South East Group Limited
東南國際集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 726

Annual Report 2008

* *For identification purpose only*

CONTENTS

CORPORATE INFORMATION

DIRECTORS:

Executive:

WU Siu Chung *(Chairman)*
CHEN Xiaoping

Non-executive:

CHEN Yuan Shou, Budiman
Eduard William Rudolf Helmuth WILL
LO Yuk Lam*
WONG Kam Wah*
David R. PETERSON*

* independent non-executive director

QUALIFIED ACCOUNTANT:

LAU Wah Ching

COMPANY SECRETARY:

CHAN Sau Chee

AUDIT COMMITTEE:

LO Yuk Lam
WONG Kam Wah
Eduard William Rudolf Helmuth WILL

REMUNERATION COMMITTEE:

LO Yuk Lam
WONG Kam Wah
Eduard William Rudolf Helmuth WILL

REGISTERED OFFICE:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS:

8A-B, Entertainment Building
30 Queen's Road Central
Hong Kong

AUDITORS:

East Asia Sentinel Limited
Certified Public Accountants
12th Floor, Dina House
Ruttonjee Centre
11 Duddell Street
Hong Kong

PRINCIPAL REGISTRARS AND TRANSFER OFFICE:

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

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS:

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

CHAIRMAN'S STATEMENT

RESULTS

For the year ended 31 March 2008, the Group's turnover decreased by approximately 74.8% to HK$7,216,000 from approximately HK$28,624,000 for last year. Gross profit decreased by approximately 77.4% to approximately HK$1,611,000 from approximately HK$7,134,000 of the previous year. The Group recorded a loss of approximately HK$5,055,000 for the year, which was approximately 4.3% higher than last year's net loss of approximately HK$4,846,000. The decrease in turnover was mainly due to the stagnant sales of the existing business divisions, along with increased operating cost and price competition, which combined to squeeze the Group's profit for the year ended 31 March 2008. The net loss was mainly due to the provision of approximately HK$2,788,000 made against obsolete inventory, together with the equity settled share-based payment expenses for options granted by the Company for approximately HK$3,766,000 during the year.

BUSINESS REVIEW

During the year ended 31 March 2008, the Group was principally engaged in property development and investment, trading of data storage media products and wine business. The financial resources of the Group were derived as to approximately 48.4% from the property business; approximately 36.1% from sales of wine products and approximately 15.5% from sales of data storage media products.

The Group had no new property for sale during the year under review. Turnover from property sales was all attributed to sales of completed properties in the People's Republic of China (the "PRC"), which included the commercial properties in Zouping, Shandong and the car park units in Pudong, Shanghai. Turnover and segment loss attributable to the property development and investment business amounted to approximately HK$3,495,000 (2007: approximately HK$15,928,000) and HK$6,706,000 (2007: loss of approximately HK$3,790,000) respectively. As the real estate sector was affected by the intensified macroeconomic austerity measures and there was increasing market competition in the vicinity; a lean period for the Group's commercial properties in Zouping, Shandong persisted during the second half of the financial year under review. At 31 March 2008, approximately 8,454 square meters, representing about 51% of the total gross floor area, remained unsold. Some of the unsold commercial properties have been leased for rental income purpose. Eight car park units were sold during the year and the Group still held thirty two units at the year end.

Turnover of the data storage media products business for the year amounted to approximately HK$1,118,000 (2007: approximately HK$3,270,000) with a loss of approximately HK$4,093,000 (2007: loss of approximately HK$870,000). Diminishing demand for the products carried by the Group resulted in the down trend of turnover. Increasing operating cost and other expenditure of the PRC operations further dampened the performance of this business segment. The Group discontinued this business by the end of the fiscal year so as to reallocate resources for other business opportunities. It is expected that suspension of the operations in respect of the data storage media products will not lead to any significant write-offs or provisions.

The winery in Qingdao, a joint venture owned as to 55% by the Group, is accounted for and consolidated in the accounts of the Company as a subsidiary. During the year under review, affected by fierce market competition, turnover and segment loss from this subsidiary, as represented by the wine business, were approximately HK$2,603,000 (2007: approximately HK$9,426,000) and HK$1,577,000 (2007: loss of approximately HK$8,097,000) respectively. During the year, production of the winery was carried out on an order basis in order to lower costs and overheads, and to reduce damage and obsolescence of stock, output declined compared with last year. Part of the turnover was generated from the inventory sales at lower prices. After taking into account of the provisions and write-offs made in the previous years, the winery had capital deficiency of approximately HK$2,656,000 in the consolidated accounts of the Group at 31 March 2008. Because of the severe financial position and operating environment encountered by the winery business, there existed uncertainty as to its day-to-day operations. The management will review the situation carefully and will explore possible ways to resolve the situation.

CHAIRMAN'S STATEMENT

The Group's other revenues during the year mainly represented an income of approximately HK$2,476,000 from a gain on disposal of interests in the residential property in Zouping, Shandong and investments in the PRC listed securities which generated a total gain of approximately HK$2,781,000. In anticipation of the effects of the macro-austerity measures together with the global market volatility that might have on the PRC stock markets, the management decided to withhold investment activities in the PRC listed securities in March 2008. All the PRC listed securities were sold at 31 March 2008 with net gain.

Geographically, turnover derived from the PRC market accounted for approximately 85.1% of the total turnover of the Group for the year ended 31 March 2008, while it was 93.4% for last year. It mainly represented property sales and property rental as well as sales of wine products in the PRC. Turnover from elsewhere accounted for approximately 14.9% of the total turnover for the year as compared to approximately 6.6% of the previous year. It was mainly derived from sales of data storage media products.

PROSPECTS

Although the Group reported a net loss during the year under review, its liquidity and financial position remain sound and healthy. Cash flow improved because of the benefit from investment activities; most of the financial instruments were sold during the year to free up cash for other business opportunities. Subsequent to the year end, the Company issued a convertible bond in the principal amount of HK$68,000,000 bearing interest of 2.5% per annum with a three-year term. This has further strengthened the Group's cash position.

While the existing businesses have been encountering challenges and competition and it is envisaged that the situation will continue in the near future, the Group is actively seeking for investment opportunities to broaden its sources of income and to boost its profitability but leaving a stretch of void in the immediate period before the Group can successfully diversify into other new promising businesses. The Group will try its best endeavour to improve its operating performance, taking into account of efficient utilization of resources and risk control. In pursuance of this goal, the Group will invariably strike a balance between business growth and healthy financial management. On the other hand, the Group will continually monitor its existing businesses and will make necessary adjustments to consolidate its operation scale and to realign its resources.

The Board of Directors of the Company has been reorganized during the year under review. On hopes that economic growth in the PRC market sustains, and with the experience and expertise of the reorganized Board, the Group will continuously improve its profitability and lay a solid foundation for its long term business growth and development, and most of all, will bring reasonable return to its shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our staff members for their contribution and effort in the past year, and to express our most sincere gratitude to our shareholders and business partners for their continuing support and confidence in the Company. We are dedicated to do our utmost in maximizing the value of the Company ultimately.

By order of the Board of
SOUTH EAST GROUP LIMITED
Wu Siu Chung
Chairman

Hong Kong, 27 June 2008

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group recorded a net cash inflow of approximately HK$40,132,000 during the year. At 31 March 2008, cash and bank balances of the Group amounted to approximately HK$46,992,000 (2007: HK$6,860,000). Bank borrowings of the Group as at the same date amounted to approximately HK$5,225,000 (2007: HK$4,797,000), which are repayable within one year. The net proceeds from the Convertible Bond (as defined below) in the principal amount of HK$68,000,000 issued on 7 May 2008 would be applied towards the general working capital of the Group and/or any suitable investment projects.

At 31 March 2008, the Group's bank and other borrowings were denominated as to 100% in Renminbi. The Group conducted most of its business in Renminbi and Hong Kong dollars so that it does not have any significant exposure to foreign exchange fluctuation.

Shareholders' equity at 31 March 2008 was HK$69,049,000 (2007: HK$65,466,000), representing an increase of 5.47% over last year.

The Group's gearing ratio at 31 March 2008, expressed as the percentage of the Group's bank borrowings over shareholders' equity, was approximately 7.57%.

CAPITAL STRUCTURE

On 9 April 2008, the Company entered into a subscription agreement (the "Subscription Agreement") with Loyal Delight Group Limited (the "Subscriber") pursuant to which the Subscriber conditionally agreed to subscribe for a convertible bond (the "Convertible Bond") issued by the Company in the principal amount of HK$68,000,000 carrying an interest of 2.5% per annum and expiring on the third anniversary of the issue date of the Convertible Bond. On 7 May 2008, the Subscription Agreement was completed and the Convertible Bond was issued to the Subscriber. The initial conversion price of Convertible Bond is HK$1.03 per share.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Pursuant to a cooperation for development agreement dated 31 July 2006 entered into by 東南(山東)置業有限公司 (South East Property (Shandong) Limited) ("SEP"), a wholly owned subsidiary of the Company, and a PRC investor, the Group set up a jointly controlled entity, 山東鄒平東南怡聯置業有限公司 (Shandong Zouping South East Yi Lian Property Company Limited) ("SEYL") in the PRC on 23 August 2006. As disclosed in the Company's announcement dated 10 July 2007, the parties to the aforesaid agreement entered into a supplementary agreement dated 9 July 2007, which resulted in SEYL being owned as to 5% by SEP and 95% by the PRC investor. Pursuant to the supplementary agreement, SEP will ultimately transfer its 5% equity interest in SEYL to the PRC investor. Revenue and profit attributed from the 5% equity interest in SEYL are anticipated to be recognized in the year ending 31 March 2009.

EMPLOYEE INFORMATION

At 31 March 2008, the total number of employees of the Group was approximately 159 (2007: 157). Employees are basically remunerated based on the nature of their job and their performance as well as the prevailing market trend. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Company also adopted a share option scheme in November 2003 to reward employees for their contributions to the Group.

CHARGES ON GROUP ASSETS

At 31 March 2008, the Group pledged certain assets including land and buildings with an aggregate net book value of HK$8,291,000 (2007: HK$7,644,000) to secure the general banking facilities and bank loan granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

At 31 March 2008, the Group had no outstanding capital commitment (2007: nil). The Group's contingent liabilities were significantly relating to the Purported Guarantee as set out in the section of "Litigation", which was treated as contingent liabilities on the ground of prudence.

LITIGATION

Details of the litigation of the Company are set out in note 31 to the financial statements.

DIRECTORS' BIOGRAPHY

EXECUTIVE DIRECTORS

Mr. WU Siu Chung, aged 50, was appointed as the chairman and an executive director of the Company on 25 September 2007. He is also director of certain subsidiaries in the Group. Mr. Wu has rich experience in investment activities and holds senior management positions in various investment companies. Mr. Wu was awarded World Outstanding Chinese in 2008 and received honorary doctorate from York University in the USA. He is the chairman and the beneficial owner of Ricco Capital (Holdings) Limited. He is also the sole director and the sole shareholder of Brilliant Express International Limited, the single largest shareholder of the Company as listed under the section headed "Substantial Shareholders" in the Report of the Directors. Mr. Wu is responsible for the overall strategy for business development and corporate planning of the Group.

Mr. CHEN Xiaoping, aged 56, was appointed as an executive director of the Company on 25 September 2007. He is also director of certain subsidiaries in the Group. Mr. Chen worked at senior management positions in banking and other business fields in the past twenty years, such as Director of Kleinwort Benson Group, Senior Advisor of Global Interactive Technology AG and Financial Advisor of CNT Group. He is also a director and the chief executive officer of Ricco Capital (Holdings) Limited, which is wholly owned by the chairman of the Company. Mr. Chen assumes the role of chief executive officer and is responsible for the overall management and monitoring of the Group's activities.

NON-EXECUTIVE DIRECTORS

Mr. CHEN Yuan Shou, Budiman, aged 29, was re-designated as a non-executive director of the Company on 25 September 2007. Up to his re-designation, he had assumed the roles of executive director and chairman of the Company since September 2001 and September 2002 respectively. As a transitional arrangement, he remains director of certain subsidiaries in the Group. Mr. Chen was educated at the University of Southern California with an emphasis on Economics. His experience lies in the field of real estate project development and e-business development.

Mr. Eduard William Rudolf Helmuth WILL, aged 66, was appointed as a non-executive director of the Company and member of each of the Audit Committee and Remuneration Committee of the Company on 1 January 2008. Mr. Will graduated from University of Hamburg, is a seasoned investment banker specializing in international corporate finance. He has rich experience in cross border mergers and acquisitions in Europe, the USA and the Asia Pacific Region. He worked in management capacity for Morgan Guaranty Trust Company (JP Morgan), Amex Bank Limited (America Express's merchant bank), Bank of America, Bear Stearns and Company, Asian Oceanic Limited (Cigna Group's investment bank) and other big international corporations and is currently serving on the board of directors of Emerson Radio, a public company listed on the American Stock Exchange; and is a non-executive director of Integrated Data Resources whose shares are quoted on Nasdaq. He is also the vice chairman of Ricco Capital (Holdings) Limited, which is wholly owned by the chairman of the Company.

DIRECTORS' BIOGRAPHY

Mr. LO Yuk Lam, aged 59, was appointed as an independent non-executive director of the Company on 2 January 2002. He is also a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Lo is presently the Chairman of the Chinese Manufacturers' Association of Hong Kong — Industry & Technology Committee, the Honorary Life Chairman of Hong Kong Biotechnology Association (Founding Chairman) and the Vice President of PerkinElmer Life and Analytical Sciences, Pac Rim. He is also the former Chairman of the Innovation and Technology Fund (Biotechnology Projects) Vetting Committee and the Biotechnology Committee of the Industry and Technology Development Council. Mr. Lo has been awarded the Honorary Fellowship by the Hong Kong University of Science and Technology and is heavily involved with several committees with the Industry Department of the HKSAR Government. Mr. Lo is currently an Adjunct Professor of the Chinese University of Hong Kong, a special advisor to the Hong Kong University of Science and Technology and a member of the Advisory Committee of both City University of Hong Kong and the Hong Kong Polytechnic University, and also as Honorary Professor in several universities in Mainland China. Mr. Lo was awarded World Outstanding Chinese in 2008.

Mr. WONG Kam Wah, aged 49, was appointed as an independent non-executive director of the Company on 1 December 2002. He is also a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and an associate member of each of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Wong served in senior positions in a multinational corporation and an audit firm. He is currently the principal of a certified public accountants firm. He has extensive experience in accounting and auditing work.

Mr. David R. PETERSON, aged 64, was appointed as an independent non-executive director of the Company on 8 April 2008. Mr. Peterson is currently a senior partner and chairman of the Toronto law firm of Cassels Brock & Blackwell LLP, where he practices corporate/commercial law. He was called to the Bar in Ontario in 1969 and appointed a Queen's Counsel in 1980 and was summoned by Her Majesty to the Privy Council in 1992. Mr. Peterson is also director of a number of public and private companies including Rogers Communications Inc., Ivanhoe Cambridge Inc., Industrielle-Alliance Life Assurance Company, Franco-Nevada Corporation, Shoppers Drug Mart and Emerson Radio Corporation, a public company listed on the American Stock Exchange. Mr. Peterson is or was director or active with a number of charitable, educational and environmental organizations. He is now the chancellor of the University of Toronto and a director of St. Michael's Hospital, and was an adjunct professor at York University, a fellow of McLaughlin College and Executive-in-Residence at Rotman School of Management. Other than possessing extensive business and professional experience, Mr. Peterson is also devoted to constituency and constitutional development. He was elected as a member of the Ontario Legislature in 1975, and became the leader of the Ontario Liberal party in 1982. He served as Premier of the Province between 1985 and 1990, overseeing a very active period of reform and playing a major role in the country's constitutional discussions. He was chairman of the Commonwealth Team observing the 1992 elections in Guyana and was chief federal negotiator for the devolution of the Northwest Territories. Mr. Peterson holds a Bachelor of Arts degree from the University of Western Ontario and a Bachelor of Law degree from the University of Toronto and studied at the University of Caen, France. He received honorary doctorates from the University of Toronto, the University of Western Ontario, the University of Ottawa, the University of Tel Aviv and the American University of the Caribbean. In 1994 the government of France appointed him a Knight of the Order of the Legion of Honour of France. In 1995 the International Assembly of French-Speaking Parliamentarians presented him with the Ordre de la Pléiade.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 13 to the financial statements.

SEGMENT INFORMATION

The business activities of the Group are categorised into the manufacturing and trading of data storage media products, property development and wine production. Details of the segment information are set out in note 34 to the financial statements.

FINANCIAL RESULTS

The loss and cash flows of the Group for the year ended 31 March 2008 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 21 to 67.

DONATIONS

During the year, the Group has not made any charitable donations (2007: HK$1,051,000).

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2008 (2007: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 68.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of share capital for the year are set out in note 24 to the financial statements.

LITIGATION

Details of the litigation of the Group are disclosed in note 31 to the financial statements.

BORROWINGS

Details of the borrowings of the Group at 31 March 2008 are set out in note 21 to the financial statements.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the connected party transactions are disclosed in note 33 to the financial statements.

EVENTS AFTER BALANCE SHEET DATE

Details of the significant post balance sheet event of the Group are set out in note 37 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive directors:

Mr. WU Siu Chung *(Chairman)*	(appointed on 25 September 2007)
Mr. CHEN Xiaoping	(appointed on 25 September 2007)

Non-executive directors:

Mr. CHEN Yuan Shou, Budiman	(formerly known as Budiman RAHARDJA, re-designated from executive to non-executive director on 25 September 2007)
Mr. Eduard William Rudolf Helmuth WILL	(appointed on 1 January 2008)
Mr. CHEN Zhi Yung	(resigned on 1 January 2008)
Mr. LO Yuk Lam**	
Mr. WONG Kam Wah**	
Mr. NG Chun Hung, Lawrence**	(resigned on 1 January 2008)
Mr. David R. PETERSON**	(appointed on 8 April 2008)

** Independent non-executive director

In accordance with bye-law 99 of the Company's bye-laws, Mr. Chen Yuan Shou, Budiman, Mr. Lo Yuk Lam and Mr. Wong Kam Wah shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with bye-law 102(B) of the Company's bye-laws, Mr. Wu Siu Chung, Mr. Chen Xiaoping, Mr. Eduard William Rudolf Helmuth Will and Mr. David R. Peterson (who were appointed by the board of directors of the Company after the last annual general meeting) shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wu Siu Chung and Mr. Chen Xiaoping has entered into a service agreement with the Company for a period of three years from 1 October 2007 and will continue thereafter unless and until terminated by either party by three months' prior notice.

The service agreement between Mr. Chen Yuan Shou, Budiman and the Company for a period of three years from 1 April 2007 has been terminated with effect from 12 October 2007.

Apart from the above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES & DEBENTURES

As at 31 March 2008, details of the interests of the directors and chief executive of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in ordinary shares of the Company

Name of director	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
WU Siu Chung	Through a controlled corporation	92,000,000 (Note 1)	26.98%
CHEN Yuan Shou, Budiman	Beneficially owned	33,524,820	9.83%
LO Yuk Lam	Beneficially owned and through family interest	207,000 (Note 2)	0.06%
WONG Kam Wah	Beneficially owned	82,000	0.02%

Notes:

1. These shares were held by Brilliant Express International Limited, a company wholly owned by Mr. Wu Siu Chung.

2. 7,000 shares were personally held by Mr. Lo Yuk Lam and 200,000 shares were held by his spouse.

(b) Long position in underlying shares — share options

Details of the interests of directors in share options of the Company were contained in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 31 March 2008, none of the directors and chief executive of the Company was interested in the equity and debt securities of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, according to the register kept by the Company under Section 336 of the SFO, the following shareholders, other than a director or chief executive of the Company, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
Brilliant Express International Limited (Note)	Directly beneficially owned	92,000,000	26.98%

Note: Mr. Wu Siu Chung, a director of the Company, is the ultimate beneficial owner of Brilliant Express International Limited. Under Part XV of the SFO, Mr. Wu Siu Chung is deemed to have interest in these shares.

Save as disclosed above, as far as the directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

To comply with Chapter 17 (Equity Securities — Share Option Schemes) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company adopted a share option scheme on 7 November 2003 as approved by the shareholders at the Special General Meeting.

Details of the share option scheme of the Company are set out in note 26 to the financial statements.

Details of movements in the share options during the year ended 31 March 2008 were as follows:

Participants	Date of Grant	Exercisable period	Exercise price per share HK$	Number of share options At 1 April 2007	Granted during the year	Exercised during the year	At 31 March 2008
Directors							
WU Siu Chung	23/01/2008	23/01/2008 — 22/01/2011	1.200	—	3,000,000	—	3,000,000
	23/01/2008	23/01/2009 — 22/01/2012	1.200	—	800,000	—	800,000
							3,800,000
CHEN Xiaoping	23/01/2008	23/01/2008 — 22/01/2011	1.200	—	500,000	—	500,000
Eduard William Rudolf Helmuth WILL	23/01/2008	23/01/2008 — 22/01/2011	1.200	—	200,000	—	200,000
CHEN Yuan Shou, Budiman	18/12/2003	18/12/2003 — 17/12/2013	0.106	3,305,000	—	(3,305,000)	—
	18/12/2003	18/12/2004 — 17/12/2014	0.106	3,305,000	—	—	3,305,000
	18/12/2003	18/12/2005 — 17/12/2015	0.106	3,305,000	—	—	3,305,000
	16/04/2007	01/11/2007 — 31/10/2010	0.177	—	3,305,000	—	3,305,000
	16/04/2007	01/11/2008 — 31/10/2011	0.177	—	3,305,000	—	3,305,000
	16/04/2007	01/11/2009 — 31/10/2012	0.177	—	3,305,000	—	3,305,000
	23/01/2008	23/01/2008 — 22/01/2011	1.200	—	200,000	—	200,000
							16,725,000
LO Yuk Lam	18/12/2003	18/12/2003 — 17/12/2013	0.106	330,000	—	(330,000)	—
	18/12/2003	18/12/2004 — 17/12/2014	0.106	330,000	—	(7,000)	323,000
	18/12/2003	18/12/2005 — 17/12/2015	0.106	330,000	—	—	330,000
	23/01/2008	23/01/2008 — 22/01/2011	1.200	—	200,000	—	200,000
							853,000
WONG Kam Wah	18/12/2003	18/12/2003 — 17/12/2013	0.106	330,000	—	(330,000)	—
	18/12/2003	18/12/2004 — 17/12/2014	0.106	330,000	—	(330,000)	—
	18/12/2003	18/12/2005 — 17/12/2015	0.106	330,000	—	—	330,000
	23/01/2008	23/01/2008 — 22/01/2011	1.200	—	200,000	—	200,000
							530,000
Employees	18/12/2003	18/12/2003 — 17/12/2013	0.106	2,049,000	—	(2,049,000)	—
	18/12/2003	18/12/2004 — 17/12/2014	0.106	2,049,000	—	(2,049,000)	—
	18/12/2003	18/12/2005 — 17/12/2015	0.106	2,049,000	—	(2,049,000)	—
							—
Total				18,042,000	15,015,000	(10,449,000)	22,608,000

No share option was cancelled or lapsed under the Company's share option scheme during the year.

The valuation of share options is set out in note 26 to the financial statements.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2008:

(i) The Group's largest customer and five largest customers accounted for approximately 9% and 23% respectively of the Group's total turnover.

(ii) The Group's largest supplier and five largest suppliers accounted for approximately 6% and 18% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

None of the directors, their associates, or any shareholders (which to the best knowledge of the directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public float throughout the year ended 31 March 2008 and up to the date of this report.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the code provisions of the Code on Corporate Governance Practices for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee, comprising of two independent non-executive directors and one non-executive director has reviewed with the management the accounting principles and practices adopted by the Group and has discussed the auditing, internal control and financial reporting matters for the year.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008, except the deviations as disclosed in the "Corporate Governance Report".

DIRECTORS' INTEREST IN COMPETING BUSINESS

At 31 March 2008, none of the directors of the Company has interest in competing business required to be disclosed pursuant to rule 8.10(2) of the Listing Rules.

AUDITORS

The auditors, East Asia Sentinel Limited (formerly known as BKR Lew & Barr Limited), a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board
Wu Siu Chung
Chairman
Hong Kong, 27 June 2008

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2008 except for the following deviations:

Under Code Provision A.1.7, there should be a procedure agreed by the Board to enable directors to seek independent professional advice at the Company's expense. The Board has not adopted such procedure yet. However, in practice, directors are allowed to seek independent professional advice at the Company's expense if needed.

Under Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year under review up to 25 September 2007, the role of chairman of the Company was performed by Mr. Chen Yuan Shou, Budiman ("Mr. Budiman Chen") and the Company does not have a specific post of chief executive officer. On 25 September 2007, Mr. Wu Siu Chung ("Mr. Wu") and Mr. Chen Xiaoping ("Mr. Chen") were appointed as executive directors of the Company. On the same day, Mr. Wu was appointed as the chairman of the Company in place of Mr. Budiman Chen who was re-designated as a non-executive director of the Company. Mr. Chen assumes the role of chief executive officer currently.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, the Company's non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws, so accomplishing the same purpose as a specific term of appointment.

The Company will continue to review the situation as stated above and to improve the corporate governance practices of the Company when and as it becomes appropriate in future.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by directors of the Company. The Company has made specific enquiry to all directors that they have complied with the Model Code throughout the year ended 31 March 2008.

(C) BOARD OF DIRECTORS

The Company has restructured its Board during the year ended 31 March 2008. The Board comprised the following directors during the year and up to the date of this report:

Executive directors:

WU Siu Chung *(Chairman)* (appointed on 25 September 2007)
CHEN Xiaoping (appointed on 25 September 2007)
CHEN Yuan Shou, Budiman (re-designated as non-executive director on 25 September 2007)

Non-executive directors:

CHEN Yuan Shou, Budiman (re-designated on 25 September 2007)
Eduard William Rudolf Helmuth WILL (appointed on 1 January 2008)
CHEN Zhi Yung (resigned on 1 January 2008)

Independent non-executive directors:

LO Yuk Lam
WONG Kam Wah
NG Chun Hung, Lawrence (resigned on 1 January 2008)
David R. PETERSON (appointed on 8 April 2008)

The biographical details of the directors who are currently serving the Board are set out on pages 7 to 8 of this Annual Report. The Company only had two independent non-executive directors during the period from 1 January 2008 to 7 April 2008, and was not in compliance with the requirement for a minimum number of three independent non-executive directors as set out in Rule 3.10(1) of the Listing Rules. The Company has fulfilled with such requirement again from 8 April 2008 up to the date of this report. One of the independent non-executive directors has appropriate professional accounting qualification under Rule 3.10(2) of the Listing Rules. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

During the year ended 31 March 2008, thirteen Board meetings (excluding committee meetings) were held and the attendance of each director is set out below:

Name of director	Number of meetings attended
WU Siu Chung (appointed on 25 September 2007)	5/5
CHEN Xiaoping (appointed on 25 September 2007)	5/5
CHEN Yuan Shou, Budiman	11/13
Eduard William Rudolf Helmuth WILL (appointed on 1 January 2008)	1/2
CHEN Zhi Yung (resigned on 1 January 2008)	0/11
LO Yuk Lam	8/13
WONG Kam Wah	12/13
NG Chun Hung, Lawrence (resigned on 1 January 2008)	0/11

The executive directors are employees who carry out executive functions in addition to their duties as directors. The non-executive directors are not employees of the Company; therefore do not participate in the daily management of the Group's business. However, the directors are collectively responsible for promoting the success of the Company by guiding and monitoring the Company to achieve its strategic objectives. The Board's primary functions are to set corporate policy and overall strategy for the Group and to oversee the management's performance. Accordingly, the Board approves the strategic plans, major disposals and acquisitions, connected transactions and other significant operational issues. Furthermore, Board meetings are held in relation to day-to-day operations that require the Board's approval.

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently, Mr. Wu Siu Chung is the chairman of the Company and Mr. Chen Xiaoping assumes the role of chief executive officer. The roles of chairman and chief executive officer of the Company are separate. The chairman is responsible for leadership of the Board to ensure it works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The chief executive officer heads the management for implementing the strategies and policies adopted by the Board and focuses on the day-to-day operations of the Group.

(E) NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Company's bye-laws.

(F) REMUNERATION OF DIRECTORS

The Company has set up the Remuneration Committee with terms of reference adopted in compliance with the provisions set out in the Code. The Remuneration Committee currently comprises three members; including two independent non-executive directors namely Mr. Lo Yuk Lam and Mr. Wong Kam Wah and one non-executive director namely Mr. Eduard William Rudolf Helmuth Will (replaced Mr. Chen Zhi Yung on 1 January 2008). The chairman of the Remuneration Committee shall be appointed among the Committee members by rotation.

The role and function of the Remuneration Committee includes the determination of the specific remunerations packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors. No director or any of his associates may be involved in any decisions as to his own remuneration.

During the year ended 31 March 2008, the Remuneration Committee met twice to review and approve the service agreements with the executive directors and matters in relation to the early termination of a director's service agreement. The attendance of each member of the Remuneration Committee is set out below:

Name of member	Number of meetings attended
LO Yuk Lam	2/2
WONG Kam Wah	2/2
CHEN Zhi Yung (resigned on 1 January 2008)	0/2
Eduard William Rudolf Helmuth WILL (appointed on 1 January 2008)	0/0

(G) NOMINATION OF DIRECTORS

The Company has not set up a nomination committee as the Board takes the role and function of nomination committee. Pursuant to the Company's bye-laws, the Board has the power to appoint any person as a director either to fill a causal vacancy or as an addition to the Board; any director so appointed shall hold office only until the next following general meeting (in the case of the filling of casual vacancy) or the next following annual general meeting of the Company (in the case of an additional director) and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at such meeting.

(H) AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by East Asia Sentinel Limited for the year ended 31 March 2008 is as follows:

	HK$'000
Audit services	228
Non-audit services	—

(I) AUDIT COMMITTEE

The Company has set up the Audit Committee with specific written terms of reference which clearly deal with its authorities and duties. The primary role and function of the Audit Committee is to assist the Board in providing an independent review of the Group's financial reporting and internal control systems as well as the internal and external audit functions. The Audit Committee currently comprises three members; including two independent non-executive directors namely Mr. Lo Yuk Lam and Mr. Wong Kam Wah and one non-executive director namely Mr. Eduard William Rudolf Helmuth Will (replaced Mr. Chen Zhi Yung on 1 January 2008). The chairman of the Audit Committee shall be appointed among the independent non-executive directors who are being the Committee members by rotation. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules.

The attendance of each member of the Audit Committee is set out below:

Name of member	Number of meetings attended
LO Yuk Lam	2/2
WONG Kam Wah	2/2
CHEN Zhi Yung (resigned on 1 January 2008)	0/2
Eduard William Rudolf Helmuth WILL (appointed on 1 January 2008)	0/0

The Audit Committee has reviewed with the management the Group's adopted accounting principles and practices, internal controls and financial reporting matters in conjunction with the external auditors, including reviews of the unaudited financial statements for the six months ended 30 September 2007 and the audited financial statements for the year ended 31 March 2008.

(J) ACCOUNTABILITY

Financial reporting

The directors of the Company acknowledge their responsibility for preparing the financial statements of the Group in accordance with the requirements of the Listing Rules and applicable statutory requirements and accounting standards. The Group has adopted the going concern basis in preparing its financial statements.

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 19 to 20 of this annual report.

Internal controls

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The Group has engaged C K Fung CPA Limited (the "Consultant") to conduct review and make recommendations for the improvement and strengthening of the internal control system. The review by the Consultant has been conducted with reference to the principles and requirements outlined in the Code on Corporate Governance Practices as contained in Appendix 14 to the Listing Rules. The assessment covers internal controls and measures at both corporate and operational levels as well as financial reporting and disclosure control. According to the Consultant's assessment, the key areas of the Group's internal control system are reasonably implemented. The Group shall seriously consider and use its best endeavour to implement the recommendations made by the Consultant in order to further improve its internal control system.

INDEPENDENT AUDITORS' REPORT

East Asia Sentinel Limited
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Certified Public Accountants

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Ref : 126912

TO THE SHAREHOLDERS OF SOUTH EAST GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of the Group set out on pages 21 to 67, which comprise the consolidated balance sheet and Company's balance sheet as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and 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 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person of the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2008 and of its loss and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

East Asia Sentinel Limited
So Kwok Keung Keith
Director
Practising Certificate No. P1724

Hong Kong
Date: 27 June 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
TURNOVER	6	**7,216**	28,624
COST OF INVENTORIES SOLD		**(5,605)**	(21,490)
GROSS PROFIT		**1,611**	7,134
OTHER REVENUES	6	**6,648**	9,781
SELLING AND DISTRIBUTION COSTS		**(1,239)**	(2,159)
ADMINISTRATIVE EXPENSES		**(12,748)**	(13,965)
BAD DEBT WRITTEN OFF		**—**	(3,767)
LOSS FROM OPERATIONS		**(5,728)**	(2,976)
FINANCE COSTS	7	**1,091**	(591)
LOSS BEFORE TAXATION	8	**(4,637)**	(3,567)
TAXATION	9	**(418)**	(1,279)
LOSS FOR THE YEAR		**(5,055)**	(4,846)
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY	10	**(5,055)**	(3,655)
MINORITY INTERESTS		**—**	(1,191)
		(5,055)	(4,846)
DIVIDENDS		**Nil**	Nil
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	11		
Basic and diluted (Cents)		**(1.50)**	(1.11)

The notes on pages 27 to 67 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**10,233**	8,903
Interest in leasehold land held for own use	12	**2,459**	2,160
Available-for-sale investments	14	**184**	184
Total non-current assets		**12,876**	11,247
CURRENT ASSETS			
Held-to-maturity investments	15	**780**	38,150
Properties held for sale	16	**25,768**	25,962
Inventories	17	**2,271**	2,614
Trade and other receivables	18	**2,867**	4,004
Tax refundable		**611**	444
Cash and cash equivalents		**46,992**	6,860
		79,289	78,034
Non-current assets held for sale	19	**550**	5,606
Total current assets		**79,839**	83,640
CURRENT LIABILITIES			
Trade and other payables	20	**18,441**	22,614
Bank loans and borrowings	21	**5,225**	4,797
Amount due to a director	22	**—**	2,010
Total current liabilities		**23,666**	29,421
NET CURRENT ASSETS		**56,173**	54,219
NET ASSETS		**69,049**	65,466
EQUITY			
Equity attributable to equity holders of the Company:			
Share capital	24	**34,102**	33,057
Reserves	25	**34,947**	32,409
TOTAL EQUITY		**69,049**	65,466

Approved by the Board of Directors on 27 June 2008

WU Siu Chung	**CHEN Xiaoping**
Director	*Director*

The notes on pages 27 to 67 form an integral part of these financial statements.

BALANCE SHEET

As at 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**1,422**	—
Interests in subsidiaries	13	**144,564**	155,255
Total non-current assets		**145,986**	155,255
CURRENT ASSETS			
Trade and other receivables		**8**	143
Cash and cash equivalents		**4,135**	339
Total current assets		**4,143**	482
CURRENT LIABILITIES			
Trade and other payables		**1,336**	757
Amount due to a director	22	**—**	2,010
Total current liabilities		**1,336**	2,767
NET CURRENT ASSETS/(LIABILITIES)		**2,807**	(2,285)
NET ASSETS		**148,793**	152,970
EQUITY			
Share capital	24	**34,102**	33,057
Reserves	25	**114,691**	119,913
TOTAL EQUITY		**148,793**	152,970

Approved by the Board of Directors on 27 June 2008

WU Siu Chung
Director

CHEN Xiaoping
Director

The notes on pages 27 to 67 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Contributed surplus reserve HK$'000	Employee share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
FOR YEAR ENDED 31 MARCH 2007							
At 1 April 2006	33,057	10,000	1,411	131,166	427	(110,582)	65,479
Translation difference	—	—	3,492	—	—	—	3,492
Equity settled share-based transactions	—	—	—	—	150	—	150
Share options forfeited	—	—	—	—	(107)	107	—
Loss for the year	—	—	—	—	—	(3,655)	(3,655)
At 31 March 2007	33,057	10,000	4,903	131,166	470	(114,130)	65,466
FOR YEAR ENDED 31 MARCH 2008							
At 1 April 2007	33,057	10,000	4,903	131,166	470	(114,130)	65,466
Translation difference	—	—	3,764	—	—	—	3,764
Equity settled share-based transactions	—	—	—	—	3,766	—	3,766
Loss for the year	—	—	—	—	—	(5,055)	(5,055)
Issuance of shares under share option scheme	1,045	63	—	—	(149)	149	1,108
At 31 March 2008	34,102	10,063	8,667	131,166	4,087	(119,036)	69,049

The notes on pages 27 to 67 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
CASH FLOWS FORM OPERATING ACTIVITIES		
Loss before taxation	**(4,637)**	(3,567)
Adjustments for:		
Allowance for doubtful debts	**—**	3,767
Provision for obsolete stock	**2,788**	—
Depreciation	**1,534**	2,130
Exchange difference	**(1,042)**	—
Gain on disposal of short-term investments	**(2,781)**	—
Employee share option benefits	**3,766**	150
Interest expenses	**59**	591
Gain on disposal of interests in joint venture	**(2,476)**	(8,298)
Loss/(gain) on disposal of property, plant and equipment	**36**	(148)
Sales taxes	**159**	—
Interest income	**(221)**	(103)
Investment income	**(41)**	—
Impairment losses of trade receivables	**(103)**	(536)
Operating loss before changes in working capital	**(2,959)**	(6,014)
Decrease in properties under development	**—**	24,133
Decrease/(increase) in properties held for sale	**194**	(25,962)
(Increase)/decrease in inventories	**(2,445)**	5,979
Decrease in trade and other receivables	**1,137**	2,890
Decrease in trade and other payables	**(4,173)**	(5,855)
Decrease in amount due to a director	**(2,010)**	(2,398)
Cash used in operations	**(10,256)**	(7,227)
Income taxes paid	**(585)**	(1,737)
Net cash used in operating activities	**(10,841)**	(8,964)
CASH FLOWS FROM INVESTING ACTIVITIES		
Realisation of investment in non-current assets held for sale	**5,056**	(5,606)
Realisation of investment in short-term investments	**37,370**	(37,370)
Interest received	**221**	103
Investment income	**41**	—
Purchases of property, plant and equipment	**(2,802)**	(149)
Proceeds from disposal of interests in joint venture	**2,476**	47,290
Proceeds from disposal of short-term investments	**2,781**	—
Proceeds from disposal of property, plant and equipment	**589**	571
Net cash generated from investing activities	**45,732**	4,839

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in pledged and restricted bank deposits	**—**	6,216
Interest paid	**(59)**	(591)
Increase in bank loans and borrowings	**428**	237
Proceeds from issue of shares	**1,108**	—
Net cash generated from financing activities	**1,477**	5,862
NET INCREASE IN CASH AND CASH EQUIVALENTS	**36,368**	1,737
Effect of foreign exchange rate changes	**3,764**	809
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**6,860**	4,314
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**46,992**	6,860

The notes on pages 27 to 67 pages form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The principal activity of the Company is investment holding. The principal activities and details of the Group are set out in note 13 to the financial statements.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 19.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRS") issued by the 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) — Interpretation 8	Scope of HKFRS 2
HK (IFRIC) — Interpretation 9	Reassessment of Embedded Derivatives
HK (IFRIC) — Interpretation 10	Interim Financial Reporting and Impairment
HK (IFRIC) — Interpretation 11	Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustments has been required.

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]
HKFRS 8	Operating Segments[1]
HK (IFRIC) — Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 January 2008

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

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March with the exception of those excluded from consolidation as disclosed in note 32 to the financial statements.

(b) Business combinations

The acquisition of subsidiaries 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 are recognised at their values at the acquisition date.

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 the consolidated income statement. 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.

(c) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The results of unconsolidated subsidiaries are accounted by the Group to the extent of dividend received and receivable during the year. The Group's investments in unconsolidated subsidiaries are stated at cost less provision, if necessary, for any impairment losses.

Inter-company transactions, balances and unrealised gains on transactions between the Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Joint venture

A joint venture is a contractual arrangement where the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity of the joint venture.

Jointly controlled entity

A joint venture arrangement which involves the establishment of a separate entity in which each venturer has joint control over the economic activities of the entity is referred to a jointly controlled entity.

The Group's interest in jointly controlled entity is included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entity. The Group's share of post-acquisition results of the jointly controlled entity is included in the consolidated income statement.

(e) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

Foreign exchange gains and losses arising from monetary items that in substance form part of the net investment in a foreign operation, together with any related tax, are reclassified to equity on consolidation.

The results of foreign operations are translated into Hong Kong dollars at the foreign exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which related to that foreign operation is included in the calculation of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment other than plant and machinery under installation and factory buildings under construction are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the consolidated income statement during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are recognised in the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset expended in the consolidated income statement and depreciation based on the asset's original cost is transferred from fair value reserve to retained earnings.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

— Furniture and fixtures	5 years
— Computer equipment	3 years
— Machinery	5-10 years
— Moulds	3-5 years
— Motor vehicles	5 years

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Depreciation of leasehold buildings/improvements is calculated to write off their costs on the straight-line basis over the unexpired periods of the leases or their expected useful lives, whichever is shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Financial instruments

(i) Financial assets

The Group classifies its financial assets in the following categories: investments at fair value through profit or loss, loans and receivables and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investments at fair value through profit or loss

Investments classified as held for trading are included in the category "investments at fair value through profit or loss". Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

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 accounts receivable, other receivable, prepayments, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in the income statement 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. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Available-for-sale investments

Available-for-sale investments are those non-derivative investments in unlisted equity securities that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

(ii) Financial liabilities

Financial liabilities including other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in "finance costs" in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

(iii) Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis and option pricing models.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expended in the income statement on a straight-line basis over the lease term.

(j) Finance leases

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

(k) Non-current assets held for sale

Non-current assets of 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 assets or disposal groups are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

(l) Properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, the prepaid leasehold land component is stated at cost less accumulated amortisation and impairment losses; the building component is carried at the lower of cost and net realisable value. The amortisation of leasehold land is recognised in the income statement. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the standard costing method, which approximates actual cost and is arrived as follows:

— Raw material — invoiced prices plus procurement costs.

— Finished goods and work in progress - cost of direct materials, direct labour and related production overheads (based on nominal operating capacity).

They exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and where appropriate, the cost of conversion from their existing state to a finished condition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(o) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

(q) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition

Revenue comprises the fair value for the sale of goods, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when an entity of the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Sales of land

Sales of land are recognised when the title has passed or when the sale contracts signed become unconditional, whichever is earlier.

Sales of properties held for sale

Sales of properties held for sale, where there is no pre-sale arrangement prior to completion of the development, are recognised on the execution of binding sale agreements entered into subsequent to the completion of the development.

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment are established.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits (continued)

(iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expended over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the 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, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition 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 is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen geographical segment information as the primary reporting format for the purposes of these financial statements.

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances are transactions between group entities within a single segment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Segment reporting (continued)

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses.

(x) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENT IN APPLYING POLICIES

The preparation of these financial statements in conformity with HKFRSs requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(a) Estimate income tax (including land appreciation tax in the People's Republic of China ("the PRC"))

The Group is subject to taxation mainly in the PRC. Significant estimates are required in determining the amount of the provision for tax and the timing of payment of the related tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

(b) Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and the estimated residual values, if any, of the assets regularly in order to determined the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The deprecation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairment loss for doubtful debts

The Group maintains an allowance for doubtful debts for estimated losses resulting from the inability of the debtors to make required payments. The Group bases the estimates of future cash flows on the ageing of the trade receivables balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

(d) Write down of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgement. Based on this review, write down of inventories will be made when the estimated net realisable value of inventories decline below the carrying amount. However, actual consumption may be different from estimation and profit or loss could be affected by differences in this estimation.

6. TURNOVER AND OTHER REVENUES

The Group engages in the manufacturing and sales of data storage media products, property development and wine production. Revenues recognised during the year are as follows:

	2008 HK$'000	2007 HK$'000
Turnover		
— Sales of data storage media products	**1,118**	3,270
— Sales of property held for sale	**3,495**	15,928
— Sales of wine	**2,603**	9,426
	7,216	28,624
Other revenues		
— Interest income	**221**	103
— Disposal of interests in joint venture	**2,476**	8,298
— Disposal of property, plant and equipment	**(36)**	149
— Sundry income	**3,987**	1,231
	6,648	9,781
Total turnover and revenues	**13,864**	38,405

7. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank overdraft and bank loan repayable within five years	**59**	361
Interest written back on other loan without fixed repayment terms	**(1,150)**	230
	(1,091)	591

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging and (crediting):—

	2008 HK$'000	2007 HK$'000
Auditors' remuneration		
— Current year	**226**	209
— Under/(over)-provision for prior year	**2**	(36)
	228	173
Cost of inventories sold	**5,605**	21,490
Depreciation	**1,534**	2,130
Net exchange (gain)/loss	**(1,042)**	55
Operating lease payments	**1,299**	795
Allowance for doubtful debts	**—**	3,767
Employee benefits expenses (excluding directors' remuneration)		
— Salaries and allowances	**4,699**	3,461
— Retirement benefit schemes contribution	**177**	94

9. TAXATION

(a) Taxation in the consolidated income statement represents:—

	2008 HK$'000	2007 HK$'000
PRC income tax		
— Provision for the year	**418**	1,279

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not derive any assessable profits in Hong Kong for the year (2007: Nil).

PRC income tax has been provided on the estimated taxable income at the applicable rate.

(b) At 31 March 2008, the Group had no outstanding income tax payable (2007: Nil).

9. TAXATION (continued)

(c) Reconciliation between total tax expenses and loss before taxation of the Group at the applicable tax rates is as follows :

	2008 HK$'000	2007 HK$'000
Loss before taxation	**(4,637)**	(3,567)
Tax calculated at the applicable tax rates	**(264)**	(518)
Tax effect of non-deductible expenses	**121**	236
Tax effect of non-taxable income	**(681)**	(746)
Tax loss not recognised	**1,829**	—
Tax effect on utilisation of tax losses not previously recognised	**(587)**	2
Losses not recognised as deferred tax assets due to concerns as to their recoverability	**—**	2,305
Total tax expenses	**418**	1,279

(d) No provision for deferred taxation has been accounted for as the Group has net deferred tax assets at the balance sheet date.

The Group has not recognised the tax losses as deferred tax assets due to the lack of certainty as to profitability.

The Group did not have any material unprovided deferred taxation as at 31 March 2008 (2007: Nil).

10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS

Included in the loss of HK$5,055,000 (2007: HK$3,655,000) attributable to equity holders of the Company is a loss of HK$9,051,000 (2007: HK$501,000) which has been dealt with in the Company's own accounts.

11. LOSS PER SHARE

The calculation of loss per share is based on the consolidated loss attributable to equity holders for the year of HK$5,055,000 (2007: HK$3,655,000) and on the weighted average of 338,109,215 (2007: 330,571,880) shares in issue during the year. No diluted loss per share has been presented as the exercise of the Company's outstanding share options would result in a decrease in loss per share for the year. The Company had no potential dilutive ordinary shares that were outstanding for the years ended 31 March 2008 and 2007.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings held for own use HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Machinery and moulds HK$'000	Motor vehicles HK$'000	Sub-total HK$'000	Interest in leasehold land held for own use under operating leases HK$'000	Total HK$'000
AT COST									
At 1 April 2006	6,301	763	204	233	13,397	1,659	22,557	2,248	24,805
Exchange adjustments	335	91	11	3	941	125	1,506	119	1,625
Additions	—	—	27	—	—	122	149	—	149
Disposals	(182)	—	—	—	—	(378)	(560)	—	(560)
At 31 March 2007	6,454	854	242	236	14,338	1,528	23,652	2,367	26,019
ACCUMULATED DEPRECIATION									
At 1 April 2006	786	679	136	219	8,836	1,133	11,789	163	11,952
Exchange adjustments	55	88	6	3	751	96	999	13	1,012
Charge for the year	147	87	40	9	1,728	88	2,099	31	2,130
Written back on disposals	(18)	—	—	—	—	(120)	(138)	—	(138)
At 31 March 2007	970	854	182	231	11,315	1,197	14,749	207	14,956
NET BOOK VALUE									
At 31 March 2007	5,484	—	60	5	3,023	331	8,903	2,160	11,063
At 31 March 2006	5,515	84	68	14	4,561	526	10,768	2,085	12,853
AT COST									
At 1 April 2007	6,454	854	242	236	14,338	1,528	23,652	2,367	26,019
Exchange adjustments	347	(617)	(4)	9	1,571	174	1,480	211	1,691
Additions	—	—	6	18	4	2,603	2,631	171	2,802
Disposals	—	—	(103)	(186)	(7)	(1,170)	(1,466)	—	(1,466)
At 31 March 2008	6,801	237	141	77	15,906	3,135	26,297	2,749	29,046
ACCUMULATED DEPRECIATION									
At 1 April 2007	970	854	182	231	11,315	1,197	14,749	207	14,956
Exchange adjustments	(142)	(617)	(8)	10	1,290	153	686	19	705
Charge for the year	141	—	24	6	1,045	254	1,470	64	1,534
Written back on disposals	—	—	(100)	(188)	(5)	(548)	(841)	—	(841)
At 31 March 2008	969	237	98	59	13,645	1,056	16,064	290	16,354
NET BOOK VALUE									
At 31 March 2008	5,832	—	43	18	2,261	2,079	10,233	2,459	12,692
At 31 March 2007	5,484	—	60	5	3,023	331	8,903	2,160	11,063

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicle HK$'000
COST	
Additions during the year and at 31 March 2008	1,580
ACCUMULATED DEPRECIATION	
Charge for the year and at 31 March 2008	158
NET BOOK VALUE	
At 31 March 2008	1,422

(a) All land and buildings of the Group are held for own use. The net book value of land and buildings held by the Group at 31 March 2008 is under medium term lease.

(b) Land and buildings at fair value

The Group's land and buildings were last revalued at 21 July 2006. Valuation was made on the basis of open market value carried out by RHL Appraisal Limited.

Had the Group's land and buildings been measured on a revaluation basis, their carrying amounts would have been as follows:

	2008 HK$'000	2007 HK$'000
Leasehold land	**3,360**	3,085
Buildings	**6,758**	6,205
	10,118	9,290

At 31 March 2008, land and buildings situated in the PRC with net book value of HK$8,291,000 (2007: HK$7,644,000) were pledged to a bank to secure the bank loan granted to the Group. Details of the said land and buildings and the bank loan in related to a subsidiary of the Company, Qingdao Fushiwang Grape Wine Co Limited are further described in note 23 to the financial statements.

13. INTERESTS IN SUBSIDIARIES

Company

	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**52,927**	52,927
Amounts due therefrom	**151,530**	182,563
Less: Provision for permanent impairment loss	**(59,893)**	(80,235)
	144,564	155,255

The amounts due are unsecured, interest free and have no fixed repayment terms.

The following is a summary of the principal subsidiaries of the Company that, in the opinion of the directors, were significant in relation to the results of the year or formed a portion of the net assets of the Group as at 31 March 2008:

Direct subsidiaries:	**Place of incorporation/ operation**	**Issued and fully paid-up capital or capital contribution**	**Effective equity interest 2008**	**Effective equity interest** 2007	**Principal activity**
Benelux Property Development (Shanghai) Limited ("BPD")	The PRC	US$5,000,000	**100%**	100%	Property development
Benelux (Far East) Company Limited	Hong Kong	Ordinary HK$100	**100%**	100%	Trading of data storage media products and related equipment
South Perfect International Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Investment in a winery in the PRC
Sunshine Universal Development Limited	The British Virgin Islands/ Hong Kong	US$1	**100%**	100%	Trading of securities
Happy Universal Investment Limited	The British Virgin Islands/ Hong Kong	US$1	**100%**	100%	Investment holding
South East Property (Shandong) Limited	The PRC	RMB15,000,000	**100%**	100%	Property development
Perfect Gold Investments Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Dormant

13. INTERESTS IN SUBSIDIARIES (continued)

Indirect subsidiaries:	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest 2008	2007	Principal activity
Benelux International Electronics Co., Limited	The PRC	US$10,000,000	**100%**	100%	In the process of voluntary winding up
Qingdao Fushiwang Grape Wine Co. Limited ("QFGW") (Note 1)	The PRC	US$3,890,000	**55%**	55%	Wine production and distribution
Shanghai Kaiyuen Computer Company Limited (Note 2)	The PRC	RMB500,000	**100%**	100%	Trading of data storage media products and computer accessories
Qingdao Southeast Commercial Limited	The PRC	RMB500,000	**100%**	100%	Trading of wine products

None of the subsidiaries had issued any debt securities at 31 March 2008 or at any time during the year.

Note 1. According to an investment agreement entered into between South Perfect International Limited, a wholly owned subsidiary of the Company, and 青島益民葡萄酒廠("QYMW"), the party that holds the other 45% interest in QFGW, QYMW is required to transfer all of its assets and liabilities to QFGW as stipulated in the assets transfer agreement. However, up to the date of this report, QYMW has not yet completed the transfer of the title of land and buildings with net book value of HK$8,291,000 (2007: HK$7,644,000) and a bank loan of HK$5,225,000 (2007: HK$4,797,000) which is pledged by the land and buildings at the balance sheet date. On account that in substance QFGW has significant control over all its assets and liabilities including the land and buildings in the name of QYMW, QFGW has included the land and buildings and the bank loan in its own accounts.

Note 2. The capital of the subsidiary is held by two staff members of the subsidiary for and on behalf of the Group.

14. AVAILABLE-FOR-SALE INVESTMENTS

	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**1,950**	1,950
Less : Provision for impairment loss	**(1,766)**	(1,766)
	184	184

Available-for-sale investments are held with the intention for a continuing strategic or long-term purpose.

15. HELD-TO-MATURITY INVESTMENTS

	2008 HK$'000	2007 HK$'000
Promissory note	**780**	780
Short-term investments	**—**	37,370
	780	38,150

The promissory note represents unlisted securities which bears interest at 5% per annum and initially mature in March 2008, the maturity date has been subsequently extended to 15 December 2008.

The short-term investments represent investments in unlisted unit trusts fund which have a maturity of one month. The effective interest rate of the short-term investments at 31 March 2008 is nil (2007: 2.02%) per annum.

16. PROPERTIES HELD FOR SALE

Properties held for sale comprise of car parking units and developed commercial properties in the PRC.

The costs of properties held for sale are analysed as follows:

	2008 HK$'000	2007 HK$'000
Land cost	**6,957**	7,016
Development cost	**18,811**	18,946
	25,768	25,962

No interest on borrowings was capitalised in properties held for sale.

16. PROPERTIES HELD FOR SALE (continued)

Particulars of the properties held for sale are as follows:

Project name	Approximate site area Sq.m.	Completed GFA Sq.m.	Land use	Development status	Interest held by Group
山東鄒平縣經濟開發區	10,292	16,558	Commercial	Completed construction	100%
上海浦東錦華東南苑	32,268	47,471	Car park	Completed construction	100%

17. INVENTORIES

	2008 HK$'000	2007 HK$'000
Raw materials	**1,158**	1,334
Work in progress	**23**	18
Finished goods	**1,090**	1,262
	2,271	2,614

Included above are inventories amounting to HK$1,090,000 (2007: HK$1,262,000) stated at net realisable value.

18. TRADE AND OTHER RECEIVABLES

	2008 HK$'000	2007 HK$'000
Trade receivables	**7,167**	1,499
Less: allowance for impairment	**(6,668)**	—
	499	1,499
Other account receivables, deposits and prepayments	**2,368**	2,505
	2,867	4,004

18. TRADE AND OTHER RECEIVABLES (continued)

The aging analysis of the trade receivables that were past due at the balance sheet date but not impaired were as follows:

	2008 **HK$'000**	2007 HK$'000
Less than 31 days	**75**	1,129
31-90 days	**226**	120
Over 90 days	**198**	250
	499	1,499

19. NON-CURRENT ASSETS HELD FOR SALE

The directors resolved to dispose of the following interests in joint venture within twelve months. The operations are included in the Group's property activities for segment reporting purposes as described in note 34 to the financial statements.

	2008 **HK$'000**	2007 HK$'000
Shandong Zouping South East Yi Lian Property Company Limited ("SEYL") (山東鄒平東南怡聯置業有限公司)	**550**	5,606

The interest in joint venture, Shandong Zouping South East Yi Lian Property Company Limited ("SEYL"), was held by South East Property (Shandong) Limited ("SEP"), a wholly owned subsidiary of the Group. SEP acquired a piece of land, divided into residential and commercial properties, in Zouping, Shandong, the PRC for property development. The commercial property has been developed for sale while the residential property has not been developed since its acquisition. No turnover and profits attributable to the residential property have been recorded.

On 1 June 2006, the directors resolved to dispose of the residential property. A transfer agreement was signed on 31 July 2006. Pursuant to the agreement, a jointly controlled entity, SEYL, was incorporated on 23 August 2006 to facilitate the transfer of the title to the residential property. SEP transferred the residential property to SEYL and received progress payment in September 2006. According to the agreement, SEP will release its 50% equity interest in SEYL after the consideration is received in full.

On 9 July 2007, SEP entered into a supplementary agreement, pursuant to which SEP will receive the full consideration of RMB7,800,000 for the remaining 50% in SEYL by two installments. Upon the receipt of installments of RMB7,300,000 and RMB500,000, SEP will transfer 45% and 5% equity interests in SEYL respectively. The Group has transferred 45% equity interest in SEYL upon receipt of RMB7,300,000 during the year.

20. TRADE AND OTHER PAYABLES

	2008 HK$'000	2007 HK$'000
Trade payables	**1,732**	4,485
Other account payables and accruals	**16,709**	18,129
	18,441	22,614

The aging analysis of the trade payables at the balance sheet date were as follows:

	2008 HK$'000	2007 HK$'000
Less than 31 days	**199**	—
31-90 days	**30**	—
Over 90 days	**1,503**	4,485
	1,732	4,485

21. BANK LOANS AND BORROWINGS

The bank loan is in the name of another party as described in note 13 to the financial statements.

22. AMOUNT DUE TO A DIRECTOR

The amount due was unsecured, interest bearing at 8% per annum and had no fixed terms of repayment. The amount was fully repaid and settled by the year-end.

23. PLEDGE OF ASSETS

At 31 March 2008, the Group has pledged land and buildings with net book value of HK$8,291,000 (2007: HK$7,644,000) to secure the general banking facilities and bank loan granted to the Group.

24. SHARE CAPITAL

	Number of shares		Share capital	
	2008	2007	**2008**	2007
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
Balance at the beginning and at the end of the year	**4,000,000**	4,000,000	**400,000**	400,000
Issued and fully paid:				
Balance at the beginning of the year	**330,572**	330,572	**33,057**	33,057
Share options exercised	**10,449**	—	**1,045**	—
Balance at the end of the year	**341,021**	330,572	**34,102**	33,057

During the year, the Company issued 10,449,000 shares at a cash consideration of HK$1,107,594 of HK$0.106 per share pursuant to the exercise of the share options granted. The shares issued during the year rank pari passu with the then existing shares in issue in all respect.

25. RESERVES

	Share premium	**Contributed surplus account**	**Exchange reserve**	**Employee share-based payment reserve**	**Accumulated losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group						
At 1 April 2006	10,000	131,166	1,411	427	(110,582)	32,422
Translation difference	—	—	3,492	—	—	3,492
Loss for the year	—	—	—	—	(3,655)	(3,655)
Equity settled share-based transaction	—	—	—	150	—	150
Share options forfeited	—	—	—	(107)	107	—
At 31 March 2007	10,000	131,166	4,903	470	(114,130)	32,409
At 1 April 2007	10,000	131,166	4,903	470	(114,130)	32,409
Translation difference	—	—	3,764	—	—	3,764
Loss for the year	—	—	—	—	(5,055)	(5,055)
Equity settled share-based transaction	—	—	—	3,766	—	3,766
Issuance of share under share option scheme	63	—	—	(149)	149	63
At 31 March 2008	10,063	131,166	8,667	4,087	(119,036)	34,947

25. RESERVES (continued)

	Share premium HK$'000	Contributed surplus account HK$'000	Employee share-based payment reserve HK$'000	Other reserve (Note) HK$'000	Accumulated losses HK$'000	Total HK$'000
Company						
At 1 April 2006	10,000	131,166	427	26,789	(48,118)	120,264
Loss for the year	—	—	—	—	(501)	(501)
Equity settled share-based transaction	—	—	150	—	—	150
Share options forfeited	—	—	(107)	—	107	—
At 31 March 2007	10,000	131,166	470	26,789	(48,512)	119,913
At 1 April 2007	10,000	131,166	470	26,789	(48,512)	119,913
Loss for the year	—	—	—	—	(9,051)	(9,051)
Equity settled share-based transaction	—	—	3,766	—	—	3,766
Issuance of shares under share option scheme	63	—	(149)	—	149	63
At 31 March 2008	10,063	131,166	4,087	26,789	(57,414)	114,691

Note : The other reserve of the Company represents the net balance arising from the transfer of the share premium account of the Company and the credit balance from the reduction of capital after elimination with the accumulated losses of the Company brought forward and transfer to the contributed surplus account pursuant to the Capital Reorganisation Scheme implemented during the year ended 31 March 2002.

26. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a shareholders' resolution passed on 7 November 2003. The following is a summary of the Scheme adopted:

(a) Purpose

The purpose of the Scheme is to provide incentives or rewards to certain eligible participants for their contribution or potential contribution to the growth and development of the Company.

(b) Participants

Eligible participants of the Scheme include employees or officers (including executive directors), non-executive directors (including independent non-executive directors), suppliers, customers, consultants or advisors, and securities holders of the Company, as to be determined by the Board at its absolute discretion within the categories.

26. SHARE OPTION SCHEME (continued)

(c) Total number of shares available for issue

The maximum numbers of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon the exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at 7 November 2003, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the Scheme.

(d) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the share options granted under the Scheme and any other share option schemes of the Company to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates must not exceed 0.1% of the shares of the Company in issue at any time nor with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant.

Subject to separate approval by the shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, the Company may grant options to a participant which would exceed this limit.

(e) Option period

The option period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(f) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board in its absolute discretion. The Scheme itself does not specify any minimum holding period.

(g) Payment on acceptance of the option

HK$10 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 28 days from the date of grant.

(h) Basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the higher of: (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares for the 5 business days immediately preceding the date of grant; and (iii) the par value of a share.

26. SHARE OPTION SCHEME (continued)

(i) Remaining life of the scheme

The life of the Scheme is 10 years commencing on the Adoption Date and will expire on 6 November 2013.

(j) Estimated fair value of share options

The estimated fair value of the share options granted to employees on 18 December 2003, 16 April 2007 and 23 January 2008 are measured based on binomial lattice model. The variables input into the model are as follows:

The Group recognised a total expense of HK$3,766,000 for the year (2007: HK$150,000) in relation to share options granted by the Company.

The 10,449,000 share options exercised during the year resulted in the issue of 10,449,000 ordinary shares of the Company and new share capital of HK$1,107,594 and share premium of HK$62,694.

Fair value of share options and assumptions:

Fair value at measurement date	HK$0.73
Share price	HK$1.11
Exercise price	HK$1.2
Expected volatility	101.9%
Option life	4 years
Expected dividends	0%
Risk-free interest rate	1.98%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received.

27. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a debt-to-equity ratio. For this purpose the Group defines debt as total liabilities.

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain the debt-to-equity ratio at the lower end of the range 5% to 15%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The debt-to-equity ratio at 31 March 2008 and 2007 were as follows

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
CURRENT LIABILITIES				
Trade and other payables	**18,441**	22,614	**1,336**	757
Bank loans and borrowings	**5,225**	4,797	**—**	—
Amount due to a director	**—**	2,010	**—**	2,010
Total debts	**23,666**	29,421	**1,336**	2,767
Less: cash and cash equivalents (Limited to total debts)	**(23,666)**	(6,860)	**(1,336)**	(339)
Net debt	**—**	22,561	**—**	2,428
Total equity	**69,049**	65,446	**148,793**	152,970
Debt-to-equity ratio	**N/A**	34%	**N/A**	1.6%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

28. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The aggregate amounts of emoluments of the directors disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are as follows:

	2008	2007
	HK$'000	HK$'000
Fees — independent non-executive directors	**270**	120
Salaries, allowances and benefits in kind	**—**	1,463
Retirement benefit schemes contribution	**—**	122
	270	1,705

The number of directors whose emoluments fall within the following bands are as follows:

	Number of directors	
	2008	2007
HK$0 — HK$1,500,000	**5**	6
HK$1,500,001 — HK$2,000,000	**3**	—

The emoluments of each director, on a named basis, for the year ended 31 March 2008 are set out below:

	Fees	**Salaries, allowances and benefits in kind**	**Retirement benefit schemes contribution**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors				
CHEN Yuan Shou, Budiman (re-designated from executive to non-executive director on 25 September 2007)	—	512	775	1,287
WU Siu Chung (appointed on 25 September 2007)	—	750	6	756
CHEN Xiaoping (appointed on 25 September 2007)	—	563	6	569
Non-Executive Directors				
CHEN Zhi Yung (resigned on 1 January 2008)	—	—	—	—
CHEN Yuan Shou, Budiman (re-designated on 25 September 2007)	60	—	—	60
Eduard William Rudolf Helmuth WILL (appointed on 1 January 2008)	30	—	—	30
Independent Non-Executive Directors				
LO Yuk Lam	90	—	—	90
WONG Kam Wah	90	—	—	90
NG Chun Hung, Lawrence (resigned on 1 January 2008)	—	—	—	—
	270	1,825	787	2,882

28. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

During the year, there was no arrangement under which a director waived or agreed to waive any remuneration. No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

The five individuals whose emoluments were the highest in the Group for the year include three directors (2007: one director). Their emoluments have already been disclosed in the analysis presented above.

The details of the remuneration of the remaining two (2007: four) non-director, highest paid employees are as follows:

	2008 **HK$'000**	2007 HK$'000
Salaries, allowances and benefits in kind	**783**	1,203
Retirement benefit schemes contribution	**24**	61
	807	1,264

29. CONTINGENT LIABILITIES

	2008 **HK$'000**	2007 HK$'000
Guarantee in respect of indebtedness of a subsidiary (Note)	**38,000**	38,000
Guarantee for securities trading of a subsidiary	**1,000**	1,000
	39,000	39,000

Note : This is the purported guarantee which came to the attention of the directors with respect of the alleged indebtedness of a subsidiary as disclosed in note 31 to the financial statements.

The Group denies any liability to the sub-contractor and/or the other party under the purported guarantee but, out of prudence, the directors of the Group have made a decision to treat the purported guarantee as a contingent liability in the Group's financial statements.

30. OPERATING LEASE ARRANGEMENT

At 31 March 2008, the Group had the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group	
	2008 **HK$'000**	2007 HK$'000
— Not later than one year	**41**	377
— Within the second to fifth year inclusive	**684**	228
	725	605

The Company did not have any outstanding operating lease commitments at the balance sheet date (2007: Nil).

31. LITIGATION

As noted in the previous years' audited financial statements, a claim was brought against a wholly owned subsidiary of the Group, Benelux Manufacturing Limited (In Liquidation) ("BML"), in July 1998 by its sub-contractor ("Sub-contractor"), Shenzhen Benelux Enterprise Co., Limited ("SBEC"), alleging that BML is liable for the payment of approximately HK$38 million, comprising charges in connection with the processing and assembling work rendered by SBEC and the breach of an alleged loan agreement relating to certain alleged letters of credit. During the course of exchanging exhibits in the proceedings initiated by SBEC, the Company was first aware of SBEC's allegation that a guarantee was purportedly granted by the Company to SBEC in respect of the alleged BML's indebtedness to SBEC (the "Purported Guarantee") in/around January 1999. Notwithstanding that, SBEC has not initiated any proceedings against the Company based on the Purported Guarantee.

Provisional liquidators were appointed on 25 August 1999 by the High Court following a petition by SBEC for the winding up of BML. BML was put into compulsory liquidation subsequently on 28 April 2000.

The directors, after seeking legal advice, are of the opinion that the liquidation of BML will not have a material adverse effect on the Group. The investments in BML and the amounts due from BML brought forward had been fully provided for in the previous years.

On 9 March 2005, the Company received a writ of summons served by Shenzhen Intermediate People's Court ("the Court"). The claimant 深圳市中朗科技發展有限公司("SZL") claims to have the right over the alleged BML's indebtedness to the SBEC and the Purported Guarantee. SZL alleged that BML is liable to them in the amount of approximately HK$36 million and the Company is also liable to the joint and several liabilities thereof.

In April 2006, SZL filed claim for an additional amount of approximately RMB35 million as accrued interest on the alleged indebtedness over the years, making the total amount being claimed at approximately HK$72 million. A hearing was held in the Court on 22 June 2006 for the purpose of the litigation.

On 10 October 2007, the Company received a judgment awarded by the Court, in which the claims under the litigation lodged by SZL against the Company for undertaking the joint and several liabilities in relation to the alleged BML's indebtedness and the interest accrued thereon were overruled. The Board believes, after taking into consideration of the advice of the Company's PRC lawyers, that the Company should not undertake the joint and several liabilities for the alleged indebtedness as aforementioned. Indeed, the first instant judgment rendered by the Court is in favour of the Company so far. According to Chinese law, SZL has the right to appeal to Guangdong High People's Court ("the High Court") against the first instance judgment within 15 days after the judgment has been served. Pursuant to the Notice of Appeal received by the Company on 26 October 2007, SZL lodged an appeal to the High Court against BML and the Company. In its Petition for Appeal, SZL asked to revoke the judgment of first instance made by the Court. The appeal case was heard by the High Court on 24 December 2007 and 18 March 2008. According to the Company's PRC lawyers, the appeal case would likely to be concluded by the end of 2008.

31. LITIGATION (continued)

In the opinion of the Board, after taking into consideration of the advice of the Company's PRC lawyers, the Company, according to the Chinese law, should not undertake the joint and several liabilities for the alleged BML's indebtedness. Accordingly, no provision has been made for the amount claimed by SZL.

The Company has incurred legal cost in the amount of HK$858,330 this year in dealing with the claims by SZL.

Save as disclosed above, there are no other material litigation or claims known to the directors pending or threatened against the Group or the Company.

32. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

As disclosed in note 31 to the financial statements, Benelux Manufacturing Limited (In Liquidation) ("BML") was put into liquidation in 1999. The directors have given due and careful consideration of the impact of the liquidation of BML on the Group's operations and financial position and are of the opinion that it will not have a material adverse effect on the Group. As BML was put under severe restrictions which significantly impaired control by the Company over BML's assets and operations, the directors have decided to exclude BML and the subsidiaries of BML from the consolidated financial statements from the date of appointment of the provisional liquidators since 2000.

Details of the subsidiaries excluded from consolidation are as follows:

	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest held before liquidation	Principal activity
Direct subsidiary:				
Benelux Manufacturing Limited (Note 1)	Hong Kong	Ordinary HK$100 Non-voting deferred HK$5,000,000	100%	In liquidation
Indirect subsidiaries:				
Prime Standard Limited (Note 2)	Hong Kong	Ordinary HK$100,000	90%	Ceased operations
P.T. Beneluxindo (Note 3)	Indonesia	Ordinary US$10,000,000	100%	Ceased operations

32. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION (continued)

Note 1. Benelux Manufacturing Limited (In Liquidation) ("BML") is excluded from consolidation because severe restrictions which significantly impaired control by the Group over BML's assets and operations.

Note 2. Prime Standard Limited ("PSL") which is a subsidiary of BML, is excluded from consolidation because the Group's control over PSL has been significantly impaired following the appointment of provisional liquidators to BML.

Note 3. P.T. Beneluxindo ("PTB") which is a wholly owned subsidiary of BML, is excluded from consolidation because the Group's control over PTB has been significantly impaired following the appointment of provisional liquidators to BML.

The net losses of subsidiaries not consolidated attributable to the Group are:

	2008 HK$'000	Previous years since acquisition HK$'000
Dealt with in the financial statements of the Group	**Nil**	(46,232)
Not dealt with in the financial statements of the Group	**Nil**	(244,391)

33. RELATED PARTY TRANSACTIONS

(a) The Group paid interest of HK$359,021 (2007: HK$213,000) to one of the directors, Mr. Chen Yuan Shou, Budiman, regarding the loan advanced by him as stated in note 22 to the financial statements. The amount was fully repaid and settled by the year-end.

(b) The Group entered into an office sharing and management services agreement with Ricco Capital (Holdings) Limited ("Ricco", a company wholly owned by the chairman of the Group), which can be terminated by either party by three months prior notice. Pursuant to the agreement, the office rental in relation to the Group's head office in Hong Kong for the period from 1 October 2007 (on which the agreement took effect) to 31 March 2008 shall be shared equally between the parties on a cost basis; while the Group shall be fully responsible for the related facilities and utilities on a cost basis. The cost paid by the Group to Ricco according to the agreement up to 31 March 2008 amounted to HK$539,801.

34. SEGMENT INFORMATION

The business activities of the Group are categorised into the manufacturing and trading of data storage media products, property development and wine production. Segment information in respect of these activities is as follows:

RESULTS

	2008 Turnover HK$'000	2008 Contribution to operating profit/(loss) HK$'000	2007 Turnover HK$'000	2007 Contribution to operating profit/(loss) HK$'000
By principal activities:				
— Sales of data storage media products and related equipment	**1,118**	**(4,093)**	3,270	(870)
— Sales of properties held for sale	**3,495**	**(6,706)**	15,928	(3,790)
— Sales of wine	**2,603**	**(1,577)**	9,426	(8,097)
	7,216	**(12,376)**	28,624	(12,757)
Other revenues		**6,648**		9,781
		(5,728)		(2,976)

	2008 Turnover HK$'000	2008 Contribution to operating profit/(loss) HK$'000	2007 Turnover HK$'000	2007 Contribution to operating profit/(loss) HK$'000
By geographical markets:				
— Hong Kong	**—**	**(9,506)**	36	(2,102)
— The United States of America and Canada	**676**	**(1,391)**	1,529	(1,940)
— The People's Republic of China	**6,144**	**(665)**	26,727	(8,294)
— Others	**396**	**(814)**	332	(421)
	7,216	**(12,376)**	28,624	(12,757)
Other revenues		**6,648**		9,781
		(5,728)		(2,976)

34. SEGMENT INFORMATION (continued)

FINANCIAL POSITION

	2008 HK$'000	2007 HK$'000
Assets		
Segment assets:		
— Sales of data storage media products and related equipment	**739**	3,098
— Sales of properties held for sale	**71,041**	37,719
— Sales of wine	**14,363**	13,948
— Unallocated corporate assets	**6,572**	39,679
	92,715	94,444
Liabilities		
Segment liabilities:		
— Sales of data storage media products and related equipment	**292**	3,177
— Sales of properties held for sale	**6,857**	5,437
— Sales of wine	**15,181**	17,598
— Unallocated corporate liabilities	**1,336**	2,766
	23,666	28,978
Net assets	**69,049**	65,466

The financial statements do not include any disclosures of the carrying amount of segment assets and liabilities analysed by geographical area.

35. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit is offered to customers following financial assessment and an established payment record. Security in the form of mortgage or bank guarantees is obtained from certain customers. Credit limits are set for all customers and these are exceeded only with the approval of senior company officers. Trades with customers considered to be a credit risk are on a cash basis. Professional staff monitor trade receivables and follow up collections. General credit terms are payment by the end of the month following the month in which sales took place.

Concentrations of credit risk are managed by customer and by industry sector. There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

Group

	2008		
	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within one year or on demand HK$'000**
Trade and other payables	**18,441**	**18,441**	**18,441**
Bank loans and borrowings	**5,225**	**5,225**	**5,225**
	23,666	**23,666**	**23,666**

	2007		
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000
Trade and other payables	22,614	22,614	22,614
Bank loans and borrowings	4,797	4,797	4,797
Amount due to a director	2,010	2,010	2,010
	29,421	29,421	29,421

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

Company

	2008		
	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within one year or on demand HK$'000**
Trade and other payables	**1,336**	**1336**	**1,336**

	2007		
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000
Trade and other payables	757	757	757
Amount due to a director	2,010	2,010	2,010
	2,767	2,767	2,767

(c) Interest rate risk

The Group's and the Company's interest rate risk arises primarily from fixed rate bank loans and therefore is not subject to fair value interest rate risk. The Group and the Company currently does not have any interest rate hedging policy.

(d) Currency risk

The Group is exposed to currency risks primarily through sales, purchases and borrowings that are denominated in Renminbi (RMB) and Hong Kong Dollar (HKD). Since the volume to transactions denominated in these currencies is not significant, the Group considers the exposure to currency risk to be low.

35. FINANCIAL RISK MANAGEMENT (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

Group

	2008 **HK$'000**	2007 HK$'000
Trade and other receivables	**2,654**	1,344
Cash and bank balances	**42,320**	5,373
Bank loans and borrowings	**(5,225)**	(4,798)
Trade and other payables	**(16,814)**	(21,092)
Net exposure	**22,935**	(19,173)

(ii) Sensitivity analysis

The following table indicates the approximate changes in the Group's loss after tax and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Company's PRC subsidiaries have significant exposure at the balance sheet date.

	2008			2007		
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in loss after tax HK$'000**	**Increase/ (decrease) in retained profits HK$'000**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax HK$'000	Increase/ (decease) in retained profits HK$'000
RMB	**5%/(5%)**	**1,147/ (1,147)**	**1,147/ (1,147)**	5%/(5%)	958/(958)	958/(958)

35. FINANCIAL RISK MANAGEMENT (continued)

(d) Currency risk (continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group's PRC subsidiaries' exposure to currency risk for financial instruments in existence at that date, and that all other variables remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the Renminbi would be materially unaffected by any changes in movement in value of the Renminbi against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Company's PRC subsidiaries' profits or losses after tax measure in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

(e) Fair value

All significant financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 March 2008 and 2007.

The non-trade balance with director was unsecured, interest-free and had no fixed repayment terms. Given these terms, it is not meaningful to disclose fair value.

36. COMPARATIVE FIGURES

As a result of adopting HKFRS 7, Financial instruments: Disclosures, and the amendments to HKAS 1, Presentation of financial statements: Capital disclosures, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amount in respect of item disclosed for the first time in 2007.

37. EVENTS AFTER THE BALANCE SHEET DATE

On 7 May 2008, the Group issued a Convertible Bond with a principal amount of HK$68,000,000.

The Convertible Bond will bear interest at the rate of 2.5% per annum and will be due on the third anniversary of the date of issue of the Convertible Bond. The Convertible Bond is convertible into Conversion Shares at an initial Conversion Price, HK$1.03 per Conversion Share. Assuming full conversion of the Convertible Bond at the initial Conversion Price, the Convertible Bond will be converted into 66,019,417 Shares, representing approximately 19.36% of the existing issued share capital of the Company and approximately 16.22% of the issued share capital of the Company as enlarged by the conversion. The Conversion Shares will be allotted and issued under the General Mandate. The estimated net proceeds from the issue of the Convertible Bond will be about HK$67,700,000 and will be applied towards the general working capital of the Group and/or any suitable investment projects.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of directors on 27 June 2008.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
Results					
Turnover	192,850	65,862	17,778	28,624	**7,216**
(Loss)/profit before taxation	15,345	(56,509)	(23,026)	(3,567)	**(4,637)**
Taxation	(4,789)	39	(179)	(1,279)	**(418)**
(Loss)/profit after taxation	10,556	(56,470)	(23,205)	(4,846)	**(5,055)**
Minority interests	2,209	5,995	2,441	1,191	**—**
(Loss)/profit attributable to equity holders of the Company	12,765	(50,475)	(20,764)	(3,655)	**(5,055)**

	At 31 March				
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
Assets and liabilities					
Total assets	191,192	117,948	104,107	94,887	**92,715**
Total liabilities	(46,309)	(29,769)	(37,437)	(29,421)	**(23,666)**
Minority interests	(9,749)	(3,579)	(1,191)	—	**—**
Total equity	135,134	84,600	65,479	65,466	**69,049**