one year	32	**78**	–
		148,626	145,748
Net current assets		**112,563**	136,834
Total assets less current liabilities		**192,981**	213,155
Non-current liabilities			
Bank borrowings – due after one year	31	**11,936**	13,832
Obligations under finance leases – due after one year	32	**269**	–
		12,205	13,832
Net assets		**180,776**	199,323

	Notes	**2009** **HK$'000**	2008 HK$'000
Capital and reserves			
Share capital	33	**18,712**	18,712
Reserves		**123,233**	142,004
Equity attributable to equity holders of the Company		**141,945**	160,716
Minority interests		**38,831**	38,607
Total equity		**180,776**	199,323

The consolidated financial statements on pages 28 to 94 were approved and authorised for issue by the Board of Directors on 28 July 2009 and are signed on its behalf by:

Chan Chi Mei Miranda
Director

Zhang Yuyan
Director

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000 note 35(a)	Contributed surplus HK$'000 note 35(b)	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2007	18,712	35,831	6,040	571,147	599,433	(58)	(1,088,952)	142,153	42,857	185,010
Change in fair value of available-for-sale investment and net income recognised directly in equity	–	–	–	–	–	10	–	10	–	10
Transfer to profit or loss on sales of available-for-sale investment	–	–	–	–	–	4	–	4	–	4
Profit for the year	–	–	–	–	–	–	18,549	18,549	(4,250)	14,299
Total recognised income and expenses for the year	–	–	–	–	–	4	18,549	18,553	(4,250)	14,303
At 31 March 2008 and 1 April 2008	18,712	35,831	6,040	571,147	599,433	(44)	(1,070,403)	160,716	38,607	199,323
Change in fair value of available-for-sale investment and net income recognised directly in equity	–	–	–	–	–	47	–	47	–	47
Loss for the year and total recognised income and expenses for the year	–	–	–	–	–	–	(18,818)	(18,818)	224	(18,594)
At 31 March 2009	**18,712**	**35,831**	**6,040**	**571,147**	**599,433**	**3**	**(1,089,221)**	**141,945**	**38,831**	**180,776**

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	(18,507)	15,850
Adjustments for:		
Depreciation	601	608
Change in fair value of derivative financial instruments – options	–	989
Finance costs	578	1,333
Allowance for inventories	192	–
Reversal of allowance for inventories	–	(18)
Dividend income	(57)	(28)
Interest income	(423)	(525)
Loss on disposals of plant and equipment	7	160
Change in fair value of financial assets at fair value through profit or loss	7,737	(965)
Change in fair value of investment properties	(4,000)	(10,000)
Gain on disposal of available-for-sale investment	–	(153)
Impairment loss recognised in respect of trade receivables	625	643
Reversal of impairment loss recognised in respect of trade receivables	(153)	(16)
Impairment loss recognised in respect of loan receivables	120	2,326
Reversal of impairment loss recognised in respect of loan receivables	(454)	(252)
Impairment loss recognised in respect of other receivables	319	16,885
Operating cash flows before movements in working capital	(13,415)	26,837
Decrease (increase) in inventories	150	(448)
Decrease (increase) in trade and bills receivables	52	(6,117)
Decrease (increase) in loan receivables	11,276	(9,150)
(Increase) decrease in other receivables, deposits and prepayments	(1,383)	1,033
Decrease (increase) in financial assets at fair value through profit or loss	2,250	(3,486)
Increase in trade and bills payables	1,577	5,100
Increase in other payables and accruals	4,518	15,258
Dividend received	57	28
Effect of foreign exchange in respect of interest in a joint venture held-for-sale	(3,304)	(17,478)
Cash generated from operations	1,778	11,577
Hong Kong Profits Tax (paid) refunded	(174)	281
NET CASH FROM OPERATING ACTIVITIES	1,604	11,858

	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES		
Interest received	423	525
Purchases of plant and equipment	(151)	(1,488)
Increase in client trust funds	(3,700)	(2,509)
Proceeds from disposal of available-for-sale investment	–	211
Proceeds from disposal of plant and equipment	7	1,170
Deposit received from a joint venture held-for-sale	–	83,333
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(3,421)	81,242
FINANCING ACTIVITIES		
Deposit refunded in respect of subscription of new shares	(3,520)	–
Deposit received in respect of options granted	–	1,000
Repayments of bank borrowings	(1,896)	(75,896)
Interest paid	(578)	(1,333)
Repayments of obligations under finance leases	(167)	–
NET CASH USED IN FINANCING ACTIVITIES	(6,161)	(76,229)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,978)	16,871
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	30,135	14,810
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,629)	(1,546)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20,528	30,135
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS, represented by:		
Bank balances and cash	25,507	32,927
Bank overdrafts – secured	(4,979)	(2,792)
	20,528	30,135

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 (together with the Company collectively referred to as the "Group") are set out in note 42.

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation ("INT") 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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)*

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[5]
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-INT 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC)-INT 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

3 Effective for annual periods beginning on or after 1 January 2009.

4 Effective for annual periods beginning on or after 1 July 2009.

5 Effective for annual periods beginning on or after 1 July 2008.

6 Effective for annual periods beginning on or after 1 October 2008.

7 Effective for annual periods ending on or after 30 June 2009.

8 Effective for transfers of assets from customers received on or after 1 July 2009.

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

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the result 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 certain financial instruments and investment properties, 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 the 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.

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

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

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

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents 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) revenue from trading of securities and securities dealing is recognised on the trade dates basis;

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

(d) interest income from a financial asset 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;

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write-off the cost of items of plant and equipment over their estimated useful lives, using the reducing balance method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

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

Investment properties

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing (Continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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.

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.

Borrowing costs

All borrowing costs are recognised as and included in finance cost in the consolidated income statement 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.

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.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

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

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 or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into 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.

Interest income is recognised on an effective interest basis for debt instruments.

3. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Financial instruments (Continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL mainly financial assets held for trading.

A financial asset 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.

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 loan receivables, trade and bills receivables, other receivables and deposits, 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).

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).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

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 affected.

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.

For certain categories of financial asset, such as loan receivables, trade and bills 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 up to 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Impairment loss of financial assets (Continued)

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

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into 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 accruals, bank borrowings and obligations under finance leases are subsequently measured at amortised cost, using the effective interest rate method.

3. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Financial instruments (Continued)

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.

Derecognition

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

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

Impairment losses on tangible assets

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.

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.

4. CRITICAL ACCOUNTING JUDGEMENTS 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.

The following are the estimations 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.

(i) Estimated useful lives of plant and equipment

The Group's carrying values of plant and equipment as at 31 March 2009 was approximately HK$2,188,000 (2008: approximately HK$2,138,000). The Group depreciates the plant and equipment over the estimated useful lives, using the reducing balance method, at the rate of 15 – 25% per annum, commencing from the date the 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 plant and equipment. The Group assesses annually the useful lives of plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

(ii) Estimated impairment loss of trade receivables, loan receivables and other receivables

The policy for making impairment loss on trade receivables, loan receivables and other 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 are deterioring, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(iii) Carrying amount of interest in a joint venture held-for-sale

In connection with the carrying amount of interest in a joint venture held-for-sale, the Group performs individual assessment on the evaluation of collectability of remaining the balance of judgement amount RMB82,298,300 (equivalent to approximately HK$93,171,000) as at 31 March 2009.

The directors consider the remaining balance of judgement amount of HK$93,171,000 is fully recoverable and no impairment loss was recognised in the consolidated income statement for the year ended 31 March 2009.

(iv) Classification of interest in a joint venture held-for-sale and deposit received from the joint venture partner

In connection with the classification of interest in a joint venture held-for-sale and deposit received from the joint venture partner, the directors considered the arbitration judgement in regarding to the disposal of interest in joint venture is still valid and expects the disposal transaction will be completed on or before 31 March 2010. Therefore, the Group's interest in a joint venture continue to be classified as interest in a joint venture held-for-sale as at 31 March 2009 and the deposit received from the joint venture partner is included in other payables as a current liability as at 31 March 2009.

(v) Pending litigations of the Group

In connection with the Group's pending litigations as at 31 March 2009, the directors assess the relevant facts and circumstances and considered the appropriateness of provisions, if any, to be made, based on legal advice obtained.

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 shareholders' 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 disclosed in note 31, obligations under finance leases 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 and share options, 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 2009 and 31 March 2008.

6. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**4,973**	14,960
Loan and receivables		
– loan receivables	**17,639**	28,581
– trade and bills receivables	**8,797**	9,321
– other receivables and deposits	**4,910**	2,803
– client trust funds	**15,446**	11,746
– pledged bank deposit	**5,000**	5,000
– bank balances and cash	**25,507**	32,927
	77,299	90,378
Available-for-sale investment	**230**	183
	82,502	105,521
Financial liabilities		
Derivative financial instruments – options	**–**	989
Other financial liabilities at amortised cost		
– trade and bills payables	**18,143**	16,566
– other payables and accruals	**9,841**	5,856
– bank borrowings	**18,811**	18,520
– obligations under finance leases	**347**	–
	47,142	40,942
	47,142	41,931

6. FINANCIAL INSTRUMENTS *(Continued)*

b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank borrowings and obligations under finance leases. 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, loan receivables, trade and bills receivables, other receivables and deposits, client trust funds, pledged bank deposit, bank balances and cash, available-for-sale investment, trade and bills payables and other payables and accruals, which arise directly from its operations. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price 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 management considers the Group does not expose to significant foreign currency risk as majority of its operations and transaction are denominated in the functional currencies of the group entity. 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.

The directors consider the Group do not have significant currency risk exposure.

ii) Interest rate risk

The Group is exposed to fair value interest rate risk of fixed-rate bank deposits and obligations under finance leases (see notes 25 and 32 respectively for details).

The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank borrowings (note 31) and bank balances (note 26). 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.

6. *FINANCIAL INSTRUMENTS (Continued)*

b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

ii) Interest rate risk (Continued)

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate bank borrowings and bank balances at the balance sheet date. The analysis is prepared assuming financial instruments outstanding at the balance sheet date were outstanding for the whole year. A 50 (2008: 50) basis points 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 (2008: 50) basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2009 would decrease/increase by approximately HK$94,000 (2008: profit for the year would increase/decrease by approximately HK$93,000).

iii) 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 FVTPL (note 23) and available-for-sale investment (note 18) as at 31 March 2009. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the balance sheet date. The Group's unlisted securities are valued at quoted prices provided by the financial institution. In addition, the Group monitors the price risk exposure and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the Group's exposure to equity price risks at the balance sheet date.

If the price of the respective equity instruments had been 5% (2008: 5%) higher/lower, the loss for the year ended 31 March 2009 would decrease/increase by approximately HK$249,000 (2008: profit would increase/decrease by approximately HK$748,000) for the Group, as a result of the changes in fair value of financial assets at FVTPL.

6. FINANCIAL INSTRUMENTS *(Continued)*

b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

iii) Other price risk (Continued)

If the price of the respective equity instruments had been 5% (2008: 5%) higher/lower, the investment revaluation reserve would increase/decrease by HK$12,000 (2008: HK$9,000) for the Group, as a result of the changes in fair value of available-for-sale investment.

Credit risk

The loan receivables, trade and bills receivables, other receivables, pledged bank deposit and bank balances 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 dealing, broking and financial business, 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. The Group's current credit practices include assessment and valuation of customer's credit reability and periodic assessment of their financial ability to determine credit limits to be granted.

The Group has its credit risk concentrated in top five largest customers. As at 31 March 2009, approximately 82% (2008: 70%) of the Group's trade receivables from top five largest customers.

6. FINANCIAL INSTRUMENTS *(Continued)*

b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group has no significant concentration of credit risk, with exposure spread over a number of counter parties, for the Group's loan receivables.

The credit risk on pledged bank deposit and bank balances is limited because the counterparties are banks with high credit rating.

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.

Maturity analysis

The following table details the Group's remaining contractual maturities for its financial liabilities as at 31 March 2009 and 31 March 2008. 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. The table includes both interest and principal cash flows.

6. *FINANCIAL INSTRUMENTS* *(Continued)*

b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Maturity analysis (Continued)

As at 31 March 2009

	Effective interest rate	**On demand/ within one year** *HK$'000*	**One year to two years** *HK$'000*	**Over two years** *HK$'000*	**Total contractual undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Trade and bills payables	**–**	**18,143**	**–**	**–**	**18,143**	**18,143**
Other payables and accruals	**–**	**9,841**	**–**	**–**	**9,841**	**9,841**
Bank borrowings	**2.25%**	**7,166**	**2,145**	**10,298**	**19,609**	**18,811**
Obligations under finance leases	**5.28%**	**94**	**95**	**197**	**386**	**347**
		35,244	**2,240**	**10,495**	**47,979**	**47,142**

As at 31 March 2008

	Effective interest rate	On demand/ within one year *HK$'000*	One year to two years *HK$'000*	Over two years *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Trade and bills payables	–	16,566	–	–	16,566	16,566
Other payables and accruals	–	5,856	–	–	5,856	5,856
Bank borrowings	2.5%	5,047	2,188	12,443	19,678	18,520
		27,469	2,188	12,443	42,100	40,942

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 (excluding derivative instruments) with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market bid prices and ask prices, respectively;

– the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

– the fair value of derivative instruments in calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost 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 reporting.

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 frozen foods, 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 investments segment engages in investments for an identified long-term purpose; and

– the corporate segment comprises corporate income and expense items.

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	Securities dealing and broking services	Financing	Trading of securities	Property development and investment	Strategic investments	Corporate	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2009									
Segment revenue									
External sales	41,448	8,960	3,660	57	–	–	–	–	54,125
Inter-segment sales*	–	1,354	–	–	1,200	–	16,277	(18,831)	–
	41,448	10,314	3,660	57	1,200	–	16,277	(18,831)	54,125
Segment result	(2,434)	(328)	(1,125)	(2,498)	226	(6,712)	(1,029)	(354)	(14,254)
Change in fair value of investment properties	–	–	–	–	4,000	–	–	–	4,000
Change in fair value of financial assets at fair value through profit or loss	–	–	–	(7,737)	–	–	–	–	(7,737)
Impairment loss recognised in respect of trade receivables	(584)	(41)	–	–	–	–	–	–	(625)
Reversal of impairment loss recognised in respect of trade receivables	153	–	–	–	–	–	–	–	153
Impairment loss recognised in respect of other receivables	–	–	–	–	–	(319)	–	–	(319)
Impairment loss recognised in respect of loan receivables	–	–	(120)	–	–	–	–	–	(120)
Reversal of impairment loss recognised in respect of loan receivables	–	206	248	–	–	–	–	–	454
Bad debt recovery for loan receivables	–	96	–	–	–	–	–	–	96
Bank interest income									423
Finance costs									(578)
Loss before tax									(18,507)
Income tax expense									(87)
Loss for the year									(18,594)
As at 31 March 2009									
Segment assets	6,937	30,741	1,933	9,739	78,036	179,658	3,942	–	310,986
Unallocated assets									30,621
Consolidated total assets									341,607
Segment liabilities	1,922	23,084	460	300	29	106,294	8,250	–	140,339
Unallocated liabilities									20,492
Consolidated total liabilities									160,831
For the year ended 31 March 2009									
Other information									
Depreciation	3	142	–	–	177	–	279	–	601
Loss on disposals of plant and equipment	–	–	–	–	–	–	7	–	7
Reversal of allowance for inventories	192	–	–	–	–	–	–	–	192
Capital expenditure	–	122	–	–	–	–	543	–	665

* Inter-segment sales are charged at prevailing market rates.

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	Eliminations	Consolidated
	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									
Segment revenue									
External sales	27,225	17,102	6,923	28	–	–	–	–	51,278
Inter-segment sales*	–	184	–	–	1,200	–	11,042	(12,426)	–
	27,225	17,286	6,923	28	1,200	–	11,042	(12,426)	51,278
Segment result	(2,017)	3,829	599	21,994	373	2,277	(1,184)	(2,118)	23,753
Change in fair value of investment properties	–	–	–	–	10,000	–	–	–	10,000
Change in fair value of financial assets at fair value through profit or loss	–	–	–	965	–	–	–	–	965
Gain on disposal of available-for-sale investment	–	–	–	–	–	153	–	–	153
Impairment loss recognised in respect of trade receivables	(501)	(142)	–	–	–	–	–	–	(643)
Reversal of impairment loss recognised in respect of trade receivables	–	16	–	–	–	–	–	–	16
Impairment loss recognised in respect of other receivables	–	–	–	–	–	(16,885)	–	–	(16,885)
Impairment loss recognised in respect of loan receivables	–	(2,149)	(177)	–	–	–	–	–	(2,326)
Reversal of impairment loss recognised in respect of loan receivables	–	–	252	–	–	–	–	–	252
Bad debt recovery for loan receivables	–	–	1,373	–	–	–	–	–	1,373
Bank interest income									525
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	7,202	38,118	2,422	19,236	74,905	176,755	2,338	–	320,976
Unallocated assets									37,927
Consolidated total assets									358,903
Segment liabilities	2,951	18,824	422	–	272	104,246	13,038	–	139,753
Unallocated liabilities									19,827
Consolidated total liabilities									159,580
For the year ended 31 March 2008									
Other information									
Depreciation	9	116	–	–	1	–	482	–	608
Loss on disposals of plant and equipment	122	–	–	–	–	–	38	–	160
Reversal of allowance for inventories	(18)	–	–	–	–	–	–	–	(18)
Capital expenditure	–	323	–	–	840	–	325	–	1,488

* Inter-segment sales are charged at prevailing market rates.

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:

	2009 *HK$'000*	2008 *HK$'000*
Hong Kong	**122,684**	171,393
Europe	**5,402**	9,308
North America	**3,945**	4,982
PRC	**115**	1,921
	132,146	187,604

	Segment assets		**Capital expenditure**	
	2009 *HK$'000*	2008 *HK$'000*	**2009** *HK$'000*	2008 *HK$'000*
Hong Kong	**128,378**	141,766	**665**	1,488
PRC	**182,608**	179,210	**–**	–
	310,986	320,976	**665**	1,488

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 from margin and other financing and dividend income are analysed as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Turnover comprises:		
Sales of securities	**78,021**	136,326
Sale of goods	**41,448**	27,225
Commission and brokerage income from securities dealing	**8,960**	17,102
Interest income from margin and other financing	**3,660**	6,923
Dividend income	**57**	28
	132,146	187,604
Other income comprises:		
Interest income	**423**	525
Gain on foreign exchange	**1,770**	9,398
Compensation received	**673**	–
Sundry income	**2,469**	1,436
	5,335	11,359

9. FINANCE COSTS

	2009 **HK$'000**	2008 HK$'000
Interest on:		
– bank overdrafts and bank borrowings wholly repayable within five years	**451**	1,291
– obligations under finance leases	**19**	–
– deposits received in respect of termination of proposed subscription of new shares	**108**	42
	578	1,333

10. INCOME TAX EXPENSE

	2009 **HK$'000**	2008 HK$'000
Hong Kong Profits Tax		
Underprovision in prior years	**–**	718
Current year	**87**	833
Income tax expense for the year	**87**	1,551

On 26 June 2008, the Hong Kong Legislative Council passed to the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profits for the year.

10. INCOME TAX EXPENSE *(Continued)*

The income tax expenses for the year can be reconciled to the (loss) profit before tax per the consolidated income statement as follows:

	2009 ***HK$'000***	2008 *HK$'000*
(Loss) profit before tax	**(18,507)**	15,850
Tax at domestic income tax rate of 16.5% (2008: 17.5%)	**(3,054)**	2,774
Tax effect of expenses not deductible for tax purpose	**1,390**	3,442
Tax effect of income not taxable for tax purpose	**(1,561)**	(4,057)
Tax effect of tax losses not recognised	**3,369**	1,787
Underprovision in prior years	**–**	718
Utilisation of tax loss previously not recognised	**(57)**	(3,162)
Others	**–**	49
Income tax expense for the year	**87**	1,551

As at 31 March 2009, the Group has unused tax losses of approximately HK$302,214,000 (2008: HK$282,143,000) 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. (LOSS) PROFIT FOR THE YEAR

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

	2009 *HK$'000*	2008 *HK$'000*
Staff costs (including directors' remuneration):		
– Salaries, allowances and other benefits	**12,662**	9,962
– Retirement benefit scheme contributions	**476**	446
	13,138	10,408
Auditor's remuneration	**550**	580
Depreciation	**601**	608
Loss on disposals of plant and equipment	**7**	160
Minimum lease payments under operating leases for land and buildings	**1,642**	1,313
Cost of inventories recognised as an expense	**39,658**	24,920
Allowance for inventories	**192**	–
Reversal of allowance for inventories	**–**	(18)

12. DIRECTORS' REMUNERATION

The remuneration paid or payable to each of eight (2008: eight) directors were as follows:

Name of director	Fees	Salaries and other benefits	Performance related incentive payments	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2009					
Cheung Hoo Win	–	420	18	12	450
Yeung Han Yi Yvonne	–	678	28	36	742
Chan Chi Mei Miranda	–	570	16	29	615
Zhang Yuyan	–	150	–	–	150
Lim Man San David (note c)	80	–	–	–	80
Yeung Shun Kee Edward	130	–	–	–	130
Chow Pat Kan (note a)	80	–	–	–	80
Li Hancheng (note b)	32	–	–	–	32
	322	1,818	62	77	2,279

Notes:

(a) Resigned on 5 December 2008

(b) Appointed on 5 December 2008

(c) Resigned on 6 April 2009

12. DIRECTORS' REMUNERATION *(Continued)*

Name of director	Fees	Salaries and other benefits	Performance related incentive payments	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2008					
Cheung Hoo Win	–	437	–	12	449
Yeung Han Yi Yvonne	–	694	–	35	729
Chan Chi Mei Miranda	–	579	250	29	858
Zhang Yuyan	–	150	–	–	150
Wu Ho Fai David (note d)	–	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

Note:

(d) Resigned on 2 August 2007

No directors waived or agree to waive any emoluments for the two years ended 31 March 2009 and 31 March 2008. No emoluments have been paid to the directors of the Company or as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2009 and 31 March 2008.

The performance related incentive payments to directors are determined by the remuneration committee having regard to the performance of individuals and market trends.

13. EMPLOYEES' EMOLUMENTS

During the year, the five highest paid individuals included three directors (2008: three directors) of the Company, whose emoluments have been included in note 12 above. The emoluments of the remaining two individuals (2008: two individuals) for the year ended 31 March 2009 and 31 March 2008 were as follows:

	2009 *HK$'000*	2008 *HK$'000*
Salaries, allowances and other benefits	**1,265**	804
Retirement benefit scheme contributions	**31**	23
	1,296	827

No emoluments have been paid to the directors of the Company or as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2009 and 31 March 2008.

Their emoluments were within the following band:

	No. of employees	
	2009	2008
– Nil to HK$1,000,000	**2**	2

14. DIVIDEND

	2009 *HK$'000*	2008 *HK$'000*
Proposed interim dividend	**3,368**	–
Proposed final dividend	**–**	4,117
	3,368	4,117

14. DIVIDEND *(Continued)*

During the year ended 31 March 2009, the board of directors ("Board") recommended payment of an interim dividend of HK0.18 cent per share. The dividend will be satisfied by scrip dividend wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment. The proposed dividend would be conditional on (i) the approval of the proposed interim dividend at the forthcoming special general meeting (the "SGM") of the Company, (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof. The circular and a notice convening a SGM to approve the scrip dividend scheme were dispatched to shareholders on 22 July 2009. No final dividend was paid or proposed during the year ended 31 March 2009, nor has any final dividend been proposed since the balance sheet date.

During the year ended 31 March 2008, the Board recommended payment of a final dividend of 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 then annual general meeting (the "AGM") 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 AGM. However, as the trading in shares of the Company had not been resumed during stipulated period, the final dividend proposed for the year ended 31 March 2008 could not be proceeded.

15. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share for the year is based on the loss for the year attributable to equity holders of the Company of approximately HK$18,818,000 (2008: profit of approximately HK$18,549,000) and the weighted average number of 1,871,188,679 (2008: 1,871,188,679) ordinary shares in issue during the year.

No diluted (loss) earnings per share has been presented for the years ended 31 March 2009 and 2008 as there were no potential ordinary shares outstanding for both years.

16. PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 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 and 1 April 2008	1,440	4,242	1,645	7,327
Additions	7	155	503	665
Disposals	–	(25)	(7)	(32)
At 31 March 2009	**1,447**	**4,372**	**2,141**	**7,960**
ACCUMULATED DEPRECIATION				
At 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 and 1 April 2008	1,230	3,391	568	5,189
Charge for the year	77	195	329	601
Eliminated on disposals	–	(16)	(2)	(18)
At 31 March 2009	**1,307**	**3,570**	**895**	**5,772**
CARRYING VALUES				
At 31 March 2009	**140**	**802**	**1,246**	**2,188**
At 31 March 2008	210	851	1,077	2,138

16. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a reducing balance method at the following rates per annum:

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

At 31 March 2009, the carrying amount of the motor vehicles held by the Group under finance leases amounted to approximately HK$398,000 (2008: nil).

17. INVESTMENT PROPERTIES

	2009 **HK$'000**	2008 *HK$'000*
FAIR VALUE		
At 1 April	**74,000**	15,000
Change in fair value recognised during the year	**4,000**	10,000
Transfer from property held for redevelopment	**–**	49,000
At 31 March	**78,000**	74,000
Leasehold properties situated in Hong Kong held under medium-term lease	**78,000**	74,000

The investment properties were valued on 31 March 2009 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 in the same locations and conditions.

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

At the balance sheet date, the investment properties of HK$78,000,000 (2008: HK$74,000,000) were pledged to secure the banking facilities granted to the Group as details stated in note 37.

18. AVAILABLE-FOR-SALE INVESTMENT

	2009 *HK$'000*	2008 *HK$'000*
Listed equity investments issued by corporate entities at fair value – listed in Hong Kong	**230**	183

19. INVENTORIES

	2009 *HK$'000*	2008 *HK$'000*
Raw materials	**537**	687
Less: allowance for inventories	**(381)**	(189)
	156	498

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 has been recognised in the consolidated income statement.

20. LOAN RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Securities dealing and broking services		
– secured margin loans (note)	**25,312**	35,841
Less: Impairment loss recognised	**(9,587)**	(9,673)
	15,725	26,168
Financing business		
– unsecured loans	**19,604**	20,351
Less: Impairment loss recognised	**(17,690)**	(17,938)
	1,914	2,413
	17,639	28,581

Note:

Secured 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 2009, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$52 million (2008: HK$225 million).

20. LOAN RECEIVABLES *(Continued)*

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

	2009	2008
	HK$'000	*HK$'000*
Within 6 months	**189**	1,943
7 to 12 months	**838**	405
Over 1 year	**887**	65
	1,914	2,413

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 365 days	Over 1 year
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2009	**1,914**	**85**	**84**	**558**	**1,116**	**71**
31 March 2008	2,413	46	1,780	118	405	64

At each of the balance sheet date, the Group's loan receivables were individually determined to be impaired. The individually impaired loan receivables are recognised based on the credit history of its client, such as financial difficulties or default in payments, sufficiency of collateral and current market conditions. Consequently, specific impairment provision was recognised.

20. LOAN RECEIVABLES *(Continued)*

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 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.

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

	Financing business		Margin clients	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At 1 April	**17,938**	18,379	**9,673**	8,446
Bad debts written-off	**–**	(366)	**–**	(922)
Impairment loss recognised for the year	**–**	177	**120**	2,149
Reversal of impairment loss recognised for the year	**(248)**	(252)	**(206)**	–
At 31 March	**17,690**	17,938	**9,587**	9,673

All loan receivables are denominated in Hong Kong dollars.

21. 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.

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**9,797**	9,385
Bills receivables	**725**	1,189
	10,522	10,574
Less: Impairment losses recognised	**(1,725)**	(1,253)
	8,797	9,321

	2009	2008
	HK$'000	*HK$'000*
Balance in relation to:		
– securities dealing and broking services	**2,094**	2,734
– general trading and others	**6,703**	6,587
	8,797	9,321

21. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2009	2008
	HK$'000	*HK$'000*
Within 6 months	**8,208**	8,148
7 to 12 months	**448**	471
Over 1 year	**141**	702
	8,797	9,321

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

	2009	2008
	HK$'000	*HK$'000*
At 1 April	**1,253**	648
Bad debts written-off	**–**	(22)
Impairment loss recognised for the year	**625**	643
Reserval of impairment loss recognised for the year	**(153)**	(16)
At 31 March	**1,725**	1,253

At each of the balance sheet date, the Group's trade and bills receivables were individually determined to be impaired. The individually impaired trade and bills receivables are recognised based on the credit history of its client, such as financial difficulties or default payments and current market conditions. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances.

21. TRADE AND BILLS RECEIVABLES *(Continued)*

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 365 days	1 to 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2009	**8,797**	**6,279**	**1,155**	**774**	**448**	**141**
31 March 2008	9,321	6,222	1,596	330	471	702

The Group's past due but not 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 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:

	2009	2008
	HK$'000	*HK$'000*
Euro ("EUR")	**–**	30
USD	**1,098**	2,657

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	2009	2008
	HK$'000	*HK$'000*
At 1 April	**16,885**	–
Impairment loss recognised for the year	**319**	16,885
At 31 March	**17,204**	16,885

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Included in other receivables as at 31 March 2009 was an amount due from a related party of the Group, as disclosed in note 39(c) HK$814,000 (2008: nil). The balance was unsecured, interest free and repayable on demand. The maximum balance outstanding during the year was approximately HK$814,000 (2008: HK$nil).

Such amount had been repaid by the related party subsequent to year end.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009 *HK$'000*	2008 *HK$'000*
Fair value:		
Listed securities issued by corporate entities		
– listed in Hong Kong	**4,264**	13,450
Unlisted securities issued by financial institution	**709**	1,510
	4,973	14,960

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:

	2009 *HK$'000*	2008 *HK$'000*
Vietnam Dong ("VND")	**709**	1,510

24. CLIENT TRUST FUNDS

Client trust funds comprise short-term bank deposits of approximately HK$15,446,000 (2008: HK$11,746,000) at prevailing market rate.

25. PLEDGED BANK DEPOSIT

The bank deposit carries fixed interest rate ranging from 0.04% to 3.79% (2008: 1.74% to 4.54%) per annum and has been pledged to bank to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings. Deposit amounting to HK$5,000,000 (2008: HK$5,000,000) have been pledged to secure bank overdrafts and is therefore classified as current assets.

26. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits of approximately HK$25,492,000 (2008: HK$32,896,000) at prevailing market rate. The maturities of bank balances were within three months.

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

	2009 ***HK$'000***	2008 *HK$'000*
VND	**3**	–
EUR	**1**	1
RMB	**2,256**	2,203
USD	**64**	40

Included in the balances are bank balances of approximately HK$2,256,000 (2008: HK$2,203,000) subject to foreign exchange control regulations or not freely transferable.

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

	2009 HK$'000	2008 HK$'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	**26,246**	22,942
	178,080	174,776
Amount due to the joint venture (note 29(d))	**(20,828)**	(20,441)
Deposit received from the joint venture partner (note 29(e))	**(84,909)**	(83,333)
	72,343	71,002
Classified as:		
Current assets		
Interest in a joint-venture held-for-sale	**178,080**	174,776
Current liabilities		
Amount due to the joint venture, included in other payables (note 29(d))	**(20,828)**	(20,441)
Deposit received from the joint venture partner, included in other payables (note 29(e))	**(84,909)**	(83,333)
	72,343	71,002

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.

27. 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 decided 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 "Arbitration Judgement"), 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$178,080,000 (2008: HK$174,776,000) as at 31 March 2009 (the "judgement amount").

In prior years and current year, the Group had 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$84,909,000 (2008: HK$83,333,000)), stated as re-purchase fund (the "deposits received"), 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.

During the current year, the Group received a copy of notice from Wuhan Traffic Commission (武漢市交通委員會) which advised the Group that the operation of a section of the National Highway 318 as a toll expressway in Wuhan was transferred from the Chinese JV partner to 武漢公路橋樑建設集團有限公司 (the "new Chinese JV partner"). Therefore, the liability of repaying the remaining balance of judgement amount of RMB82,298,300 (approximately HK$93,171,000) was transferred from the Chinese JV partner to the new Chinese JV partner.

During the current year, the Group continued to negotiate with the new 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. The directors had sought legal advice and considered that the Arbitration Judgement and the disposal of the Group's interests in Dongseng is legally binding as of 31 March 2009 and up to the date on which these financial statements are approved by the directors. The directors considered the disposal will be completed before 31 March 2010. Accordingly, the directors consider it is appropriate to account for (i) the Group's interests in the joint venture of HK$178,080,000 as held-for-sale and included under current assets and (ii) the deposits received from the joint venture partner of approximately HK$84,909,000 were recorded as current liabilities as of 31 March 2009.

Pursuant to a letter of undertaking signed on 24 July 2009 by a director of the Company, the directors considered that no impairment in respect of the Group's interest in the joint venture held-for-sale is necessary and the Group's interest in the joint venture held-for-sale as at 31 March 2009 will be fully recoverable.

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

28. TRADE AND BILLS PAYABLES

	2009 HK$'000	2008 HK$'000
Trade and bills payable:		
– securities dealing and broking services	16,428	13,673
– general trading and others	1,715	2,893
	18,143	16,566

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

	2009 HK$'000	2008 HK$'000
Within 6 months	13,016	13,344
7 to 12 months	1,708	1,117
Over 1 year	3,419	2,105
	18,143	16,566

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

	2009 HK$'000	2008 HK$'000
EUR	–	583
USD	47	1,309

29. 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$4,800,000 (2008: HK$8,320,000) were received from the subscribers in relation to the subscription of the new shares of the Company. The balances are unsecured and refundable upon the expiry of the long stop date as prescribed in the subscription agreement or supplementary agreement. The long stop date for fulfillment of conditions precedent of the share subscription agreement has been extended to 30 September 2009.

(b) Non-refundable deposits of approximately HK$988,000 (2008: HK$988,000) were received from the subscribers in relation to the subscription of the convertible bonds of the Company. The long stop date for fulfillment of conditions precedent of the convertible bonds subscription agreement has been extended to 31 December 2009.

(c) Non-refundable deposits of approximately HK$1,000,000 (2008: HK$1,000,000) was received by the subscriber in relation to the subscription of the share options of the Company. The long stop date of the share option subscription had been extended to 31 December 2009.

(d) The advance of approximately HK$20,828,000 (2008: HK$20,441,000) was due to the joint venture. The balance was unsecured, interest-free and repayable on demand.

(e) The original deposit of approximately HK$84,909,000 (2008: HK$83,333,000) 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 27). The deposit was non-refundable.

(f) Included in other payables and accruals was an amount due to Mr. Yeung Shun Kee Edward, an independent non-executive director of the Company. The amount is unsecured, non-interest bearing and repayable on demand.

30. DERIVATIVE FINANCIAL INSTRUMENTS – OPTIONS

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

During the year, the directors, based on valuation report obtained, considered there was a change in fair value of the outstanding options. Accordingly, the Group recorded a reversal of gain of approximately HK$989,000 in the year ended 31 March 2009.

31. BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
Secured bank borrowings comprise:		
– loans	**13,832**	15,728
– overdrafts	**4,979**	2,792
	18,811	18,520
Bank borrowings are repayable:		
– Within one year	**6,875**	4,688
– In the second year	**1,896**	1,896
– In the third to fifth years, inclusive	**10,040**	11,936
	18,811	18,520
Less: amounts due within one year shown under current liabilities	**(6,875)**	(4,688)
Amounts due after one year	**11,936**	13,832

As at 31 March 2009, the amounts are secured by certain investment properties and pledged bank deposit of the Group with aggregate net carrying value HK$78,000,000 (2008: HK$ 74,000,000) and HK$5,000,000 (2008: HK$5,000,000), respectively.

For the two years ended 31 March 2009 and 31 March 2008, the floating-rate bank loans are carrying interest at the prime rate for Hong Kong Dollars as quoted by the Bank of China minus 2.5%, and their effective interest rates ranging from 2.25% – 2.5% (2008: 2.5% – 5.25%) per annum.

For the two years ended 31 March 2009 and 31 March 2008, the floating-rate bank overdrafts are carrying interest at 1% plus the interest rate of the pledged bank deposit (note 25), and their effective interest rates ranging from 1.04% – 4.79% (2008: 2.74% – 5.54%) per annum.

Bank loans and overdrafts are denominated in Hong Kong dollars.

32. OBLIGATIONS UNDER FINANCE LEASES

Amounts payable under finance leases	**Minimum lease payments**		**Present value of minimum lease payments**	
	2009 *HK$'000*	2008 *HK$'000*	**2009** *HK$'000*	2008 *HK$'000*
Within one year	**94**	–	**78**	–
More than one year, but not exceeding two years	**95**	–	**83**	–
More than two years, but not exceeding five years	**197**	–	**186**	–
	386	–	**347**	–
Less: Future finance charges	**(39)**	–	**N/A**	N/A
Present value of lease obligations	**347**	–	**347**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(78)**	–
Amount due for settlement after 12 months			**269**	–

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 5 years (2008: nil). For the year ended 31 March 2009, the average effective borrowing rate was 5.28% per annum (2008: nil). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

All obligations under finance leases are denominated in Hong Kong dollars.

33. SHARE CAPITAL

	2009 and 2008	
	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2007, 31 March 2008 and 31 March 2009	200,000,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2007, 31 March 2008 and 31 March 2009	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 2009 and 2008, there was no outstanding share option under the Scheme.

35. RESERVES

(a) 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 Companies Act 1981 of Bermuda (the "Act"), the special capital reserve is distributable to shareholders under certain circumstances.

(b) 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 Act, the Company's contributed surplus 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:

	2009 ***HK$'000***	2008 *HK$'000*
Within one year	**1,030**	811
In the second to fifth years, inclusive	**431**	63
	1,461	874

Leases for rented premises are negotiated for an average of two years (2008: two years) and rentals are fixed for an average of two years (2008: two years).

37. PLEDGED OF ASSETS

As at 31 March 2009, the Group had pledged the following assets to secure the banking facilities granted by the financial institutions:

	2009	2008
	HK$'000	*HK$'000*
Investment properties	**78,000**	74,000
Pledged bank deposit	**5,000**	5,000
	83,000	79,000

38. CAPITAL COMMITMENTS

	2009	2008
	HK$'000	*HK$'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:

	2009	2008
	HK$'000	*HK$'000*
Short-term benefits	**2,202**	2,497
Post-employment benefits	**77**	76
	2,279	2,573

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

39. RELATED PARTY TRANSACTIONS *(Continued)*

(b) During the year, the Group entered into the following transactions with its related parties:

	2009	2008
	HK$'000	*HK$'000*
Consultancy fee paid to Mr. Cheung Chi Shing Kenneth ("Mr. Cheung")	**–**	908
Commission income from Hoowin Limited*	**123**	167

* Hoowin Limited is beneficially owned by Mr. Cheung Hoo Win.

Mr. Cheung is a substantial shareholder of the Company, the spouse of Ms. Yeung Han Yi Yvonne and the father of Mr. Cheung Hoo Win. Both Ms. Yeung Han Yi Yvonne and Mr. Cheung Hoo Win are the directors of the Company.

Total value of sales and purchases of trading securities transactions of Hoowin Limited during the year is approximately HK$49,241,000 (2008: HK$66,560,000).

The prices of the above transactions were mutually agreed by the involved parties.

(c) Save as disclosed above, as at the balance sheet date, the Group has following balance with its related parties:

	2009	2008
	HK$'000	*HK$'000*
Others receivables:		
Amount due from Mr. Cheung (note i)	**814**	–
Trade payables:		
Amount due to Hoowin Limited (note ii)	**(1,049)**	–
Other payables:		
Amount due to the joint venture (note iii)	**(20,828)**	(20,441)

39. RELATED PARTY TRANSACTIONS *(Continued)*

(c) *(continued)*

Notes:

(i) The amount is unsecured, non-interest bearing and repayable on demand. The maximum balance outstanding during the year ended 31 March 2009 amounted to approximately HK$814,000 (2008: HK$nil). The balance had been settled by Mr. Cheung subsequent to year end.

(ii) The directors and shareholders of Hoowin Limited are Mr. Cheung and Ms. Yeung Han Yi Yvonne. The amount is unsecured, non-interest bearing and repayable on demand.

(iii) The amount is unsecured, non-interest bearing and repayable on demand.

Subsequent to 31 March 2009 on 24 July 2009, a director of the Company signed a letter of undertaking in respect of a joint venture held-for-sale as at 31 March 2009.

40. LITIGATIONS

(a) In regarding to retained money

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)"), the ex-shareholder of Sheng Da Investment Holding (Hong Kong) Ltd. ("Sheng Da (HK)"), a non-wholly owned subsidiary of the Group, 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 Dongseng to retain an amount of RMB19,270,000 to be distributed to Sheng Da (HK) (the "Lawsuit"). Sheng Da (HK) is a joint venture partner of Dongseng.

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

In 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 of Hainan Province and the hearings were scheduled on 10 and 17 May 2007, respectively.

40. LITIGATIONS *(Continued)*

(a) In regarding to retained money (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 Dongseng, requesting for retaining of an amount of RMB19,270,000 from the payment of any 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 considered that, based on legal advice obtained, 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.

In July 2008, Sheng Da (HK) received an official judgment for the appeal, pursuant to which Sheng Da (HK) was ordered, among other things, (i) to pay to Hainan Wanzhong (海南萬眾) RMB19,270,000 and the late payment interest charges thereof and (ii) to be collectively liable for the costs of the legal case. The Chinese JV Partner of Sheng Da (HK) in Dongseng was requested to assist in execution of the judgment to transfer RMB27,234,582 to the accounts of the court. However, no such amount was ever been transferred by Sheng Da (HK) and the Group further appealed for the aforesaid official judgment.

In February 2009, the Group received the written ruling from the Supreme People's Court of the People's Republic of China (the "Supreme Court"), pursuant to which the case is accepted for re-examination by the Supreme Court. The directors, based on legal advice, continues to have the opinion that the Group is not liable for any debt arising from the lawsuit and the claim from Hainan Wanzhang (海南萬眾) has no ground. Accordingly, the directors considered that the Group had valid ground for the Lawsuit and no provision has been made as at 31 March 2009.

40. LITIGATIONS *(Continued)*

(b) In relation to certain past transactions of the Group

As more fully detailed in the Company's announcement dated 11 September 2008 and a supplemental circular dated 9 April 2009, it has been disclosed that the Company, as one of the defendants, and certain of its current and former directors have been served a petition by the Securities and Futures Commission (the "SFC") in relation to certain past transactions of the Group. The Petition was heard on 17 December 2008. The hearing will be restored after the submission of affirmations by respondents. The directors considered that the case does not have significant financial and operating impact to the Group.

41. NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of motor vehicle with a total capital value at the inception of leases of approximately HK$514,000 (2008: nil).

42. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2009 are as follows:

Name of subsidiaries	Place of incorporation/operations	Class of shares held	Issued and fully paid share capital	Percentage of equity attributable to the Group	Principal activities
Direct subsidiary					
Styland Enterprises Limited	Hong Kong	Ordinary	HK$2	100	Provision of management services
Indirect subsidiaries					
City Faith Investments Limited	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 investment
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
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

42. PRINCIPAL SUBSIDIARIES *(Continued)*

* 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. BALANCE SHEET OF THE COMPANY

	Notes	2009 HK$'000	2008 HK$'000
Non-current asset			
Investments in subsidiaries		–	–
Current assets			
Other receivables		1,139	313
Amounts due from subsidiaries	(a)	1,262	3,725
Bank balances and cash		18	15
		2,419	4,053
Current liability			
Deposit and accruals		7,002	11,680
		(4,583)	(7,627)
Capital and reserves			
Share capital		18,712	18,712
Reserves	(b)	(23,295)	(26,339)
		(4,583)	(7,627)

43. BALANCE SHEET OF THE COMPANY *(Continued)*

Notes:

(a) Amounts due from subsidiaries

The amounts due from subsidiaries were unsecured, interest-free and repayable on demand.

(b) Reserves

	Share premium	Capital redemption reserve	Special capital reserve	Contributed surplus	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	35,831	6,040	571,147	617,668	(1,112,748)	117,938
Loss for the year and total recognised income and expenses for the year	–	–	–	–	(144,277)	(144,277)
At 31 March 2008 and 1 April 2008	35,831	6,040	571,147	617,668	(1,257,025)	(26,339)
Profit for the year and total recognised income and expenses for the year	–	–	–	–	3,044	3,044
At 31 March 2009	**35,831**	**6,040**	**571,147**	**617,668**	**(1,253,981)**	**(23,295)**

The details of certain reserve are disclosed in the consolidated statement of changes in equity.

44. 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				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**132,146**	187,604	108,793	71,604	96,546
(LOSS)/PROFIT BEFORE TAXATION	**(18,507)**	15,850	809	(7,883)	501
TAXATION	**(87)**	(1,551)	4,790	–	(573)
(LOSS)/PROFIT BEFORE MINORITY INTERESTS	**(18,594)**	14,299	5,599	(7,883)	(72)
MINORITY INTERESTS	**(224)**	4,250	409	(6,107)	3,328
(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(18,818)**	18,549	6,008	(13,990)	3,256

ASSETS AND LIABILITIES AND MINORITY INTERESTS

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**341,607**	358,903	315,295	333,214	326,599
TOTAL LIABILITIES	**(160,831)**	(159,580)	(130,285)	(155,360)	(139,788)
MINORITY INTERESTS	**(38,831)**	(38,607)	(42,857)	(43,266)	(37,159)
	141,945	160,716	142,153	134,588	149,652

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