東 方 銀 座 控 股
Oriental Ginza Holdings
Oriental Ginza Holdings Limited

Annual Report 2007

Stock Code : 996

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

Ms. Tin Yuen Sin Carol *(Chairperson)*
Mr. Yip Ying Chi Benjamin *(Chief Executive Officer)*
Mr. Zhang Feng
Mr. Li Sai Ho
Mr. Tse Pui To Dickson
Mr. Lam Yat Ming
Mr. Fok Wai Ming Eddie

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Chan Wai Yip Freeman
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

AUDIT COMMITTEE

Mr. Chan Wai Yip Freeman *(Chairman)*
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

REMUNERATION COMMITTEE

Mr. Chan Wai Yip Freeman *(Chairman)*
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Lee Cheuk Man

LEGAL ADVISORS

Kirkpatrick & Lockhart Preston Gates Ellis
Fairbairn Catley Low & Kong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton, HM11 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2006-08, 20/F, Great Eagle Centre
23 Harbour Road, Wanchai, Hong Kong

REGISTRARS AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Industrial and Commercial Bank
of China (Asia) Limited
The Hongkong and Shanghai
Banking Corporation Limited

CONTACTS

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CHAIRMAN'S STATEMENT

CHAIRMAN’S STATEMENT

On behalf of the board (the “Board”) of the directors (the “Directors”) of Oriental Ginza Holdings Limited (the “Company”), I am pleased to present annual report of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 and wish to express sincere gratitude to our shareholders and staff for their continued support.

2007 was a remarkable year for the Group. The Board changed our name from Cash Retail Management Group Limited to Oriental Ginza Holdings Limited（東方銀座控股有限公司 as a secondary name）in September 2007, recognising the importance and opportunities to expand our existing retail-related businesses to include property investment in the People’s Republic of China (the “PRC”). We believe that the new names more appropriately reflect the overall business nature of the Group.

In terms of corporate development, I am proud to report that under the Board’s guidance, the Group’s enhanced and highly effective management structure has brought about impetus and leadership necessary to drive our business development strategies toward higher revenue and stable profit growth. Our new management was first put in place in October 2006, making 2007 the first financial year under this new management leadership structure. We have also lived up to our pledge to maintain the highest standards of corporate governance, internal control and risk management.

CHAIRMAN'S STATEMENT

In 2007, the Group no longer had any operation in Hong Kong which was discontinued in the year before. Our focus was on both property investment and retail-related businesses in Beijing. In the 12 months ended 31 December 2007, the Group generated a revenue of approximately HK$137.2 million, up 9.1% compared to the same period in 2006, total profits attributed to shareholders were approximately HK$501.5 million while earnings per share were HK$0.34. This was a remarkable turnaround in the Group's business performance since the Group had previously suffered losses for the past five consecutive years between 2002 to 2006 and now it has recorded a profit. The Directors recommend a final dividend of HK$0.0026 per share.

During the year, the Group acquired the entire equity interests in Fortune International Business Limited ("FIB") and Sunny Sky Properties Limited ("SSP") with a total consideration of HK$1,600 million. The principal assets of the acquired group comprise two commercial, residential and office complexes - Oriental Kenzo Plaza and Jing Gang City Plaza at Shilibao in Beijing, the PRC which were valued at approximately RMB3,400 million. We believe the investment will allow us to diversify our income sources and tap into the PRC property business, which we consider having substantial future growth potential in light of the rapid acceleration of the mainland economy and the appreciation of the Renminbi currency ("RMB").

In December 2007, we carefully considered the timing of our fund raising efforts, seeing that it was an appropriate opportunity for the Group to raise funds from the equity market mainly to reduce its debt levels. The Company undertook a placing, through a placing agent on a best effort basis, of a maximum of 8,000,000,000 new shares at a price of HK$0.15 per placing share. In March 2008, the placing had been successfully completed. A total of 8,000,000,000 new shares had been placed. The total net proceeds of approximately HK$1,169.8 million was used as to approximately HK$1,120 million for settlement of the outstanding balance of the consideration of the 2007 acquisition and the remaining balance of approximately HK$49.8 million as general working capital of the Group.

With the completion of the acquisition of the equity interests in FIB and SSP for the two Beijing properties and the successful completion of the recent placing exercise which geared down the Group's highly-leveraged balance sheet, I am confident that in the coming year the Group will be able to look for opportunities to enhance its property investment portfolio, with a particular focus on premium commercial premises and shopping malls. Despite the various measures introduced to regulate land supply and property activities, long-term growth prospects for the Mainland's property market remain positive, supported by solid fundamentals and strong underlying consumer demands. For this reason, we will continue to capitalise on the PRC's growth opportunities by following a disciplined approach to investment and development.

It is a pleasure for me to witness the various encouraging results of corporate reforms, management restructuring and business development programmes that were implemented progressively in 2007. These have provided us with a solid foundation upon which our future strategies for further corporate growth and development can be formulated. I am also confident, therefore, that we can achieve sustained growth in our business on various fronts and create higher value for our shareholders and customers. Finally, I take the opportunity to thank the Board of Directors for their wise counsel, and our shareholders for their continuing trust and support.

Tin Yuen Sin, Carol
Chairperson

Hong Kong, 21 April 2008

MANAGEMENT DISCUSSION & ANALYSIS

MATERIAL ACQUISITIONS OF SUBSIDIARIES

On 6 December 2007 (the "Completion Date"), the Group completed the acquisition of the entire equity interests in each of FIB and SSP and their respective shareholders' loans for a total cash consideration of HK$1.6 billion (the "FIB & SSP Acquisition"). Pursuant to the sale and purchase agreements, together with the supplemental deeds, approximately HK$480 million had been paid up to the Completion Date. In March 2008, the Group fully repaid the remaining consideration of approximately HK$1.12 billion out of the net proceeds from a placement of 8,000,000,000 new shares of the Company.

FIB and SSP are investment holding companies and their respective subsidiaries are principally engaged in property investment and development. Major assets owned by the acquired FIB group and SSP group included two commercial and residential complexes, namely Oriental Kenzo Plaza and Jing Gang City Plaza at Shilibao, in Beijing, the PRC.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

BUSINESS ENVIRONMENT

In 2007, the worldwide economy continued the trend of exceptional growth. Although the United States of America ("US") was burdened by the sub-prime mortgage crisis, there were no serious repercussions on mainland property market investments. In the PRC, despite the government tightened macro-economic control, the property market remained active with healthy increase in both volume and price, especially in first-tier cities like Beijing and Shanghai. Large retail operators are generally optimistic about the future prospects for Beijing's retail market. To this end, they have accelerated their business development, bringing about strong demand for quality retail property. This has created an increased demand for commercial property development as well as management and consultancy services, providing good opportunities for the Group's retail consulting business. It also lays a strong foundation for the Group's overall development plans in Beijing.

CHANGE OF COMPANY NAME

In 2007, the Group took proactive steps to enhance its sustainable corporate development. The Board recognises the importance and opportunities to expand the scope of business of the Group to include property investment while the existing retail-related business, including development planning consultancy services for shopping malls, store management services, advertising and promotion consultancy services and operation of retail premises are maintained. To better reflect the business operations of the Group, the change of name of the Company from CASH Retail Management Group Limited to Oriental Ginza Holdings Limited (東方銀座控股有限公司 as a secondary name) took effect on 17 October 2007.

RETAIL-RELATED CONSULTANCY AND MANAGEMENT SERVICES

Development Planning Consultancy Service for Shopping Malls

The rising overall economic prosperity in the PRC coupled with policies aimed at relaxing restrictions on foreign retailers entering the PRC have spurred a great influx of foreign retailers into major cities, especially Beijing and Shanghai. As a result, the competition from foreign retailers has boosted demand from local retailers for facilities development and management consultancy services aimed at local shopping malls.

Being a comprehensive retail property market consultancy service provider, the Group is dedicated to providing an one-stop-shop services to its customers, including feasibility studies and market research, market positioning, design and furnishing of shopping malls as well as business promotion and corporate image management in order to assist in the development, management and enhancement of shopping mall projects of its customers. Applying professional knowledge and extensive experience in this sector, the Group focused its business development in Beijing in the period under review.

Advertising and Promotion Consultancy Services

The Group offers a full range of advertising and promotion consultancy services, including advice on marketing strategies, brand management and media commercial production. Moreover, the Group organised seasonal promotional activities to increase customer traffic and stimulate consumer spending at shopping malls. During the year ended 31 December 2007, a series of successful campaigns were launched, including: "Kite-Flying Festival" ("風箏節") co-organised with The Beijing Kite-Flying Association; "Dong Feng Nissan Vehicle All-Function Competition"("東風日產汽車全能賽") co-organised with Dong Feng Nissan Passenger Vehicle Company; "Try-Ride Try-Drive Experience Festival" ("試乘試駕體驗節") co-organised with a series of famous PRC vehicle manufacturers; "Summer Movie Month" ("消夏電影月") aimed at promoting classical movies; "Parent-child Sports Day" ("親子運動會") co-organised with a famous children education organisation; and "Grand Lucky Draw" ("驚喜萬元大禮傾情送") for celebrating the grand opening of the shopping mall. All of these campaigns were well received by the public.

Operation of Retail Premises and Store Management Services

There are currently a total area of approximately 39,000 square meters of retail premises being rented by the Group in Beijing. They are leased out to individual retail operators under different business themes, including sports and food and beverage. The Group also provides shopping mall landlords and retail tenants with all-in-one store management services. These included but were not limited to: license applications, fire prevention approval, shop renovation coordination, and grand opening preparations.

PROPERTY INVESTMENT

During the year, the Group acquired the entire interest in FIB and SSP. The principal assets of the acquired FIB group and SSP group comprise two large-scale commercial, office and residential complexes with a total area of approximately 138,150 square meters and total 1,184 car park spaces - Oriental Kenzo Plaza and Jing Gang City Plaza at Shilibao in Beijing, the PRC.

Oriental Kenzo Plaza (東方銀座廣場) including offices, residential buildings, a shopping mall and car parks, situates at Dong Cheng District (東城區) where many landmark office buildings and headquarters, such as CNOOC, Petro China, China Mobile, China Telecom, the Foreign Ministry Office Building and New Poly Building, can be found. The basement of the shopping mall is directly linked with Dongzhimen (東直門) station of the Beijing Subway.

Shilibao project (十里堡) is a large-scale property project comprising 3 phases of development, namely Beijing City Square (北京城市廣場), Duhui International Apartment (都會國際) and Duhui Hua Ting Apartment (都會華庭). It comprises residential buildings, offices, an intergrated retail centre and car parks. The property is located on Chao Yang Road, Chao Yang District (朝陽區), one of the most dynamic areas in Beijing, where a number of upper-middle to high-end property projects are developed.

MANAGEMENT DISCUSSION & ANALYSIS

The Group considers that the investment will allow it to diversify its income sources and tap into the PRC property investment market, which the Group considers having substantial future growth potential in light of the rapid acceleration of the mainland economy and the appreciation of the RMB.

FINANCIAL REVIEW

FINANCIAL RESULTS

The Group recorded impressive business growth in the financial year 2007. In the reporting period, the Group successfully turned loss into gain. The good business performance was attributable to several major factors: namely continued positive contributions from the Group's retail-related business; profit arising from the acquisition of the entire equity interests in FIB and SSP; as well as redefining the Group's overall business direction with the PRC market as its main focus and general improvements in overall operational efficiency.

The revenue from continuing operations for the year amounted to approximately HK$137.2 million, which were mainly derived from retail-related consultancy and management services business of approximately HK$120.5 million and property investment business of approximately HK$16.7 million. When compared with last year, the revenue from continuing operations for the year ended 31 December 2007 has increased by approximately 9.1%.

The Group had disposed of the retail business in Hong Kong in 2006. There was no revenue or profit contribution from this operation in the year ended 31 December 2007.

The net profit from continuing operations for the year, including the excess over the cost of a business combination of approximately HK$446.9 million, was approximately HK$501.5 million (2006: net loss of approximately HK$116.2 million). The profit attributable to equity holders and earnings per share were approximately HK$501.5 million and HK$0.34 respectively, representing a turnaround as compared with last year. These achievements demonstrated the persistent effort made by the management and employees of the Group in developing its business.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

On 9 February 2007, Fit Top Investments Limited ("Fit Top"), a substantial shareholder of the Company which is wholly-owned by a director of the Company, entered into a placing agreement and a top-up subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, Fit Top placed through the placing agent an aggregate of 100 million existing shares in the Company to independent third parties at a price of HK$0.28 per share. Pursuant to the top-up subscription agreement, Fit Top subscribed for an aggregate of 100 million new shares in the Company at a price of HK$0.28 per share, raising net proceeds of approximately HK$27.5 million which had been applied as general working capital of the Group.

On 2 May 2007, a convertible loan note with outstanding principal amount of HK$30,000,000 was converted at the conversion price of HK$0.45 per share, resulting in the issue of 66,666,667 ordinary shares of HK$0.02 each. On 11 May 2007, another convertible loan note with outstanding principal amount of HK$178,306,425 was converted at the conversion price of HK$0.45 per share, resulting in the issue of 396,236,500 ordinary shares of HK$0.02 each.

On 14 March 2008, an aggregate of 8,000,000,000 shares had been successfully placed to not less than six placees, who and whose ultimate beneficial owners are independent of and not connected with the Company and its connected persons, at the price of HK$0.15 per share. The net proceeds from the placing (after deducting the fees and commissions paid to the placing agent) amounted to approximately HK$1,169.8 million. The Group had applied approximately HK$1,120 million to fully repay the remaining balance of the cash consideration arising from the FIB & SSP Acquisition and the remaining approximately HK$49.8 million as general working capital.

As at 31 December 2007, the current assets and current liabilities of the Group were approximately HK$850.9 million (2006: HK$532.4 million) and HK$1,770.00 million (2006: HK$432.8 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was approximately 0.5 time as compared to that of 1.2 times at the previous year end. The decrease in liquidity ratio was mainly due to the remaining consideration arising from the FIB & SSP Acquisition, which was subsequently fully settled in March 2008 upon the completion of the share placement of 8,000,000,000 new shares. Should the share placement have been completed and the consideration balance settled as at 31 December 2007, the pro-forma liquidity ratio would be 1.4 times.

The Group's total assets and total liabilities amounted to approximately HK$4,504.5 million (2006: HK$612.1 million) and HK$3,587.5 million (2006: HK$432.8 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was 0.8 as at 31 December 2007, as compared to that of 0.7 last year.

The cash and cash equivalents (net of bank overdrafts) as at 31 December 2007 was approximately HK$59.9 million (2006: HK$1.7 million). The increase was mainly attributable to the completion of the FIB & SSP Acquisition.

As at 31 December 2007, the Group had bank borrowings of approximately HK$1,578.3 million (2006: HK$20.0 million). The increase was mainly due to the completion of the FIB & SSP Acquisition. Out of the total outstanding bank borrowings, approximately HK$289.3 million are repayable within one year. The Group's gearing ratio, calculated as total interest bearing borrowings over total shareholders' funds, was 172.1% as at 31 December 2007 as compared to 163.5% on 31 December 2006.

As at 31 December 2007, the authorised share capital of the Company was HK$150 million divided into 7,500,000,000 shares of HK$0.02 each and the issued share capital of the Company was approximately HK$33.1 million divided into 1,655,429,312 shares of HK$0.02 each.

MANAGEMENT DISCUSSION & ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in Hong Kong dollar and RMB. Therefore, the Group is exposed to RMB exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider to hedge the foreign exchange exposure if it is significant to the Group.

CONTINGENT LIABILITIES

As at 31 December 2007, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2007, the Group's certain investment properties with carrying value of approximately HK$3,076.1 million and bank deposits of approximately HK$74.4 million were charged to secure bank borrowings and other banking facilities.

EMPLOYEE INFORMATION

As at 31 December 2007, the Group had a total of 146 employees. The employees of the Group are remunerated in accordance with their working experience and performance, and their salaries and benefits are kept at market level. For the year ended 31 December 2007, the total staff costs of the Group was approximately HK$9.3 million (2006: HK$62.7 million), representing a decrease of approximately 85.2% over the previous year. The decrease in staff costs was mainly attributable to the disposal of retail business in Hong Kong in 2006.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Other staff benefits include discretionary performance-based bonus, medical scheme, share options and sales commission.

PROSPECTS

As the Chinese government will continue to adopt a tight macro economic control policy, 2008 will be a challenging year. Coupled with the economic contraction and credit crunch in the US, the rapid growing Chinese economy will inevitably slow down in the coming months. However, we believe that the tightened policy should be able to contain the inflation in the PRC and lay a solid ground for the Chinese economy to grow further after this consolidation period. Given our Group's healthy financials, this will provide opportunities for us to further develop and expand. The Group will continue to strengthen its retail-related consultancy and management services as well as property investment in the PRC, seeking appropriate new development projects, further strengthening its PRC business professional team as well as enhancing its service standards to better capture these opportunities and to achieve higher business goals.

The management is confident that the properties which the Group acquired in 2007 will contribute steady rental income and potential gains from asset appreciation to the Group, bringing about good investment returns for our shareholders.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Tin Yuen Sin Carol, aged 42, is the Chairperson of the Company. Ms. Tin has extensive experience in Hong Kong - China trading business. She is responsible for the overall strategic planning and policy making for the Company as well as to develop cordial relationship with business associates in the commercial sector.

Mr. Yip Ying Chi Benjamin, aged 44, was appointed as an executive director and chief executive officer of the Company with effect from 11 April 2008. He has over 18 years' experience in investment banking and the financial industry. He has previously held senior positions in several local and international investment banking firms, including Managing Director of Baron Asia, Director of Investments at Merrill Lynch (Asia Pacific), Managing Director of Ka Wah Capital and Vice President at Societe Generale Asia. Mr. Yip graduated with an honor degree in Business Administration from the Chinese University of Hong Kong and MBA from The University of Hong Kong. He is a member of CPA Australia, a member of Association of Certified International Investment Analysts and a member of Hong Kong Securities Institute.

Mr. Zhang Feng, aged 40, joined the Board as an executive director on 15 June 2007. He is currently a director and the general manager of Oriental Kenzo (Beijing) Company Limited（東方銀座商業（北京）有限公司）, Beijing Oriental Kenzo Investment Consultancy Limited（北京東方銀座商業投資顧問有限公司）and Beijing Oriental Kenzo Management Limited（北京東方銀座商業管理有限公司）, all being indirectly wholly-owned subsidiaries of the Company. He possesses many years of experience in commercial estate development and is principally responsible for the commercial project planning of the Company, specialising in organisational management and decision making. He holds a bachelor degree in engineering（工學士）and once held the position of sales manager of the Beijing branch of a renowned United States company and the regional sales director in Vancouver, Canada. He has concrete experiences in both Mainland China and overseas sales planning and management. He is responsible for the Group's business development in the PRC.

Mr. Li Sai Ho, aged 42, was appointed as an executive director with effect from 25 October 2007. He is currently a director and the general manager of an indirectly wholly-owned subsidiary of the Company. He has rich experience in international real estate planning, marketing and management for about 16 years. He had received an award in real estate marketing in Canada. He integrated the overseas professional experience in real estate development into the projects in the PRC and had received several awards. Mr. Li holds a Master Degree in Business Administration. He is responsible for the business development of the Company in the PRC.

Mr. Tse Pui To Dickson, aged 42, was appointed as an executive director with effect from 26 October 2006. Mr. Tse previously worked in the banking industry for a period of more than 10 years with different international banks, including IBA Bank, Belgian Bank and Sanwa bank, as senior manager in the corporate banking department. He possesses extensive banking experience particularly in the corporate lending business. Currently, he is General Manager of Hong Kong Finance Company Limited, a finance company in Hong Kong.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam Yat Ming, aged 48, was appointed as an executive director with effect from 26 October 2006. Mr. Lam graduated from the University of Newcastle Upon Tyne (UK). Before joining the Company, he worked for different financial investment services corporations in Hong Kong, including Tung Tai Group of Companies, and was responsible for company administration and management. He possesses over 15 years of experience in the financial services industry including securities investment and also in the retail business.

Mr. Fok Wai Ming Eddie, aged 40, was appointed as an executive director of the Company with effect from 19 November 2007. Before joining the Company, Mr. Fok was chief financial officer of a listed company in Hong Kong. He has held senior management positions in a number of listed and unlisted companies in Hong Kong and possesses more than 10 years of extensive experience in business management, investment planning and financial controlling. Mr. Fok graduated from the University of Hong Kong with a bachelor degree of Science in Engineering and the University of Wolverhampton with a bachelor degree in laws. He is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Yip Freeman, aged 44, was appointed as an independent non-executive director with effect from 26 October 2006. He is a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Taxation Institute of Hong Kong. He is a practicing certified public accountant and possesses over 20 years of professional experience in auditing and tax consultancy services.

Mr. Ng Ka Chung Simon, aged 51, was appointed as an independent non-executive director with effect from 28 February 2006. Mr. Ng has extensive experience in the legal field and is currently a Barrister-at-law.

Ms. Leung Po Ying Iris, aged 37, was appointed as an independent non-executive director with effect from 26 October 2006. Ms. Leung graduated with a BBA degree from the University of Hong Kong and received a MBA degree from the Hong Kong University of Science & Technology. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Leung is currently General Manager of Growth-Link Trade Services Company Limited, a trade services company in Hong Kong, and possesses over 14 years of professional and business experience in finance and investment services.

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Lee Cheuk Man was appointed as the company secretary and qualified accountant of the Company with effect from 16 November 2006. Mr. Lee has extensive experience in auditing, financial management and accounting and has over 13 years of experience with Hong Kong publicly listed companies. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company has all along committed to fulfill its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures, including but not limited to the Code on Corporate Governance Practices ("**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), are established throughout the year ended 31 December 2007.

Throughout the year ended 31 December 2007, the Company has complied with all the code provisions as set out in the CG Code, except for the deviations summarised as follows:

Relevant CG Code		**Deviations and considered reasons**
A.1.1	The Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals	The Company convened full Board meetings only three times during 2007 and has not held a full Board meeting for the first quarter of 2007. Change in Board composition in October 2006 to November 2006 caused by the offers as detailed in the composite offer and response document dated 26 October 2006 of the Company deprived the Board of the sufficient time to hold the meeting in the first quarter of 2007. However, various members of the Board have through other means of communication assumed responsibility for leadership and control of the Company and are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.
A.2.1	The roles of Chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual	The ex-CEO resigned on 25 October 2007 and the Board has filled the vacancy on 11 April 2008. During the period when there was no officer with the title of CEO, the CEO duties have been undertaken by the members of the Board.

CORPORATE GOVERNANCE REPORT

RECTIFICATION OF DEVIATION FROM THE CG CODE

Full Board meeting has been and will be held for each financial quarter in 2008 in order to rectify the previous deviation from the code provision A.1.1 of the CG Code.

On 11 April 2008, the Board appointed Mr. Yip Ying Chi Benjamin as the CEO of the Company, since then, the positions of the chairperson and CEO are held separately by two executive directors to ensure their respective independence, accountability and responsibility. Ms. Tin Yuen Sin Carol and Mr. Yip Ying Chi Benjamin are the chairperson and CEO of the Company respectively and each plays a distinctive role but complementing each other. This rectifies the previous deviation from the code provision A.2.1 of the CG Code.

BOARD OF DIRECTORS AND BOARD MEETING

BOARD COMPOSITION

The Board currently comprises seven executive directors ("EDs"), namely Ms. Tin Yuen Sin Carol (Chairperson), Mr. Yip Ying Chi Benjamin (Chief Executive Officer), Mr. Zhang Feng, Mr. Li Sai Ho, Mr. Tse Pui To Dickson, Mr. Lam Yat Ming and Mr. Fok Wai Ming Eddie, and three independent non-executive directors ("INEDs"), namely Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris.

There is no service contract between the Company and each of the directors. Each of the EDs will be subject to retirement by rotation and re-election at least once every 3 financial years and all the INEDs will be subject to retirement and re-election every year, all at the annual general meeting.

The Company complies with Rule 3.10 of the Listing Rules that there is sufficient number of INEDs and each of them have appropriate professional qualifications. The Company has received from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent of the Company.

There is no financial, business, family or other material relationship between the Board members of the Company.

CORPORATE GOVERNANCE REPORT

OPERATION OF THE BOARD

The Board is responsible for directing the Group's objectives and strategies, monitoring the implementation and managing risks of the Group. Material matters are reserved for the Board's considerations. The Board has delegated the daily operational responsibilities to the management of the Company.

The Board held 30 meetings during the year ended 31 December 2007, of which 3 were full Board meetings and 27 were ED meetings, and the respective attendance of each director at the board meetings are set out as follows:

	Attendance	
	Full Board Meetings	**ED Meetings**
Executive Directors:		
Ms. Tin Yuen Sin Carol *(Chairperson)*	0/3	24/27
Mr. Yip Ying Chi Benjamin (Note 1) *(Chief Executive Officer)*	N/A	N/A
Mr. Zhang Feng (Note 2)	1/1	13/15
Mr. Li Sai Ho (Note 3)	0/0	7/9
Mr. Tse Pui To Dickson	3/3	24/27
Mr. Lam Yat Ming	3/3	26/27
Mr. Fok Wai Ming Eddie (Note 4)	0/0	6/6
Mr. Choi Chiu Fai Stanley (Note 5)	3/3	16/17
Mr. Chan Hon Ming Alan (Note 6)	3/3	19/19
Independent Non-executive Directors:		
Mr. Chan Wai Yip Freeman	3/3	N/A
Mr. Ng Ka Chung Simon	1/3	N/A
Ms. Leung Po Ying Iris	3/3	N/A

Notes:

(1) Appointed on 11 April 2008.
(2) Appointed on 15 June 2007.
(3) Appointed on 25 October 2007.
(4) Appointed on 19 November 2007.
(5) Resigned on 25 October 2007.
(6) Resigned on 19 November 2007.

AUDIT COMMITTEE

The audit committee of Company was established on 9 November 1999. The audit committee is chaired by Mr. Chan Wai Yip Freeman and its members are Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris, who are all INEDs of the Company. The terms of reference of the audit committee had been complied since the establishment of the audit committee and the primary role and function of the audit committee are (i) reviewing and supervising the financial reporting system and internal control mechanism of the Company; (ii) monitoring the integrity of the financial statements of the Group; (iii) reviewing the compliance issues with the Listing Rules and other compliance requirements; and (iv) reviewing and consider the appointment of auditors and audit fee.

In 2007, the audit committee held 3 meetings and details of the attendance of each member of the committee are set out as follows:

Members:	Attendance
Mr. Chan Wai Yip Freeman	3
Mr. Ng Ka Chung Simon	1
Ms. Leung Po Ying Iris	3

During the year, the audit committee has reviewed and commented on each of the interim and annual financial reports of the Group, reviewed the Company's internal control, reviewed and approved the terms of engagement and remuneration of the external auditors, discussed with external auditors on the financial matters of the Group that arose during the course of the audit and made relevant recommendations to the management of the Company.

REMUNERATION COMMITTEE

The Company has maintained a remuneration committee throughout the year. The remuneration committee is chaired by Mr. Chan Wai Yip Freeman and its members are Mr. Ng Ka Chung Simon, Ms. Leung Po Ying Iris and Mr. Choi Chiu Fai Stanley who resigned on 25 October 2007, the majority of the remuneration committee members are independent non-executive directors of the Company. The role and function of the remuneration committee are (i) making recommendations to the Board on the policies and structure for the remuneration of directors; (ii) reviewing and approving the remuneration package of each director; (iii) reviewing and approving the performance-based remuneration; and (iv) engaging external professional advisors to assist and/or advise the remuneration committee on its duties when necessary and reasonable.

In 2007, no meeting of the remuneration committee was held.

NOMINATION OF DIRECTORS

No nomination committee was established by the Company, however, the Company has adopted a nomination policy for the criteria, procedures and process of appointment and removal of directors. Criteria for the selection of director include qualification, working experience and relevant provisions in the Listing Rules. Each of the directors shall possess high and professional standard of a set of core criteria of competence.

At the meeting held by the Board, with the presence of all the directors, it was resolved that all the existing Directors shall be recommended to be retained by the Company, except Mr. Tse Pui To Dickson, an executive director, who will retire and does not wish to offer himself for election at the forthcoming annual general meeting of the Company. Moreover, with reference to the Bye-laws of the Company, Mr. Yip Ying Chi Benjamin, Mr. Zhang Feng, Mr. Li Sai Ho, Mr. Fok Wai Ming Eddie, Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris shall retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

AUDITORS' REMUNERATION

The analysis of the auditors' remuneration for the financial year under review is presented as follows:

	Fee amount (HK$)
Audit services	1,410,000
Non-audit services	1,540,000
	2,950,000

The non-audit services arose from the requirement of accounting performance required under the Listing Rules for the very substantial acquisition of the entire equity interests in each of FIB and SSP and their respective shareholders' loans, which was capitalised as cost on investment of subsidiaries.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

The Board has conducted a review over the effectiveness of the Group's internal control system, which covered the major aspects of financial, operational, compliance and risk management to ensure that appropriate levels of protection are in place. No significant areas of concern were identified. The Board was satisfied with the effectiveness of the Group's internal control procedures.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listing Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors and all directors have confirmed, that they have complied with the required standard as set out in the Model Code regarding the director's securities transactions adopted by the Company during the year ended 31 December 2007.

FINANCIAL STATEMENTS

The directors acknowledge their responsibilities of the directors for preparing the accounts. The auditors' reporting responsibilities on the financial statements and other further details are set out in the auditors' report contained in this annual report.

DIRECTORS' REPORT

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its principal subsidiaries are set out in **Note 38** to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 29.

The Directors now recommend the payment of a final dividend of HK$0.0026 per share to the shareholders on the register of members on 29 May 2008, amounting to approximately HK$25.1 million, and the retention of the remaining profit for the year of approximately HK$476.4 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in **Note 16** to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements during the year in the investment properties of the Group are set out in **Note 17** to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in **Note 26** to the consolidated financial statements.

CONVERTIBLE LOAN NOTES

Details of the movements during the year in the convertible loan notes of the Company are set out in **Note 28** to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2007 amounting to approximately HK$35.6 million (2006: approximately HK$15.2 million).

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.

DIRECTORS

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

EXECUTIVE DIRECTORS

Ms. Tin Yuen Sin Carol	
Mr. Yip Ying Chi Benjamin	(Appointed on 11 April 2008)
Mr. Zhang Feng	(Appointed on 15 June 2007)
Mr. Li Sai Ho	(Appointed on 25 October 2007)
Mr. Tse Pui To Dickson	
Mr. Lam Yat Ming	
Mr. Fok Wai Ming Eddie	(Appointed on 19 November 2007)
Mr. Choi Chiu Fai Stanley	(Resigned on 25 October 2007)
Mr. Chan Hon Ming Alan	(Resigned on 19 November 2007)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Yip Freeman
Mr. Ng Ka Chung Simon
Ms. Leung Po Ying Iris

The following directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company:

(i) Mr. Yip Ying Chi Benjamin, Mr. Zhang Feng, Mr. Li Sai Ho and Mr. Fok Wai Ming Eddie shall retire at the annual general meeting of the Company in accordance with Bye-law 115 of the Company's Bye-laws;

(ii) Mr. Tse Pui To Dickson shall retire by rotation at the annual general meeting of the Company in accordance with Bye-law 111(B) of the Company's Bye-laws and he does not wish to offer himself for election; and

(iii) Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris, being independent non-executive directors, shall retire at the annual general meeting of the Company in each year in accordance with their terms of office of directorship.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There were no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Company's share option scheme are set out in **Note 27** to the consolidated financial statements.

Details of the Group's retirement benefit plans are set out in **Note 34** to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 December 2007, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code, were as follows:

Long positions - Ordinary shares of HK$0.02 each of the Company

Name of director	Capacity	Number of ordinary shares held	Percentage of the issued share capital of the Company
Ms. Tin Yuen Sin Carol ("Ms. Tin")	Beneficial owner	86,000,000	5.19
	Held by a controlled corporation (Note)	531,551,354	32.11
		617,551,354	37.30

Note: At 31 December 2007, Ms. Tin was deemed to be interested in 531,551,354 ordinary shares of the Company through her 100% beneficial interest in Fit Top .

Save as disclosed above, as at 31 December 2007, none of the directors, chief executive and their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Ordinary shares of HK$0.02 each of the Company

Name	**Capacity**	**Number of ordinary shares held**	**Percentage of the issued share capital of the Company**
Fit Top (Note)	Beneficial owner	531,551,354	32.11

Note:

Fit Top was a company wholly owned by Ms. Tin. Pursuant to SFO, Ms. Tin was deemed to be interested in the shares held by Fit Top. The above interest has already been disclosed in the section headed "Directors' Interests in Securities" above.

Save as disclosed above, as at 31 December 2007, the Company has not been notified of any substantial shareholder who had any other relevant interests to be disclosed pursuant to Part XV of SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float throughout the year ended 31 December 2007.

MAJOR CUSTOMERS AND SUPPLIERS

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

The aggregate turnover attributable to the Group's five largest customers during the year comprised approximately 75.1% of the Group's total turnover and the turnover attributable to the Group's largest customer was approximately 40.4%.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in **Note 37** to the consolidated financial statements.

AUDITORS

HLB Hodgson Impey Cheng were appointed as the Company's auditors with effect from 11 January 2007 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu on 14 December 2006. There have been no other changes of auditors for the past three financial years.

The consolidated financial statements of the Group for the years ended 31 December 2006 and 31 December 2007 were audited by HLB Hodgson Impey Cheng. A resolution will be submitted to the annual general meeting to re-appoint HLB Hodgson Impey Cheng as auditors of the Company.

On behalf of the Board

Tin Yuen Sin Carol
Chairperson

21 April 2008

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street Central
Hong Kong

To the shareholders of
Oriental Ginza Holdings Limited
(Formerly known as CASH Retail Management Group Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Oriental Ginza Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 96 which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' 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 Companies Act 1981 of Bermuda, 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.

INDEPENDENT AUDITORS' REPORT

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 auditors' judgement, 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 auditors consider internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 21 April 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Continuing operations			
Revenue	5	**137,206**	125,759
Other income and net gains	7	**3,405**	47,804
Excess over the cost of a business combination	29(l)	**446,924**	—
Changes in inventories of finished goods		**—**	(3,601)
Employee benefits expense		**(9,286)**	(12,205)
Depreciation expense		**(3,152)**	(20,552)
Impairment loss in respect of goodwill	18	**—**	(144,881)
Finance costs	8	**(18,663)**	(17,971)
Other operating expenses		**(48,882)**	(74,028)
Profit/(Loss) before tax		**507,552**	(99,675)
Income tax expense	9	**(6,021)**	(16,514)
Profit/(Loss) for the year from continuing operations		**501,531**	(116,189)
Discontinued operations			
Profit for the year from discontinued operations	10	**—**	20,771
Profit/(Loss) for the year	11	**501,531**	(95,418)
Attributable to:			
Equity holders of the Company		**501,531**	(95,418)
Minority interests		**—**	—
		501,531	(95,418)
Dividends	14	**25,104**	—
Earnings/(Loss) per share			
From continuing and discontinued operations Basic and diluted (HK$ per share)	15	**0.34**	(0.09)
From continuing operations Basic and diluted (HK$ per share)	15	**0.34**	(0.11)

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	16	**65,689**	8,920
Investment properties	17	**3,517,115**	—
Goodwill	18	**70,800**	70,800
		3,653,604	79,720
Current assets			
Trade receivables	19	**78,655**	79,787
Prepayments, deposits and other receivables		**615,723**	344,497
Amount due from Celestial Asia Securities Holdings Limited ("CASH") and its subsidiaries ("CASH Group")	20	**—**	106,458
Pledged bank deposits	21	**74,371**	—
Bank balances and cash	21	**82,123**	1,671
		850,872	532,413
Total assets		**4,504,476**	612,133
Current liabilities			
Trade payables	22	**111,330**	11,587
Accrued liabilities and other payables	22	**222,090**	108,967
Amount due to a director	22	**—**	1,237
Purchase consideration payable	23	**1,120,000**	—
Taxation payable		**27,291**	17,842
Bank borrowings, secured	24	**289,266**	20,000
Convertible loan notes — due within one year	28	**—**	273,192
		1,769,977	432,825
Net current (liabilities)/assets		**(919,105)**	99,588
Total assets less current liabilities		**2,734,499**	179,308

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Capital and reserves			
Share capital	26	**33,109**	21,851
Share premium and reserves		**883,838**	157,457
Equity attributable to equity holders of the Company		**916,947**	179,308
Minority interests		**2**	—
Total equity		**916,949**	179,308
Non-current liabilities			
Bank borrowings, secured	24	**1,289,018**	—
Deferred tax liabilities	25	**528,532**	—
		1,817,550	—
		2,734,499	179,308

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 April 2008 and were signed on its behalf by:

Tin Yuen Sin Carol
Director

Fok Wai Ming Eddie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000 Note (a)	Contributed surplus HK$'000 Note (b)	Capital reserve HK$'000 Note (c)	Building revaluation reserve HK$'000	Convertible loan notes equity reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000 Note (e)	Retained profits/ (Accumulated losses) HK$'000	Reserves HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2006	21,851	179,008	170,942	6,055	701	32,946	–	–	(170,761)	218,891	–	240,742
Loss for the year	–	–	–	–	–	–	–	–	(95,418)	(95,418)	–	(95,418)
Exchange differences arising on translation of foreign operations and total income recognised directly in equity	–	–	–	–	–	–	9,711	–	–	9,711	–	9,711
Total recognised income and expenses for the year	–	–	–	–	–	–	9,711	–	(95,418)	(85,707)	–	(85,707)
Released on disposal of the Retail Group	–	–	31,029	(6,055)	(701)	–	–	–	–	24,273	–	24,273
Transfer	–	–	–	–	–	–	–	15,071	(15,071)	–	–	–
At 31 December 2006	21,851	179,008	201,971	–	–	32,946	9,711	15,071	(281,250)	157,457	–	179,308

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

		Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000 Note (a)	Contributed surplus HK$'000 Note (b)	Capital reserve HK$'000 Note (c)	Building revaluation reserve HK$'000	Convertible loan notes equity reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000 Note (e)	Retained profits/ (Accumulated losses) HK$'000	Reserves HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2007	21,851	179,008	201,971	–	–	32,946	9,711	15,071	(281,250)	157,457	–	179,308
Profit for the year	–	–	–	–	–	–	–	–	501,531	501,531	–	501,531
Exchange differences arising on translation of foreign operations and total income recognised directly in equity	–	–	–	–	–	–	7.755	–	–	7,755	–	7,755
Total recognised income and expenses for the year	–	–	–	–	–	–	7,755	–	501,531	509,286	–	509.286
Issue of shares upon conversion of convertible loan notes	9,258	215,859	–	–	–	(24,353)	–	–	–	191,506	–	200,764
Release on redemption of convertible loan notes	–	–	–	–	–	(8,593)	–	–	8,593	–	–	–
Issue of subscription shares	2,000	26,000	–	–	–	–	–	–	–	26,000	–	28,000
Share issue expenses	–	(411)	–	–	–	–	–	–	–	(411)	–	(411)
Minority interests arising on business combination	–	–	–	–	–	–	–	–	–	–	2	2
Transfer to retained profits	–	–	(192,567)	–	–	–	–	–	192,567	–	–	–
Transfer from retained profits	–	–	–	–	–	–	–	6,702	(6,702)	–	–	–
At 31 December 2007	**33,109**	**420,456**	**9,404**	**–**	**–**	**–**	**17,466**	**21,773**	**414,739**	**883,838**	**2**	**916,949**

Notes:

(a) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(b) The contributed surplus of the Group represented the net amount arising from the reduction of share premium account, capital reduction and amounts transferred to write off the accumulated losses.

(c) The capital reserve of the Group represented the difference between the nominal value of the share capital of Pricerite BVI Limited acquired pursuant to the Group reorganisation and the nominal value of the issued share capital of the Company issued in exchange thereof.

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

   (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

   (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(e) The People's Republic of China (the "PRC") statutory reserves consist of a reserve fund and an expansion fund provided in accordance with the articles of association of the PRC subsidiaries. Laws and regulations in the PRC allow foreign investment enterprises to appropriate from profit after taxation, prepared in accordance with the PRC rules and regulations, an annual amount to the reserve fund and expansion fund according to the decision of the board or the articles of association.

   The reserve fund is to be used to expand the working capital of the PRC subsidiaries. When the PRC subsidiaries suffer losses, the reserve fund may be used to make up accumulated losses under special circumstances.

   The expansion fund is to be used for business expansion and, if approved, can also be used to increase the capital of the PRC subsidiaries.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Operating activities			
Profit/(Loss) for the year		**501,531**	(95,418)
Adjustments for:			
Income tax expense		**6,021**	16,514
Interest income		**(1,876)**	(7,127)
Finance costs		**18,663**	20,131
Excess over the cost of a business combination		**(446,924)**	—
Gain on disposal of the Retail Group		**—**	(61,695)
Release of attributable reserves on disposal of the Retail Group		**—**	24,974
Depreciation of property, plant and equipment		**3,152**	33,682
Amortisation of prepaid lease payments		**—**	51
Loss on disposal of investment properties		**1**	—
Loss on fair value change of investment properties		**18**	—
Write-down of inventories		**—**	566
Impairment loss in respect of trade receivables		**1,828**	5,087
Impairment loss in respect of goodwill		**—**	144,881
Impairment loss reversed in respect of property, plant and equipment		**—**	(344)
Gain on disposal of property, plant and equipment		**(3)**	(25,845)
Operating cash flows before movements in working capital		**82,411**	55,457
Movements in working capital:			
Prepaid rental		**—**	38,462
Deposits paid for acquisition of leasehold improvements		**—**	23,702
Rental and utility deposits		**—**	(2,020)
Inventories		**—**	(11,369)
Trade receivables		**58,772**	(84,488)
Prepayments, deposits and other receivables		**410,433**	(133,181)
Listed investments held for trading		**—**	1,973
Amounts due from fellow subsidiaries		**—**	63,003
Trade payables		**(14,766)**	(34,835)
Accrued liabilities and other payables		**(32,553)**	6,825
Amount due to a director		**(1,237)**	1,237
Cash generated by/(used in) operations		**503,060**	(75,234)
PRC Enterprise Income Tax paid		**(4,606)**	(5,778)
Net cash generated by/(used in) operating activities		**498,454**	(81,012)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Investing activities			
Interest received		**7,744**	1,259
Proceeds from disposal of property, plant and equipment		**9**	96,106
Decrease/(Increase) in pledged bank deposits		**234**	(5,500)
Purchase of property, plant and equipment		**(3,009)**	(20,780)
Proceeds from disposal of investment properties		**128**	—
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	29	**(484,318)**	(75,000)
Disposal of the Retail Group (net of cash and cash equivalents disposed)	30	**100,590**	(20,355)
Net cash used in investing activities		**(378,622)**	(24,270)
Financing activities			
Payment for redemption of convertible loan notes		**(78,000)**	—
Interest paid		**(11,398)**	(4,158)
Proceeds from issue of shares		**28,000**	—
Repayment of bank borrowings		**(21,932)**	(2,128)
New bank borrowings raised		**14,980**	—
Payment for share issue expenses		**(411)**	—
Net cash used in financing activities		**(68,761)**	(6,286)
Net increase/(decrease) in cash and cash equivalents		**51,071**	(111,568)
Cash and cash equivalents at the beginning of the year		**1,671**	106,645
Effects of exchange rate changes		**7,188**	6,594
Cash and cash equivalents at the end of the year		**59,930**	1,671
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		**82,123**	1,671
Bank overdrafts		**(22,193)**	—
Cash and cash equivalents		**59,930**	1,671

1. GENERAL

Oriental Ginza Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business in Hong Kong is situated at Suites 2006-08, 20/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

Pursuant to the special resolution passed by the Company's shareholders at the special general meeting held on 15 October 2007, the name of the Company was changed from CASH Retail Management Group Limited to Oriental Ginza Holdings Limited with effect from 17 October 2007.

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

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property investment business and retail-related consultancy and management services business in the People's Republic of China (the "PRC").

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

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

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

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.

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

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

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 March 2007
4 Effective for annual periods beginning on or after 1 January 2008
5 Effective for annual periods beginning on or after 1 July 2008

The board of the directors ("Directors") of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF CONSOLIDATION

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

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

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

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

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

BUSINESS COMBINATIONS

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BUSINESS COMBINATIONS *(Continued)*

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

GOODWILL

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

NON-CURRENT ASSETS HELD FOR SALE

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION

Property rental income is recognised on a straight-line basis over the terms of the relevant leases.

Service income is recognised when services are provided.

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less subsequent depreciation and impairment losses. Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

INVESTMENT PROPERTIES

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

LEASING (THE GROUP AS LESSEE)

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.

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, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FOREIGN CURRENCIES *(Continued)*

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. To the extent that fixed-rated bank borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflected the hedged interest rate.

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

RETIREMENT BENEFIT COSTS

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

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. 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.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL (SEE THE ACCOUNTING POLICY IN RESPECT OF GOODWILL ABOVE)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL (SEE THE ACCOUNTING POLICY IN RESPECT OF GOODWILL ABOVE) *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation increase under that standard.

FINANCIAL INSTRUMENTS

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

Financial assets

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

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; 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 derivative that is not designated and effective as a hedging instrument.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group designated certain debt securities as held-to-maturity investments. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated listed equity and debt securities as well as unlisted equity securities as available-for-sale financial assets.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; 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 trade 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, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, 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 receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

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

Financial liabilities and equity

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity *(Continued)*

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing 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 derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at fair value through profit or loss (Continued)

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

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

At each balance sheet date subsequent to initial recognition, financial liabilities 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 includes any interest paid on the financial liability.

Other financial liabilities

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

Convertible loan notes

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity *(Continued)*

Convertible loan notes (Continued)

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

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

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition

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

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.

PROVISIONS

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options which are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

For share options which are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

Share options granted to suppliers

For share options granted to suppliers in exchange for goods or services, they are measured at the fair value of the goods or services received. The fair values of the goods or services are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustments have been made to equity (share options reserve).

Cash-settled share-based payment transactions

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At each balance sheet date, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in **Note 3**, management is 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(A) IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(B) ESTIMATED USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold.

(C) VALUATION OF INVESTMENT PROPERTIES

As described in **Note 17**, the investment properties were revalued by independent professional valuers on a market value basis at each balance sheet date. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Any increase or decrease in the valuations would affect the Group's results in future years.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(D) IMPAIRMENT LOSS OF TRADE AND OTHER RECEIVABLES

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and ageing analysis of the trade and other receivables and on management's judgements. Considerable judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

5. REVENUE

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	2007 **HK$'000**	2006 HK$'000
Continuing operations		
Property rental income	**16,712**	—
Income from retail-related consultancy and management services	**120,494**	125,759
	137,206	125,759
Discontinued operations		
Sales of furniture and household goods and trendy digital products, net of discounts and returns	**—**	426,452

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

PRIMARY SEGMENT INFORMATION — BUSINESS SEGMENTS

Year ended 31 December 2007

	Property investment business HK$'000	Retail-related consultancy and management services business HK$'000	**Consolidated** HK$'000
REVENUE			
External sales	16,712	120,494	137,206
RESULTS			
Segment results	460,190	74,837	535,027
Finance costs			(18,663)
Unallocated income			1,725
Unallocated corporate expenses			(10,537)
Profit before tax			507,552
Income tax expense			(6,021)
Profit for the year			501,531
BALANCE SHEET			
ASSETS			
Segment assets	4,333,352	158,645	4,491,997
Unallocated corporate assets			12,479
Consolidated total assets			4,504,476
LIABILITIES			
Segment liabilities	239,857	72,994	312,851
Unallocated corporate liabilities			3,274,676
Consolidated total liabilities			3,587,527
OTHER INFORMATION			
Capital expenditure	3,575,248	1,374	3,576,622
Depreciation of property, plant and equipment	649	2,503	3,152
Impairment loss in respect of trade receivables	—	1,828	1,828
Net foreign exchange losses	291	—	291
Gain on disposal of property, plant and equipment	—	(3)	(3)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

PRIMARY SEGMENT INFORMATION — BUSINESS SEGMENTS *(Continued)*

Year ended 31 December 2006

	Continuing operations Retail-related consultancy and management services business HK$'000	**Discontinued operations** Retailing of furniture and household goods and trendy digital products HK$'000	**Consolidated** HK$'000
REVENUE			
External sales	125,759	426,452	552,211
RESULTS			
Segment results	(61,409)	(38,395)	(99,804)
Finance costs			(20,131)
Unallocated income			6,281
Unallocated corporate expenses			(26,945)
Gain on disposal of discontinued operations			61,695
Loss before tax			(78,904)
Income tax expense			(16,514)
Loss for the year			(95,418)
BALANCE SHEET			
ASSETS			
Segment assets	505,234	—	505,234
Unallocated corporate assets			106,899
Consolidated total assets			612,133
LIABILITIES			
Segment liabilities	120,554	—	120,554
Unallocated corporate liabilities			312,271
Consolidated total liabilities			432,825
OTHER INFORMATION			
Capital expenditure	8,424	12,356	20,780
Depreciation of property, plant and equipment	20,552	13,130	33,682
Amortisation of prepaid lease payments	—	51	51
Impairment loss in respect of trade receivables	5,087	—	5,087
Write-down of inventories	46	520	566
Net foreign exchange gains	—	(16)	(16)
(Gain)/Loss on disposal of property, plant and equipment	(26,098)	253	(25,845)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

SECONDARY SEGMENT INFORMATION — GEOGRAPHICAL SEGMENTS

The Group operates in two principal geographical areas — the PRC (excluding Hong Kong) and Hong Kong. The following table provides an analysis of the Group's sales by geographical markets, the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets (analysed by the geographical area in which the assets are located):

Year ended 31 December 2007	**PRC**	**Hong Kong**	**Total**
	HK$'000	HK$'000	HK$'000
Segment revenue	137,206	—	137,206
Segment assets	4,354,399	150,077	4,504,476
Capital expenditure	3,574,997	1,625	3,576,622

Year ended 31 December 2006	**PRC**	**Hong Kong**	**Total**
	HK$'000	HK$'000	HK$'000
Segment revenue	125,759	426,452	552,211
Segment assets	432,740	179,393	612,133
Capital expenditure	8,424	12,356	20,780

7. OTHER INCOME AND NET GAINS

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest income	**1,876**	7,127	**—**	—	**1,876**	7,127
Gain/(Loss) on disposal of property, plant and equipment	**3**	26,098	**—**	(253)	**3**	25,845
Net foreign exchange (losses)/gains	**(291)**	—	**—**	16	**(291)**	16
Loss on fair value change of investment properties	**(18)**	—	**—**	—	**(18)**	—
Others	**1,835**	14,579	**—**	2,963	**1,835**	17,542
	3,405	47,804	**—**	2,726	**3,405**	50,530

8. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest on bank borrowings:						
— wholly repayable within five years	**8,159**	1,998	**—**	2,160	**8,159**	4,158
— not wholly repayable within five years	**3,239**	—	**—**	—	**3,239**	—
Loss on early redemption of convertible loan notes	**1,997**	—	**—**	—	**1,997**	—
Imputed interest expense on convertible loan notes	**5,268**	15,973	**—**	—	**5,268**	15,973
	18,663	17,971	**—**	2,160	**18,663**	20,131

9. INCOME TAX EXPENSE

	2007 HK$'000	2006 HK$'000
Current tax:		
PRC Enterprise Income Tax	**6,032**	9,118
Deferred tax (Note 25)	**(11)**	7,396
Tax charge for the year	**6,021**	16,514

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong for both years. PRC subsidiaries are subject to PRC Enterprise Income Tax at 33% (2006: 33%).

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

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

	2007 HK$'000	2006 HK$'000
Profit/(Loss) before tax		
— Continuing operations	**507,552**	(99,675)
— Discontinued operations	**—**	20,771
	507,552	(78,904)
Tax at the applicable income tax rate of 33% (2006: 33%)	**167,492**	(26,038)
Tax effect of income not taxable for tax purpose	**(165,517)**	(11,135)
Tax effect of expenses not deductible for tax purpose	**4,046**	53,687
Tax charge for the year	**6,021**	16,514

10. DISCONTINUED OPERATIONS

On 20 February 2006, the Company entered into a sale and purchase agreement (the "VSD Agreement") with Celestial Investment Group Limited ("CIGL" — a wholly owned subsidiary of CASH). Pursuant to the VSD Agreement, the Company disposed of its entire equity interest in CASH Retail Management (HK) Limited and its subsidiaries (collectively, the "Retail Group") including the entire loan due from the Retail Group to the Company, at an aggregate consideration of HK$130,590,000. The Retail Group represented all retail businesses in Hong Kong previously carried on by the Group.

The transaction was approved by an ordinary resolution passed by the shareholders of the Company ("Shareholders") at a special general meeting held on 12 June 2006, and the disposal was completed on 30 June 2006 and the Group ceased to carry on any retail business in Hong Kong. Details of the assets and liabilities disposed of are disclosed in **Note 30**.

Profit for the year from discontinued operations	**2007 HK$'000**	2006 HK$'000
Revenue	–	426,452
Cost of sales	–	(287,602)
Other income	–	2,963
Selling and distribution costs	–	(156,881)
Administrative expenses	–	(24,040)
Impairment loss reversed in respect of property, plant and equipment	–	344
Finance costs	–	(2,160)
Loss before and after tax	–	(40,924)
Gain on disposal of discontinued operations	–	61,695
Profit for the year from discontinued operations	–	20,771

Cash flows from discontinued operations	**2007 HK$'000**	2006 HK$'000
Net cash flows from operating activities	–	19,788
Net cash flows used in investing activities	–	(67,265)
Net cash flows from financing activities	–	1,909
Net cash flows used in discontinued operations	–	(45,568)

11. PROFIT/(LOSS) FOR THE YEAR

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

	Continuing operations		Discontinued operations		Consolidated	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Impairment loss reversed in respect of property, plant and equipment	**—**	—	**—**	(344)	**—**	(344)
Impairment loss in respect of goodwill	**—**	144,881	**—**	—	**—**	144,881
Impairment loss in respect of trade receivables (included in other operating expenses)	**1,828**	5,087	**—**	—	**1,828**	5,087
Write-down of inventories	**—**	46	**—**	520	**—**	566
Auditors' remuneration	**1,410**	850	**—**	—	**1,410**	850
Amortisation of prepaid lease payments	**—**	—	**—**	51	**—**	51
Depreciation of property, plant and equipment	**3,152**	20,552	**—**	13,130	**3,152**	33,682
Operating lease rentals in respect of premises						
— Minimum lease payments	**21,838**	10,945	**—**	47,072	**21,838**	58,017
— Contingent rentals	**—**	—	**—**	2,974	**—**	2,974
	21,838	10,945	**—**	50,046	**21,838**	60,991
Employee benefits expense (including directors' emoluments)						
— Salaries and other benefits	**8,894**	11,897	**—**	48,182	**8,894**	60,079
— Contributions to retirement benefits schemes	**392**	308	**—**	2,320	**392**	2,628
	9,286	12,205	**—**	50,502	**9,286**	62,707

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the directors of the Company were as follows:

For the year ended 31 December 2007	Fees	Salaries, allowances and benefits in kind	Contributions to retirement benefits schemes	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Ms. Tin Yuen Sin Carol	—	1,327	12	1,339
Mr. Zhang Feng (appointed on 15 June 2007)	—	254	—	254
Mr. Li Sai Ho (appointed on 25 October 2007)	—	158	—	158
Mr. Tse Pui To Dickson	—	82	—	82
Mr. Lam Yat Ming	—	546	28	574
Mr. Fok Wai Ming Eddie (appointed on 19 November 2007)	—	140	7	147
Mr. Choi Chiu Fai Stanley (resigned on 25 October 2007)	—	531	27	558
Mr. Chan Hon Ming Alan (resigned on 19 November 2007)	—	459	11	470
Independent non-executive directors				
Mr. Chan Wai Yip Freeman	82	—	—	82
Mr. Ng Ka Chung Simon	66	—	—	66
Ms. Leung Po Ying Iris	82	—	—	82
	230	3,497	85	3,812

12. DIRECTORS' EMOLUMENTS *(Continued)*

For the year ended 31 December 2006	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors				
Ms. Tin Yuen Sin Carol	—	307	7	314
Mr. Choi Chiu Fai Stanley (appointed on 26 October 2006)	—	108	5	113
Mr. Chan Hon Ming Alan (appointed on 26 October 2006)	—	87	2	89
Mr. Tse Pui To Dickson (appointed on 26 October 2006)	—	18	—	18
Mr. Lam Yat Ming (appointed on 26 October 2006)	—	141	4	145
Mr. Kwan Pak Hoo Bankee (resigned on 16 November 2006)	—	—	—	—
Mr. Law Ping Wah Bernard (resigned on 16 November 2006)	—	—	—	—
Ms. Kwok Lai Ling Elaine (resigned on 20 April 2006)	—	759	13	772
Mr. Leung Siu Pong James (resigned on 16 November 2006)	—	386	20	406
Mr. Li Yuen Cheuk Thomas (resigned on 16 November 2006)	—	—	—	—
Independent non-executive directors				
Mr. Chan Wai Yip Freeman (appointed on 26 October 2006)	18	—	—	18
Mr. Ng Ka Chung Simon (appointed on 28 February 2006)	84	—	—	84
Ms. Leung Po Ying Iris (appointed on 26 October 2006)	18	—	—	18
Mr. Lo Ming Chi Charles (resigned on 16 November 2006)	—	—	—	—
Dr. Hui Ka Wah Ronnie (resigned on 28 February 2006)	—	—	—	—
Mr. Leung Ka Kui Johnny (resigned on 16 November 2006)	—	—	—	—
	120	1,806	51	1,977

During both years, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2006: two) were directors of the Company whose emoluments are disclosed in **Note 12** above. The emoluments of the remaining one (2006: three) individual were as follow:

	2007 HK$'000	2006 HK$'000
Salaries, allowances and benefits in kind	**533**	1,188
Contributions to retirement benefits schemes	**27**	—
	560	1,188

Their emoluments were all within HK$1,000,000.

14. DIVIDENDS

Subsequent to the balance sheet date, the final dividend of HK$0.0026 (2006: Nil) per share in a total amount of approximately HK$25,104,000 (2006: Nil) has been proposed by the Directors and is subject to approval by the Shareholders at the forthcoming annual general meeting ("AGM").

15. EARNINGS/(LOSS) PER SHARE

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

From continuing and discontinued operations	**2007 HK$'000**	2006 HK$'000
Profit/(Loss) for the purpose of calculating basic and diluted earnings/(loss) per share		
Profit/(Loss) for the year attributable to equity holders of the Company	**501,531**	(95,418)

From continuing operations	**2007 HK$'000**	2006 HK$'000
Profit/(Loss) for the purpose of calculating basic and diluted earnings/(loss) per share from continuing operations		
Profit/(Loss) for the year from continuing operations	**501,531**	(116,189)

Number of shares	**2007**	2006
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	**1,473,147,556**	1,092,526,145

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Construction in progress HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST							
At 1 January 2006	31,000	–	120,381	49,337	138,449	3,331	342,498
Additions	–	–	18,875	–	1,905	–	20,780
Through disposal of the Retail Group	(31,000)	–	(93,235)	–	(137,439)	(3,331)	(265,005)
Other disposals	–	–	(39,078)	(50,772)	(116)	–	(89,966)
Exchange adjustments	–	–	1,455	1,973	100	–	3,528
At 31 December 2006	–	–	8,398	538	2,899	–	11,835
Additions	–	–	1,345	–	101	1,563	3,009
Acquired on acquisition of subsidiaries **(Note 29(I))**	22,588	20,989	604	–	3,102	9,068	56,351
Disposals	–	–	–	(9)	–	–	(9)
Exchange adjustments	–	–	588	38	202	–	828
At 31 December 2007	22,588	20,989	10,935	567	6,304	10,631	72,014
DEPRECIATION AND IMPAIRMENT							
At 1 January 2006	–	–	60,100	–	109,629	2,823	172,552
Provided during the year	–	–	20,816	5,881	6,754	231	33,682
Impairment loss reversed	–	–	(344)	–	–	–	(344)
Eliminated through disposal of the Retail Group	–	–	(65,764)	–	(114,863)	(3,054)	(183,681)
Eliminated on other disposals	–	–	(14,076)	(5,629)	–	–	(19,705)
Exchange adjustments	–	–	271	125	15	–	411
At 31 December 2006	–	–	1,003	377	1,535	–	2,915
Provided during the year	191	–	1,891	96	622	352	3,152
Eliminated on disposals	–	–	–	(3)	–	–	(3)
Exchange adjustments	4	–	106	28	119	4	261
At 31 December 2007	195	–	3,000	498	2,276	356	6,325
CARRYING AMOUNTS							
At 31 December 2007	22,393	20,989	7,935	69	4,028	10,275	65,689
At 31 December 2006	–	–	7,395	161	1,364	–	8,920

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

Buildings	Over the shorter of the term of the lease or 2-5%
Leasehold improvements	The shorter of the lease terms or 10%
Plant and machinery	7 to 10 years
Furniture, fixtures and equipment	10-33.33%
Motor vehicles	10-20%

17. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2006	5,000
Disposed of through disposal of the Retail Group	(5,000)
At 31 December 2006	—
Acquired on acquisition of subsidiaries **(Note 29(I))**	3,517,262
Disposals	(129)
Net decrease in fair value	(18)
At 31 December 2007	**3,517,115**

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

The fair value of the Group's investment properties at 31 December 2007 was arrived at on the basis of a valuation carried out on that date by Vigers Appraisal & Consulting Limited, independent qualified professional valuers not connected with the Group. Vigers Appraisal & Consulting Limited had appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was made on the basis of market value.

At 31 December 2007, certain of the Group's investment properties with carrying values of approximately HK$3,076,077,000 have been pledged to secure general banking facilities granted to the Group.

The carrying amount of investment properties shown above comprises:

	2007 **HK$'000**	2006 HK$'000
Land in Hong Kong:		
Medium-term lease	**54,600**	—
Land outside Hong Kong:		
Long lease	**420,490**	—
Medium-term lease	**3,042,025**	—
	3,517,115	—

18. GOODWILL

Cash generating units	Discontinued operations: Wholesale and retailing of branded household products (Unit A) HK$'000	Discontinued operations: Retailing of furniture, household and personal care products (Unit B) HK$'000	Continuing operations: Retail-related consultancy and management services business (Unit C) HK$'000	Total HK$'000
COST				
At 1 January 2006	1,863	1,100	215,681	218,644
Eliminated on disposal of the Retail Group	(1,863)	(1,100)	—	(2,963)
At 31 December 2006 and 2007	—	—	215,681	215,681
IMPAIRMENT				
At 1 January 2006	1,863	1,100	—	2,963
Eliminated on disposal of the Retail Group	(1,863)	(1,100)	—	(2,963)
Impairment loss recognised	—	—	144,881	144,881
At 31 December 2006 and 2007	—	—	144,881	144,881
CARRYING AMOUNTS				
At 31 December 2007	**—**	**—**	**70,800**	**70,800**
At 31 December 2006	—	—	70,800	70,800

18. GOODWILL *(Continued)*

For the purposes of impairment testing, goodwill has been allocated to three individual cash generating units ("CGUs"). The basis of the recoverable amounts of the CGUs and their major underlying assumptions are summarised below:

UNIT A AND UNIT B

Due to the continuous losses incurred by the subsidiaries comprising Unit A and Unit B, the Directors reassessed the recoverable amount of goodwill arising on the acquisition of these subsidiaries and recognised an impairment loss of approximately HK$1,100,000 in the year ended 31 December 2005 and approximately HK$1,863,000 in the year ended 31 December 2004 for Unit B and Unit A respectively.

UNIT C

The recoverable amount of Unit C is determined from a value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes on selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to Unit C. The growth rates are made with reference to industry growth forecast together with management's estimation. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecast based on financial budget approved by management for the next two years and extrapolates cash flows for the following three years based on an estimated constant growth rate of 5%. This rate does not exceed the long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows is 10% (2006: 13.5%).

At 31 December 2005, before impairment testing, goodwill of approximately HK$215,681,000 was allocated to Unit C. After the acquisition, the Group reassessed the relevant business markets and revised its cash flow forecast for this CGU. The carrying amount of goodwill arising on the acquisition of the subsidiaries was reassessed by the Group and an impairment loss of approximately HK$144,881,000 was recognised for the year ended 31 December 2006 for Unit C.

19. TRADE RECEIVABLES

The Group allows credit periods of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	2007 HK$'000	2006 HK$'000
0 — 30 days	7,926	912
31 — 60 days	4,802	—
61 — 90 days	20,101	16,813
Over 90 days	45,826	62,062
	78,655	79,787

Included in the Group's trade receivables balance are debtors with carrying amount of HK$45,826,000 (2006: HK$62,062,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 165 days (2006: 131 days).

Ageing of trade receivables which are past due but not impaired	2007 HK$'000	2006 HK$'000
Over 90 days	45,826	62,062

Movement in the allowance for doubtful debts	2007 HK$'000	2006 HK$'000
Balance at beginning of the year	5,087	845
Impairment losses recognised on receivables	1,828	5,087
Impairment losses reversed	—	(845)
Balance at end of the year	6,915	5,087

During the year ended 31 December 2007, the Group recognised impairment loss in respect of trade receivables from third party customers amounting to approximately HK$1,828,000 (2006: HK$5,087,000).

20. AMOUNT DUE FROM THE CASH GROUP

As disclosed in **Notes 10** and **30**, during the year ended 31 December 2006, the Company disposed of its entire equity interest in the Retail Group at an aggregate consideration of HK$130,590,000 pursuant to the VSD Agreement entered into between the Company and CIGL (a wholly-owned subsidiary of CASH). At 31 December 2006, the remaining balance of the consideration of HK$100,590,000 was due from the CASH Group to the Company. The balance of unsettled consideration bore interest at the annual rate of 2% above the prime lending rate, and the accrued interest amounted to approximately HK$5,868,000 at 31 December 2006. The amount was fully settled during the year ended 31 December 2007.

21. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

The pledged bank deposits and bank balances carried interest at prevailing market rates. Included in pledged bank deposits and bank balances of the Group totalling HK$145,979,000 (2006: HK$1,613,000) were denominated in Renminbi ("RMB"). RMB is not a freely convertible currency and the remittance of funds out of the Mainland China is subject to exchange restrictions imposed by the Mainland China government.

22. TRADE AND OTHER PAYABLES

Trade payables, accrued liabilities and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

The following is an aged analysis of trade payables at the balance sheet date:

	2007 **HK$'000**	2006 HK$'000
0 — 30 days	**—**	2,892
31 — 60 days	**49**	850
61 — 90 days	**214**	2,425
Over 90 days	**111,067**	5,420
	111,330	11,587

The amount due to a director at 31 December 2006 was unsecured, interest-free and had no fixed terms of repayment. The amount was fully settled during the year ended 31 December 2007.

23. PURCHASE CONSIDERATION PAYABLE

On 6 December 2007 ("Completion Date"), the Group completed the acquisition of the entire equity interests in each of Fortune International Business Limited ("FIB") and Sunny Sky Properties Limited ("SSP") and their respective shareholders' loans for a total cash consideration of HK$1.6 billion. Further details relating to the acquisition of FIB and SSP are disclosed in **Note 29(I)**.

As of 31 December 2007, the Group had paid cash consideration of HK$480,000,000 and was committed to pay the remaining balance of the cash consideration of HK$1,120,000,000. Subsequent to the balance sheet date, the amount was fully settled by the Group in March 2008.

24. BANK BORROWINGS, SECURED

	2007	2006
	HK$'000	HK$'000
Bank overdrafts	**22,193**	—
Bank loans	**1,556,091**	20,000
	1,578,284	20,000
Denominated in:		
Hong Kong dollars	**27,483**	—
RMB	**1,550,801**	20,000
	1,578,284	20,000
Carrying amount repayable:		
On demand or within one year	**289,266**	20,000
More than one year, but not exceeding two years	**777,277**	—
More than two years, but not exceeding five years	**268,334**	—
More than five years	**243,407**	—
	1,578,284	20,000
Less: Amount due within one year shown under current liabilities	**(289,266)**	(20,000)
	1,289,018	—

24. BANK BORROWINGS, SECURED *(Continued)*

At 31 December 2007, the Hong Kong dollar denominated bank overdrafts bore interest at prime rate and the Hong Kong dollar denominated bank loans bore interest at prime rate less 2.5%. The RMB denominated bank loans bore interest at 5.83%-9.43% per annum or the prevailing interest rate of the People's Bank of China or the prevailing interest rate of the People's Bank of China less 5%.

At 31 December 2007, the Group's bank borrowings and other banking facilities were secured by:

(i) pledge of the Group's certain investment properties with carrying value of approximately HK$3,076,077,000;

(ii) pledged bank deposits of approximately HK$74,371,000;

(iii) personal guarantee given by a director of certain subsidiaries; and

(iv) mortgage over certain properties owned by a related company and a director of certain subsidiaries.

25. DEFERRED TAX

The following are the major deferred tax balances recognised and the movements thereon during the current and prior years:

Deferred tax assets:	**Depreciation over tax allowance** HK$'000	**Estimated tax losses** HK$'000	**Total** HK$'000
At 1 January 2006	7,254	3,641	10,895
Exchange adjustment	142	—	142
Charged to income statement	(7,396)	(3,641)	(11,037)
At 31 December 2006 and 2007	—	—	—

Deferred tax liabilities:	**Accelerated tax depreciation** HK$'000	**Revaluation of properties** HK$'000	**Total** HK$'000
At 1 January 2006	3,641	—	3,641
Credited to income statement	(3,641)	—	(3,641)
At 31 December 2006	—	—	—
Acquisition of subsidiaries	—	528,543	528,543
Credited to income statement	—	(11)	(11)
At 31 December 2007	**—**	**528,532**	**528,532**

26. SHARE CAPITAL

	Notes	Ordinary shares of HK$0.02 each	Amount HK$'000
Authorised:			
At 1 January 2006 and 2007		3,000,000,000	60,000
Increase in authorised share capital	(a)	4,500,000,000	90,000
At 31 December 2007		7,500,000,000	150,000
Issued and fully paid:			
At 1 January 2006 and 2007		1,092,526,145	21,851
Issue of subscription shares	(b)	100,000,000	2,000
Issue of shares upon conversion of convertible loan notes	(c)	462,903,167	9,258
At 31 December 2007		**1,655,429,312**	**33,109**

Notes:

(a) Increase in authorised share capital

Pursuant to an ordinary resolution passed by the Shareholders at the special general meeting held on 15 October 2007, the authorised share capital of the Company was increased from HK$60,000,000 to HK$150,000,000 by the creation of an additional 4,500,000,000 ordinary shares of HK$0.02 each.

(b) Issue of subscription shares

On 9 February 2007, Fit Top Investments Limited ("Fit Top"), a substantial shareholder of the Company which is wholly-owned by a director of the Company, entered into a placing agreement and a top-up subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, Fit Top placed through the placing agent an aggregate of 100 million existing shares in the capital of the Company to independent third parties at a price of HK$0.28 per share. Pursuant to the top-up subscription agreement, Fit Top subscribed for an aggregate of 100 million new shares in the capital of the Company at a price of HK$0.28 per share, raising net proceeds of approximately HK$27.5 million which had been applied as general working capital of the Group.

(c) Conversion of convertible loan notes

(i) In May 2007, the First Convertible Loan Note with outstanding principal amount of HK$30,000,000 was converted at the conversion price of HK$0.45 per share, resulting in the issue of 66,666,667 ordinary shares of HK$0.02 each.

(ii) In May 2007, the Second Convertible Loan Note with outstanding principal amount of HK$178,306,425 was converted at the conversion price of HK$0.45 per share, resulting in the issue of 396,236,500 ordinary shares of HK$0.02 each.

27. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 19 February 2002, the Company adopted the share option scheme ("New Option Scheme") to replace the share option scheme adopted on 21 January 1994 ("Old Option Scheme"). All the options granted under the Old Option Scheme shall remain valid and unchanged and shall be treated in accordance with the terms under the Old Option Scheme. The major terms of the New Option Scheme are summarised as follows:

(a) The purpose was to provide incentives to:

  (i) award and retain the participants who have made contributions to the Group; or

  (ii) attract potential candidates to serve the Group for the benefit of the development of the Group.

(b) The participants included any employee, director, consultant, adviser or agent of any member of the Group.

(c) The maximum number of shares in respect of which options might be granted under the New Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Option Scheme and such limit might be refreshed by shareholders in general meeting. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(d) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the New Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the shares in issue from time to time.

(e) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors and provided in the offer of grant of option.

(f) The exercise period should be any period fixed by the board of directors upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

27. SHARE OPTION SCHEME *(Continued)*

(g) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the Company.

(h) The exercise price of an option must be the highest of:

(i) the closing price of the shares on the date of grant which day must be a trading day;

(ii) the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and

(iii) the nominal value of the share.

(i) The life of the New Option Scheme is effective for 10 years from the date of adoption until 18 February 2012.

There were no outstanding share options at 31 December 2006 and 2007. No share options were granted, exercised or cancelled during the years ended 31 December 2006 and 2007.

28. CONVERTIBLE LOAN NOTES

FIRST CONVERTIBLE LOAN NOTE

On 15 August 2005, the Company issued a convertible loan note (the "First Convertible Loan Note") with a principal amount of HK$108,000,000 to AustChina Information Technology Pyt Limited. The First Convertible Loan Note was subsequently transferred to Mr. Pun So on 10 February 2006. The First Convertible Loan Note bears zero coupon rate. The maturity date is 31 August 2007 or any other date mutually agreed between the Company and the noteholder. The First Convertible Loan Note shall be repaid on the maturity date if no conversion is noted. The conversion price of the First Convertible Loan Note is HK$0.45 per share (subject to adjustment) and the conversion right attached to the First Convertible Loan Note can be exercised at any time after the expiry of 6 months from the issue date of the First Convertible Loan Note and ending on the maturity date.

28. CONVERTIBLE LOAN NOTES *(Continued)*

SECOND CONVERTIBLE LOAN NOTE

On 30 December 2005, the Company issued another convertible loan note with a principal amount of HK$180,000,000 (the "Second Convertible Loan Note") to Mr. Qian Song Wen (the "Timecastle Vendor") for settlement of part of the consideration for the acquisition of the Timecastle Group under the Timecastle S&P Agreement **(Note 29(II))**. The Second Convertible Loan Note bears zero coupon rate. The maturity date is 31 December 2007 or any other date mutually agreed between the Company and the Timecastle Vendor, on which all outstanding principal amount of the Second Convertible Loan Note shall be fully repaid. The Company has the repayment right at any time during the conversion period. The conversion price of the Second Convertible Loan Note is HK$0.45 per share (subject to adjustment). Pursuant to the Timecastle Supplemental Agreement, the terms of the Second Convertible Loan Note were changed as follows: (i) the Timecastle Vendor undertook to the Group that he shall not exercise any conversion right attached to the Second Convertible Loan Note (with principal amount as adjusted by the Group, if any) at any time before the 7th business day after the issue of the audited accounts of the Timecastle Group for the year ending 31 December 2006, or the date on which the Reorganisation becomes effective, whichever is the later; and (ii) the principal amount of the Second Convertible Loan Note was reduced by an amount of approximately HK$1,694,000 representing the Reduction Amount less the Balance.

The convertible loan notes contained two components, liability and equity elements. The equity element was presented in equity heading "Convertible loan notes equity reserve". The effective interest rate of the liability component was 6.26%.

28. CONVERTIBLE LOAN NOTES *(Continued)*

The movement of the liability component of the convertible loan notes for the year is set out below:

	First Convertible Loan Note HK$'000	Second Convertible Loan Note HK$'000	Total HK$'000
Principal amount	108,000	180,000	288,000
Equity component	(11,898)	(21,048)	(32,946)
Liability component at date of issue	96,102	158,952	255,054
Imputed interest charged	2,165	—	2,165
Liability component at 31 December 2005	98,267	158,952	257,219
Imputed interest charged	5,776	10,197	15,973
Liability component at 31 December 2006	104,043	169,149	273,192
Imputed interest charged	1,463	3,805	5,268
Adjustment per Timecastle Supplemental Agreement	—	(1,694)	(1,694)
Early redemption	(76,002)	—	(76,002)
Conversion into ordinary shares	(29,504)	(171,260)	(200,764)
Liability component at 31 December 2007	**—**	**—**	**—**

29. ACQUISITION OF SUBSIDIARIES

(I) ACQUISITION OF FIB AND SSP

On Completion Date, the Group completed the acquisition of the entire equity interests in each of FIB and SSP and their respective shareholders' loans for a total cash consideration of HK$1.6 billion. The net assts acquired in the transaction and the excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of the business combination arising were as follows:

	Acquiree's carrying amount before combination HK$'000	**Fair value adjustment** HK$'000	**Fair value** HK$'000
Net assets acquired:			
Investment properties	3,517,262	—	3,517,262
Property, plant and equipment	43,812	12,539	56,351
Trade receivables	59,468	—	59,468
Prepayments, deposits and other receivables	683,352	—	683,352
Pledged bank deposits	74,605	—	74,605
Bank balances and cash	22,741	—	22,741
Trade payables	(114,509)	—	(114,509)
Accrued liabilities and other payables	(145,676)	—	(145,676)
Bank borrowings	(1,543,043)	—	(1,543,043)
Bank overdraft	(22,029)	—	(22,029)
Taxation payable	(8,023)	—	(8,023)
Deferred tax liabilities	(525,409)	(3,134)	(528,543)
Minority interests	(2)	—	(2)
			2,051,954
Excess over cost of the business combination			(446,924)
			1,605,030
Total consideration satisfied by:			
Costs directly attributable to the acquisition			5,030
Cash consideration paid **(Note 23)**			480,000
Cash consideration payable **(Note 23)**			1,120,000
			1,605,030
Net cash outflow arising on acquisition:			
Cash consideration paid			(485,030)
Bank balances and cash acquired			712
			(484,318)

29. ACQUISITION OF SUBSIDIARIES *(Continued)*

(I) ACQUISITION OF FIB AND SSP *(Continued)*

FIB and SSP collectively contributed approximately HK$3,311,000 to the Group's profit for the period between the Completion Date and the balance sheet date. If the acquisition had been completed on 1 January 2007, total group revenue for the year would have been approximately HK$311 million, and profit for the year would have been approximately HK$894 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007, nor is it intended to be a projection of future results.

(II) ACQUISITION OF THE TIMECASTLE GROUP

Pursuant to the share purchase agreement dated 24 August 2005 (the "Timecastle S&P Agreement") entered into between Sundynasty International Limited (a wholly-owned subsidiary of the Company) and Mr. Qian Song Wen (the "Timecastle Vendor"), the Group agreed to acquire the entire equity interest of the Timecastle Group at a consideration of HK$500 million (subject to adjustments) to be satisfied by cash and by issue of the Second Convertible Loan Note. Pursuant to the Timecastle S&P Agreement, the completion of the acquisition of the Timecastle Group was subject to, inter alia, the completion of reorganisation to convert 東方銀座商業(北京)有限公司, a PRC incorporated company, into a wholly foreign owned enterprise in accordance with the PRC laws and the transfer of the entire interest of 東方銀座商業(北京)有限公司 to the wholly-owned subsidiary of Timecastle International Limited (the "Reorganisation"). As the Reorganisation had not been completed by the fulfillment date of 30 November 2005, the Group entered into a series of contractual arrangements to the effect that the Group would be able to enjoy all economic interests attributed to the entire equity interests in 東方銀座商業(北京)有限公司 and control the operations and financial polices of the Timecastle Group. Accordingly, the Timecastle Group was consolidated by the Group with effect from 30 December 2005, and the acquisition was accounted for using the purchase method.

29. ACQUISITION OF SUBSIDIARIES *(Continued)*

(II) ACQUISITION OF THE TIMECASTLE GROUP *(Continued)*

The Timecastle S&P Agreement allowed for adjustments to the consideration that were contingent on a profit guarantee for the Timecastle Group for the year ended 31 December 2005. After further negotiation, the Timecastle Vendor and the Group entered into a supplemental agreement dated 26 April 2006 (the "Timecastle Supplemental Agreement") to amend the terms of the Timecastle S&P Agreement, pursuant to which (i) the Timecastle Vendor undertook to the Group that he shall not exercise any conversion right attached to the Second Convertible Loan Note (with principal amount as adjusted by the Group, if any) at any time before the 7th business day after the issue of the audited accounts of the Timecastle Group for the year ending 31 December 2006, or the date on which the Reorganisation becomes effective, whichever is the later; and (ii) a profit guarantee for the Timecastle Group for the year ending 31 December 2006 should be given so that the profit guarantee was given for the year in which the Reorganisation was completed instead of 2005. If the audited net profit after tax of the Timecastle Group for the year ending 31 December 2006 prepared in accordance with Hong Kong Financial Reporting Standards is less than RMB80 million (the "Profit Guarantee"), the consideration shall be adjusted downwards by an amount equal to the shortfall of the Profit Guarantee multiplied by 6.5 (the "Reduction Amount"). If the Reduction Amount exceeds the balance of the consideration due to the Timecastle Vendor (the "Balance"), the Group shall not be liable to pay the Balance and the principal amount of the Second Convertible Loan Note shall be reduced by an amount equal to the Reduction Amount less the Balance. Accordingly, the initial accounting for the acquisition of the Timecastle Group could be determined only provisionally by 31 December 2005 as the final consideration for the acquisition was subject to adjustment with reference to the audited results of the Timecastle Group for the year ending 31 December 2006.

In accordance with the Timecastle S&P Agreement as amended by the Timecastle Supplemental Agreement, the final consideration was determined to be approximately HK$425,306,000 (including costs directly attributable to the acquisition of approximately HK$12,000,000).

29. ACQUISITION OF SUBSIDIARIES *(Continued)*

(II) ACQUISITION OF THE TIMECASTLE GROUP *(Continued)*

The net assets acquired and the goodwill arising were as follows:

	Acquiree's carrying amount before combination and fair value HK$'000
Net assets acquired:	
Property, plant and equipment	88,231
Prepaid rental	38,462
Deposits paid for acquisition of leasehold improvements	23,702
Deferred tax assets	7,254
Inventories	3,601
Trade receivables	894
Prepayments, deposits and other receivables	147,090
Bank balances and cash	7,747
Trade payables	(41,537)
Accrued liabilities and other payables	(27,366)
Bank borrowings	(24,038)
Taxation payable	(14,415)
	209,625
Goodwill **(Note 18)**	215,681
	425,306
Total consideration satisfied by	
Cash consideration paid	247,000
Second Convertible Loan Note **(Note 28)**	180,000
Reduction of principal amount of the Second Convertible Loan Note by an amount equal to the Reduction Amount less the Balance	(1,694)
	425,306
Net cash outflow arising on acquisition:	
Cash consideration paid	(75,000)
Bank balances and cash acquired	—
	(75,000)

30. DISPOSAL OF THE RETAIL GROUP

As disclosed in **Note 10**, the Group discontinued its retail businesses in Hong Kong at the time of disposal of its entire equity interest in the Retail Group at an aggregate consideration of HK$130,590,000. The transaction was completed on 30 June 2006. Details of the assets and liabilities disposed of are as follows:

	HK$'000
Property, plant and equipment	81,324
Prepaid lease payments	4,643
Investment property	5,000
Available-for-sale investments	1,760
Rental and utility deposits	10,733
Inventories	62,267
Trade receivables	1,746
Prepayments, deposits and other receivables	41,702
Amount due from CASH	11,997
Listed investments held for trading	2,133
Pledged bank deposits	44,400
Bank balances and cash	50,355
Trade payables	(146,539)
Accrued liabilities and other payables	(37,718)
Taxation payable	(200)
Bank borrowings, secured	(64,007)
	69,596
Release of building revaluation reserve	(701)
Gain on disposal of the Retail Group	61,695
Total consideration	130,590
Satisfied by:	
Cash consideration received	30,000
Amount due from the CASH Group **(Note 20)**	100,590
	130,590
Net cash outflow arising on disposal:	
Cash consideration received	30,000
Bank balances and cash disposed of	(50,355)
	(20,355)

31. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which includes bank borrowings and convertible loan notes), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

NET DEBT TO EQUITY RATIO

The Group's management reviews the capital structure on an ongoing basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The net debt to equity ratio at the year end was as follows:

	2007	2006
	HK$'000	HK$'000
Debt (i)	**1,578,284**	293,192
Cash and cash equivalents (net of bank overdrafts)	**(59,930)**	(1,671)
Net debt	**1,518,354**	291,521
Equity (ii)	**916,949**	179,308
Net debt to equity ratio	**166%**	163%

(i) Debt comprises bank borrowings and convertible loan notes as detailed in **Notes 24** and **28** respectively.

(ii) Equity includes all capital and reserves of the Group.

32. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2007 **HK$'000**	2006 HK$'000
Financial assets		
Loans and receivables		
— Trade receivables	**78,655**	79,787
— Deposits and other receivables	**613,536**	344,181
— Amount due from the CASH Group	**—**	106,458
— Pledged bank deposits	**74,371**	—
— Bank balances and cash	**82,123**	1,671
Financial liabilities		
Amortised cost		
— Trade payables	**111,330**	11,587
— Accrued liabilities and other payables	**200,008**	108,967
— Amount due to a director	**—**	1,237
— Bank borrowings	**1,578,284**	20,000
— Convertible loan notes	**—**	273,192
— Purchase consideration payable	**1,120,000**	—

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include bank balances, pledged bank deposits, trade and other receivables, trade and other payables, and convertible loans notes. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group does not enter into or trade derivative financial instruments for speculative purposes.

32. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Currency risk

Substantially all of the Group's sales and operating costs are denominated in the functional currency of the group entity making the sales or incurring the costs. Accordingly, the Directors consider that the currency risk is not significant.

The Group currently does not have a formal currency hedging policy in relation to currency risk. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

Price risk

As the Group has no significant investments, the Group is not subject to significant price risk.

Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings (see **Note 24** for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing interest rate of the People's Bank of China arising from the Group's RMB denominated bank borrowings.

The Group currently does not have a formal interest rate hedging policy in relation to fair value and cash flow interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate borrowings at the balance sheet date. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

32. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

Sensitivity analysis (Continued)

If interest rates had been 50 basis points higher and all other variables were held constant, the Group's profit for the year ended 31 December 2007 would decrease by approximately HK$4,938,000 (2006: Nil).

Credit risk

At 31 December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and loan receivable at each balance sheet date to ensure that adequate impairment loss are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Liquidity risk

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

32. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2007					
Non-derivative financial liabilities					
Trade payables	111,330	–	–	111,330	111,330
Accrued liabilities and other payables	200,008	–	–	200,008	200,008
Bank borrowings	289,266	1,045,611	243,407	1,578,284	1,578,284
Purchase consideration payable	1,120,000	–	–	1,120,000	1,120,000
31 December 2006					
Non-derivative financial liabilities					
Trade payables	11,587	–	–	11,587	11,587
Accrued liabilities and other payables	108,967	–	–	108,967	108,967
Amount due to a director	1,237	–	–	1,237	1,237
Bank borrowings	20,000	–	–	20,000	20,000
Convertible loan notes	288,000	–	–	288,000	273,192

32. FINANCIAL INSTRUMENTS *(Continued)*

(C) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the binomial model).

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

33. OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

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

	2007 **HK$'000**	2006 HK$'000
Within one year	**46,560**	41,931
In the second to fifth years inclusive	**202,441**	602,091
Over five years	**295,852**	1,232,804
	544,853	1,876,826

33. OPERATING LEASE COMMITMENTS *(Continued)*

THE GROUP AS LESSOR

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2007	2006
	HK$'000	HK$'000
Within one year	**201,071**	53,675
In the second to fifth years inclusive	**643,363**	52,459
Over five years	**1,356,387**	53,410
	2,200,821	159,544

34. RETIREMENT BENEFIT PLANS

DEFINED CONTRIBUTION PLAN

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the consolidated income statement of approximately HK$392,000 (2006: HK$2,628,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant related party transactions for the year ended 31 December 2007:

	2007	2006
	HK$'000	HK$'000
CASH Group		
Consideration for disposal of the Retail Group **(Note 10)**	**–**	130,590
Interest income on balance of unsettled consideration **(Note 20)**	**–**	5,868
Rental expenses	**–**	3,718
Compensation to key management personnel of the Group		
Short-term benefits	**3,727**	1,926
Post-employment benefits	**85**	51
	3,812	1,977

36. COMPARATIVE FIGURES

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

37. POST BALANCE SHEET EVENTS

(i) Pursuant to an ordinary resolution passed by the Shareholders at the special general meeting held on 9 January 2008, the authorised share capital of the Company was increased from HK$150,000,000 to HK$1,000,000,000 by the creation of an additional 42,500,000,000 ordinary shares of HK$0.02 each.

(ii) On 14 March 2008, the Company announced that it had completed, through the placing agent, the placing of an aggregate of 8,000,000,000 new shares of HK$0.02 each in the capital of the Company at a placing price of HK$0.15 each to independent third parties. The Company raised net proceeds of approximately HK$1,169,000,000 which were used as to approximately HK$1,120,000,000 for the settlement of the outstanding debts and as to the remaining balance of approximately HK$49,000,000 as general working capital of the Group.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31 DECEMBER 2007

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share capital/paid up capital	Proportion of ownership interests held by the Company	Principal activities
Sundynasty International Limited	British Virgin Islands	Ordinary US$1	100% (Direct)	Investment holding
Timecastle International Limited	British Virgin Islands	Ordinary US$1	100% (Indirect)	Investment holding
Master Empire Development Limited	Hong Kong	Ordinary HK$1	100% (Indirect)	Investment holding
東方銀座商業(北京)有限公司	PRC **(Note (i))**	Registered capital RMB45,000,000	100% (Indirect)	Provision of retail-related business in the PRC
北京東方銀座商業投資顧問有限公司	PRC **(Note (ii))**	Registered capital RMB500,000	100% (Indirect)	Provision of shopping mall development planning advisory services in the PRC
北京華文韜廣告有限公司	PRC **(Note (iii))**	Registered capital RMB29,000,000	100% (Indirect)	Provision of promotion and advertising advisory services in the PRC
北京東方銀座商業管理有限公司	PRC **(Note (iv))**	Registered capital RMB2,000,000	100% (Indirect)	Provision of enterprises management consultancy services in the PRC

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31 DECEMBER 2007 *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share capital/paid up capital	Proportion of ownership interests held by the Company	Principal activities
Affirm Action Limited	Hong Kong	Ordinary HK$1	100% (Direct)	Holding of motor vehicle in Hong Kong
Master Step Management Limited	Hong Kong	Ordinary HK$1	100%(Direct)	Provision of management services in Hong Kong
Winner Grace International Limited	British Virgin Islands	Ordinary US$1	100% (Direct)	Investment holding
Firm Top Investments Limited	British Virgin Islands	Ordinary US$1	100%(Direct)	Investment holding
Fortune International Business Limited	British Virgin Islands	Ordinary US$1	100%(Indirect)	Investment holding
Sunny Sky Properties Limited	British Virgin Islands	Ordinary US$1	100%(Indirect)	Investment holding
Po Sun Holding Group Limited	Hong Kong	Ordinary HK$10,000	99% (Indirect)	Investment holding
Po Sun Investment Limited	British Virgin Islands	Ordinary US$1	100% (Indirect)	Investment holding
Po Sun Piece Goods Company Limited	Hong Kong	Ordinary HK$10,000,000	98.99% (Indirect)	Investment holding
北京京港物業發展有限公司	PRC **(Note (v))**	Registered capital US$25,000,000	94.04%(Indirect)	Property investment in the PRC
東方銀座廣場有限公司	PRC **(Note (vi))**	Registered capital US$12,500,000	96.93% (Indirect)	Property investment in the PRC
Great Haven Development Limited	Hong Kong	Ordinary HK$250	99.60%(Indirect)	Investment holding

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31 DECEMBER 2007 *(Continued)*

Notes:

(i) 東方銀座商業(北京)有限公司 is a wholly foreign owned enterprise established in the PRC.

(ii) 北京東方銀座商業投資顧問有限公司 is a limited liability company established in the PRC.

(iii) 北京華文韜廣告有限公司 is a limited liability company established in the PRC.

(iv) 北京東方銀座商業管理有限公司 is a limited liability company established in the PRC.

(v) 北京京港物業發展有限公司 is a Sino-foreign cooperative joint venture established in the PRC.

(vi) 東方銀座廣場有限公司 is a Sino-foreign cooperative joint venture established in the PRC.

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.

GROUP PROPERTIES

MAJOR PROPERTIES HELD FOR INVESTMENT

Location	Existing use	Term of lease	Group's interest (%)
Duhui Hua Ting Apartment (都會華庭), Duhui International Apartment (都會國際) and Beijing City Square (北京城市廣場) located at No. 3 Jia, Shilibao, Chao Yang Road, Chao Yang District, Beijing, the PRC	Residental, office, retail, ancillary facilities and car parking	Medium/Long	94
Oriental Kenzo Plaza (東方銀座廣場) located at Dong Zhi Men Wai Main Street, Dong Cheng District, Beijing, the PRC	Residental, office, retail and car parking	Medium/Long	97
Flat B, 17th Floor, The Mayfair, No. 1 May Road, The Peak, Hong Kong 253/17, 334th equal and undivided shares of land in Inland Lot No. 8410	Residental	Medium	99

FINANCIAL SUMMARY

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

RESULTS

Year ended 31 December	**2007 HK$'000**	2006 HK$'000	2005 HK$'000 (Restated)	2004 HK$'000 (Restated)	2003 HK$'000 (Restated)
Revenue					
From continuing operations	**137,206**	125,759	—	—	—
From discontinued operations	**—**	426,452	865,647	876,896	836,006
	137,206	552,211	865,647	876,896	836,006
Profit/(Loss) before tax	**507,552**	(78,904)	(76,591)	(85,413)	(33,627)
Income tax expense	**(6,021)**	(16,514)	—	(6)	—
Profit/(Loss) for the year	**501,531**	(95,418)	(76,591)	(85,419)	(33,627)

ASSETS AND LIABILITIES

At 31 December	**2007 HK$'000**	2006 HK$'000	2005 HK$'000 (Restated)	2004 HK$'000 (Restated)	2003 HK$'000 (Restated)
Assets	**4,504,476**	612,133	931,477	411,413	463,259
Liabilities	**3,587,527**	432,825	690,735	267,621	284,629
Net assets	**916,949**	179,308	240,742	143,792	178,630

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Oriental Ginza Holdings Limited ("Company") will be held at Suites 2006-08, 20/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Monday, 2 June 2008, at 10:00 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and the Auditors for the year ended 31 December 2007.

2. To consider and declare a final dividend for the year ended 31 December 2007.

3. To re-elect the retiring Directors of the Company for the ensuing year, to determine 20 as the maximum number of Directors, to authorise the Directors to appoint additional Directors up to the maximum number and to fix the Directors' remuneration.

4. To re-appoint Messrs HLB Hodgson Impey Cheng as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

5. To consider and, if thought fit, to pass the following resolutions, with or without amendments, as ordinary resolutions:

   A. **THAT**

      (a) subject to paragraph A(c), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

      (b) the approval in paragraph A(a) shall authorise the Directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

      (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to the approval in paragraph A(a), otherwise than pursuant to a Rights Issue (as hereinafter defined) or any option scheme or similar arrangement for the time being adopted for the grant or issue to participants of the Company and its subsidiaries of shares or right to acquire shares in the Company shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

1. the conclusion of the next annual general meeting of the Company;

2. the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

3. the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).

B. **THAT**

(a) subject to paragraph B(b), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on the Stock Exchange or on any other stock exchange on which the shares in the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of The Rules Governing the Listing of Securities on the Stock Exchange or on any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares in the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph B(a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

1. the conclusion of the next annual general meeting of the Company;

2. the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

3. the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

C. **THAT** conditional upon resolutions nos.4A and 4B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no.4B above be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to resolution no.4A above.

6. To consider and, if thought fit, to pass the following resolution, with or without amendments, as ordinary resolution:

THAT conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares in the Company to be issued pursuant to the exercise of any options ("Options") to be granted under the existing share option scheme and any other share option scheme(s) of the Company, the Directors be and are hereby authorised, at their absolute discretion, to grant Options to the extent that the shares in the Company issuable upon the full exercise of all Options shall not be more than 10% of the issued share capital of the Company as at the date of this resolution.

By order of the Board
Tin Yuen Sin Carol
Chairperson

Hong Kong, 30 April 2008

Notes:

1. A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint up to two proxies to attend and, in the event of a poll, vote instead of him/her. A proxy need not be a shareholder of the Company.

2. In order to be valid, the form of proxy must be deposited at the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

3. The retiring directors are as follows:

   Mr. Tse Pui To Dickson, the executive director, shall retire in accordance with the Bye-law 111(B) of the Bye-laws and does not wish to offer himself for election.

   Mr. Yip Ying Chi Benjamin, Mr. Zhang Feng, Mr. Li Sai Ho and Mr. Fok Wai Ming Eddie, the executive directors, shall retire and, being eligible, offer themselves for re-election at the AGM in accordance with the Bye-law 115 of the Bye-laws.

   Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris, the independent non-executive directors, shall retire and, being eligible, offer themselves for re-election at the AGM in each year in accordance with their terms of office of directorship.

   The biographical details of the retiring directors, being the directors proposed to be re-elected at the forthcoming annual general meeting, are provided in the circular of the Company, "General Mandate to Repurchase Shares, Refreshment of the Scheme Mandate Limit and Re-election of the Retiring Directors" to be dispatch to the shareholders in due course.

4. A form of proxy for use at the meeting is enclosed.