金榜

金榜集團控股有限公司
GOLDBOND GROUP HOLDINGS LIMITED

Stock Code: 172

Annual Report 2007/08

Contents

To be a Mainland Consumer SME Finance Provider...

2003	Jan :	Change of substantial shareholders of the Company
	May :	Change of Company name to Goldbond Group Holdings Limited
	Dec :	Acquisition of 25% interests in Nanjing City Plaza
2004	Nov :	Acquisition of Rongzhong which is a platform of loan guarantee business in China
	Nov :	Acquisition of 20% interests in Goldbond Capital
2005	Jul :	Further acquired 11% interests in Rongzhong, becoming a 51% owned subsidiary of the Company
2006	Apr :	Launched bridge finance service in Wuhan through Rongzhong
2007	Feb :	Disposed of Golden Plaza in Hong Kong at approximately HK$530 million
	Mar :	Disposed of 25% interests in Nanjing City Plaza at approximately HK$125 million
	Apr :	Mr. Wang Jun was appointed as Chairman
	Jul :	Disposed of 20% interests in Goldbond Capital at approximately US$10.25 million (equivalent to approximately HK$80 million)
	Aug :	Acquired additional 20% interests in Rongzhong, resulting a 71% owned subsidiary of the Company
	Sept :	Granted RMB115 million 3-year project finance facility to a Zhuhai Developer at annual return over 33%.
	Oct :	Launched bridge finance service in Chengdu, Chongqing and Jiangsu
2008	Apr :	Application for the wholly foreign owned leasing license approved by Ministry of Commerce of the PRC
	May :	Launched a private equity fund in the PRC

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jun *(Chairman)*
Mr. Wong Yu Lung, Charles
(Deputy Chairman and Chief Executive Officer)
Mr. Ding Chung Keung, Vincent
(Deputy Chief Executive Officer)
Mr. Lan Ning
(Deputy Chief Executive Officer, China Region)
Mr. Kee Wah Sze
Mr. Xie Xiao Qing
Miss Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki
Mr. Cheng Yuk Wo

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Kee Wah Sze

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Units 1901-06, 19/F., Tower One
Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

Iu, Lai & Li

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
CITIC Ka Wah Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITES

http://www.goldbondgroup.com
http://finance.thestandard.com.hk/en/0172goldbond

STOCK CODE

00172

Mr. Wang Jun, aged 67, is the Chairman and executive Director of the Company since April 2007. He was the former Chairman of CITIC Group in Beijing, Mr. Wang is currently the chairman of CITIC 21CN Company Limited and the independent non-executive director of China Communications Services Corporation Limited, the issued shares of all the aforesaid companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Wang graduated from Harbin Engineering Institute in the People's Republic of China (the "PRC").

Mr. Wong Yu Lung, Charles, aged 58, is the Deputy Chairman and Chief Executive Officer of the Company. He joined the Company in January 2003 and is responsible for corporate strategic planning of the Group. Mr. Wong has over thirty years of worldwide experience in the procurement and logistics of consumer products. He is an international entrepreneur of repute and was the president of Pacific Resources Export Limited ("Pacific Resources"). Pacific Resources had been the worldwide exclusive procurement agent for Wal-mart for twelve years until 2002, with annual turnover reaching approximately US$6.5 billion. Throughout his years in operating Pacific Resources and twenty-nine branch offices spreading over the world including the United States of America, South America, Central America, Indian Subcontinent, Middle East, Asia and Europe, Mr. Wong has accumulated valuable experience and profound knowledge, in particular, market mechanism and demand, manufacturing industry, financial market, capital investment and asset management.

Mr. Wong is the father of Miss Wong, Michelle Yatyee, an executive Director of the Company.

As at the date of this report, Mr. Wong is also a director of Ace Solomon Investments Limited, Aceyork Investment Limited, Allied Golden Investment Limited and Allied Luck Trading Limited, all being companies which had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of the Securities and Futures Ordinance ("substantial shareholders' discloseable interests").

Mr. Ding Chung Keung, Vincent, aged 38, is the Deputy Chief Executive Officer of the Company. He joined the Company in January 2004 and oversees all business operations and compliance issues of the Group. Mr. Ding is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. He has been in the investment, audit and finance industries for more than 16 years.

Prior to joining the Company, Mr. Ding was the managing director of Cheung Tai Hong Holdings Limited (now known as ITC Properties Group Limited) and Capital Estate Limited, the issued shares of all the aforesaid companies are listed on the Main Board of the Stock Exchange. Mr. Ding holds a bachelor degree in business administration from The Chinese University of Hong Kong.

Mr. Lan Ning, aged 45, is the Deputy Chief Executive Officer, China Region, of the Company. He has been an executive Director since January 2003 and is responsible for China investment and development of the Group. Prior to joining the Group, he was a senior director of China Poly Group Corporation and the founder and chairman of Guangzhou Poly Investment Limited in the PRC. He has extensive experience in wide range of business, including trading, property development and investment in the PRC.

Mr. Kee Wah Sze, aged 60, an executive Director since January 2003, is responsible for legal aspect of the business of the Group. He is a practicing solicitor in Hong Kong and the senior partner of Michael Cheuk, Wong & Kee and also a notary public and a China-Appointed Attesting Officer in Hong Kong. He has over twenty-one years of experience in legal field and has extensive legal practice in commercial and corporate laws both in Hong Kong and the PRC.

Mr. Xie Xiao Qing, aged 47, has been an executive Director since April 2007. He is also a director of Rongzhong Group Limited ("Rongzhong") and most of its subsidiaries in the PRC supervising the businesses of the group of Rongzhong. Mr. Xie is the chairman of Wuhan Pawn Association, the guest professor of the Management Technology College of the Hubei University of Economy and a member of Hubei Provincial People's Congress. Mr. Xie graduated from 湖北航運技校 in the PRC.

Miss Wong, Michelle Yatyee, aged 27, an executive Director since February 2007. She graduated from University of Southern California, California, the United States of America with a bachelor degree of arts in political science and holds a juris doctorate in law from Whittier Law School, California, the United States of America ("U.S.A.").

Miss Wong is the daughter of Mr. Wong, the Deputy Chairman and Chief Executive Officer of the Company.

As at the date of this report, Miss Wong is also a director of Ace Solomon Investment Limited, Aceyork Investment Limited and Allied Golden Investment Limited, all being companies which had substantial shareholders' discloseable interests.

Mr. Ma Ho Fai SBS JP, aged 56, joined the Company as an independent non-executive Director in February 2003. He is a member of both the Company's audit committee and the remuneration committee. Mr. Ma is a partner of Woo, Kwan, Lee & Lo and was admitted as a solicitor in Hong Kong, England and Wales, Australian Capital Territory and Singapore. He is also a China-Appointed Attesting Officer in Hong Kong. In addition, he is a Deputy to the 11th National People's Congress of the PRC and a member of the 10th Yunnan Provincial Committee of the Chinese People Political Consultative Conference.

Mr. Melvin Jitsumi Shiraki, aged 62, joined the Company as an independent non-executive Director and a member of the Company's audit committee in September 2004. He is a business commerce and trade industry professional with more than thirty-one years of experience in the international arena. He has successfully established buying agent offices in various Asian countries, advancing the growth of various U.S.A. retail import programs, negotiating contracts and supervising administrative operations and business services.

Mr. Shiraki is currently the Executive Vice President of Test Rite International Company Limited.

Mr. Cheng Yuk Wo, aged 47, joined the Company as an independent non-executive Director in November 2007. He is also the Chairman of both the Company's audit committee and the remuneration committee. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Cheng worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and Swiss Bank Corporation (now known as UBS AG) in Toronto. He has held senior management positions in a number of Hong Kong listed companies and is a co-founder of a Hong Kong merchant banking firm. He is the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng holds a Master of Science (Economics) degree in Accounting and Finance and a Bachelor of Arts (Honours) degree in Accounting.

Mr. Cheng is currently an independent non-executive director of Capital Strategic Investment Limited, Chia Tai Enterprises International Limited, Chong Hing Bank Limited, HKC (Holdings) Limited, South China Land Limited, GFT Holdings Limited and a non-executive director of Henry Group Holdings Limited, all being companies listed on the Stock Exchange. He was also the independent non-executive director of Jessica Publications Limited (now known as Honbridge Holdings Limited), a company listed on the Stock Exchange, from September 2004 to October 2007.

2007/08 is a prosperous year for the Group. After the completion of the disposal of Golden Plaza, Nanjing City Plaza Construction Co. Limited ("NCPC") and Goldbond Capital Holdings Limited ("Goldbond Capital"), the Group has concentrated its resources on bridge finance and guarantee business through the Group's 71% owned subsidiary, Rongzhong Group Limited ("Rongzhong"). During the year, the Group established its Business Consultancy Division which provides services in project finance, project consultancy, management of distressed assets, direct investment and property investment in the PRC. In September 2007, Famous Apex Limited ("Famous Apex"), a wholly owned subsidiary of the Company, entered into two loan agreements with Zhuhai Poly Sanhao Company Limited# ("Poly Sanhao") and Worldpro International Investment Limited ("Worldpro"), pursuant to which Famous Apex conditionally agreed to make available term loans of RMB100 million and RMB15 million to Poly Sanhao and Worldpro respectively. The loans were fully drawn in January 2008 and collectively provide the Group with a potential investment return of over 33% per annum for a term of three years.

RESULTS AND DIVIDEND

Turnover of the Group for the year ended 31 March 2008 was approximately HK$229,390,000 (including the turnover relating to discontinued operation) (2007: HK$59,654,000), an increase of 285% over last year. The increase was mainly due to the increase in income from consumer/SME finance business and income from loans to Poly Sanhao and Worldpro and were partly offset by the decrease of rental income from Golden Plaza which was disposed of in May 2007. Profit after tax attributable to the equity holders of the Company was approximately HK$180,228,000 (2007: HK$48,703,000), representing an increase of 270%.

Included in the profit after tax attributable to the equity holders for the year, there were some non-cash expenditures which included, but not limited to, notional interest on zero coupon convertible notes of HK$7,781,000 (2007: HK$8,134,000), notional interest on redeemable convertible preference shares of HK$205,000 (2007: HK$179,000) and equity-settled share based payment expenses of HK$9,619,000 (2007: HK$2,338,000).

The Board did not recommend the payment of dividend in respect of the results for the year ended 31 March 2008 (2007: Nil).

FINANCIAL SERVICES

Rongzhong

The Group has 71% equity interest in Rongzhong as at 31 March 2008. For the year ended 31 March 2008, Rongzhong and its subsidiaries ("Rongzhong Group") contributed a turnover of approximately HK$216,318,000 (2007: HK$24,876,000). Guarantee income is recognized over the life of the guarantee contracts and as at 31 March 2008, the deferred income amounted to approximately HK$28,183,000 which was to be recognized in the forthcoming 3 financial years.

For identification purpose only.

FINANCIAL SERVICES (Continued)

Rongzhong (Continued)

As a result of the PRC government's strict control towards the overheated stock and property market, bank borrowing became strenuous. Hence, the demand for bridging finance grew tremendously which created a golden opportunity for the Group. In May and August 2007, the Group entered into two loan agreements with Rongzhong, pursuant to which the Group conditionally agreed to advance a HK$60 million and a HK$500 million revolving loans facility respectively to Rongzhong as general working capital at interest rate of 16% per annum. The two loan agreements were approved by shareholders of the Company in June and September 2007 respectively. As at 31 March 2008, the total outstanding loan amount to HK$379,687,000. In August 2007, the Group entered into a sale and purchase agreement with Yong Hua International Limited ("Yong Hua"), a minority shareholder of Rongzhong, pursuant to which Perfect Honour Limited, a wholly owned subsidiary of the Company, had conditionally agreed to acquire, and Yong Hua had conditionally agreed to sell, the 20% of the entire issued share capital of Rongzhong at a consideration of HK$135 million, which was settled by a 3 year, zero coupon convertible note issued by the Company on 2 October 2007 (the "Issued Date"). Yong Hua has the right to convert the whole or part of the convertible note at the conversion price of HK$1.08 (subject to adjustments) with the following conditions: (i) HK$54,000,000 convertible on any business day from the 1st anniversary of the Issued Date up to the business day immediately prior to the 2nd anniversary of this note; and (ii) HK$81,000,000 or any cumulative outstanding amount convertible from the 2nd anniversary of the Issued Date up to the business day immediately prior to the maturity date (1 October 2010). After the acquisition, the Group owns 71% of equity interest in Rongzhong.

1. **Loan Guarantee**

   Rongzhong Group carries on loan guarantee business in seven cities in the PRC, namely Changsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou, principally engaging in the provision of guarantee and related services for individuals and SME in relation to the following major types of loans: (1) consumable purchase; (2) educational fund; (3) residential renovation; (4) travel and wedding; (5) mobile phone; (6) motor vehicle; (7) real estate property; and (8) SME working capital. The total guarantee amount of Rongzhong Group granted in the year amounted to approximately RMB3,599,908,000 (2007: RMB1,510,131,000). Currently, Rongzhong Group has established working relationship with the following banks:

   - Changsha Commercial Bank
   - Shenzhen Development Bank
   - China Construction Bank
   - Guangdong Development Bank
   - Industrial and Commercial Bank of China
   - Shanghai Pudong Development Bank
   - China Merchants Bank
   - China Minsheng Banking Corporation
   - Industrial Bank
   - China Everbright Bank
   - Bank of Nanjing
   - Agricultural Bank of China
   - Bank of China

FINANCIAL SERVICES (Continued)

Rongzhong (Continued)

2. **Bridge Finance**
   Rongzhong Group first launched its bridge finance service in Wuhan, the PRC in April 2006. In October 2007, it further extended such service in Chongqing, Chengdu and Jiangsu.

   Rongzhong Group provides different types of bridge finance services including but not limited to the provision of bridge loans for management buyout, to SME and property developers for short term working capital needs. As at 31 March 2008, Rongzhong Group maintained a loan portfolio of approximately HK$582,666,000 (2007: HK$72,432,000). The bridge finance loan portfolio continues to achieve an attractive yield.

   Rongzhong Group will continue to expand the bridge finance business to other mainland cities when opportunities arise. To fully utilize our extensive network throughout the many platforms we had built over the years, Rongzhong Group intends to further expand into locations which we have been providing guarantee services, namely: Hangzhou, Guangzhou and Changsha.

3. **Leasing**
   In April 2008, Rongzhong Group was granted a wholly-foreign owned leasing licence by the Ministry of Commerce in the PRC, and Rongzhong International Finance Lease Limited (融眾國際融資租賃有限公司) was established with an initial registered capital of US$10 million. The Board believes that this leasing licence can further complement our existing service portfolio and can provide stable income source in the foreseeable future by capitalizing on Rongzhong Group's business network, financing backing and industry relationships.

4. **Private Equity Fund**
   Launched in May 2008, Wuhan Rongzhong Growth Fund (武漢融眾高成長投資中心) is a private equity fund seeking opportunities for investment primarily in the PRC where Rongzhong's operating expertise and sector knowledge can guide the strategic direction of its portfolio and create sustainable value. The Fund is managed by Rongzhong Group and has a committed capital of approximately RMB180 million.

Looking ahead, the Board intends to turn Rongzhong Group into a non-bank financial services group. The investment in financial services industry will be a long term strategic move for the Group, leveraging on the Group's expertise and strong network in the PRC.

Famous Apex

In September 2007, Famous Apex entered into two loan agreements with Poly Sanhao and Worldpro, pursuant to which Famous Apex conditionally agreed to make available term loans of RMB100 million and RMB15 million to Poly Sanhao and Worldpro respectively. The loan of RMB100 million was secured by mortgages of the 85% equity interest in 珠海市中廣置業有限公司 and 51% equity interest in Poly Sanhao. The loan of RMB15 million was secured by first fixed and floating charge on all assets owned by Worldpro and mortgage of the entire issued share capital of Worldpro. The loans were fully drawn in January 2008 and collectively provide the Group with a potential investment return of over 33% per annum for a term of three years. For the year ended 31 March 2008, the loans contributed a turnover of approximately HK$10,280,000 to the Group.

FINANCIAL SERVICES (Continued)

Goldbond Capital

In July 2007, Flourish Global Limited ("Flourish Global"), a wholly owned subsidiary of the Company, entered into a conditional equity purchase agreement with independent third parties to dispose of Florish Global's entire 20% interest in Goldbond Capital at a consideration of approximately US$10,240,000. The transaction was completed in October 2007. However, a notice of third-party claim was received in March 2008 and a provision for such claim and its legal costs of approximately HK$7,500,000 was recorded in current year. As a result, the gain on disposal of interest in associates was reduced from approximately HK$33,059,000 as stated in the 2007/08 interim report to approximately HK$25,364,000 for the year.

PROPERTY DEVELOPMENT AND INVESTMENT

Golden Plaza, Hong Kong

The rental income derived from Golden Plaza in Hong Kong (after outgoings) for the year was approximately HK$2,792,000 (2007: HK$28,621,000), a decrease of 90% over last year. The decrease was mainly due to the termination of rental and management income after the completion of the disposal of Golden Plaza at a total consideration of approximately HK$530,000,000 in May 2007. The gain on disposal amounted to approximately HK$5,240,000 for the year.

Nanjing International Center, Nanjing

The disposal of the Group's 25% interest in NCPC at a consideration of approximately HK$125,329,000 was completed in June 2007. The Board was of the view that the disposal represented a good opportunity for the Group to dispose of NCPC at a premium to its book value and to avoid further capital commitment in the non-core business of the Group. A gain on disposal of approximately HK$19,869,000 was recorded for the year.

FUTURE PLANS

The Group has transformed from its principal activities of property leasing and development to provision of consumer/SME financing and business consultancy services. The disposal of Golden Plaza, NCPC and Goldbond Capital had strengthened the Group's financial position and allowed the Group to conglomerate its resources to further venture in the financial service and other new prosperous investment opportunities. In April 2007, Mr. Wang Jun, the renowned former Chairman of CITIC Group, joined the Company as the Chairman and Executive Director. The future development of the Group will definitely be benefited from Mr. Wang's impeccable business network. In view of all the affirmative factors and immense business opportunities ahead, the Group will focus to expand its developments in the Greater China Region.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2008, the Group had outstanding borrowings from a financial institution of RMB100,000,000 (2007: HK$116,000,000 and RMB90,000,000) which were secured by charges over the Group's and the minority shareholders' indirect interests in 融眾擔保集團有限公司 (Rongzhong Guarantee Group Limited) ("Rongzhong Guarantee"), a subsidiary of the Company. The Company, Rongzhong Guarantee and a director of the Company had given guarantees to a financial institution for the grant of the above borrowings of not more than RMB100,000,000 (equivalent to approximately HK$109,890,000) in aggregate. All these banking facilities bore interest with reference to the rate offered by the People's Bank of China. The guarantee provided by the Company was in proportion to its 71% equity interest in the borrower.

At present, the Group has not used any derivative to hedge against the interest rate risk exposure.

In August 2004, the Company issued convertible notes with a nominal value of HK$70,000,000 to a related company with a maturity date on 5 August 2007. The notes were interest free and might be converted into ordinary shares of HK$0.10 each in the share capital of the Company (the "Share(s)") at a conversion price of HK$0.17 per Share, subject to adjustment upon the occurrence of certain events. On 31 July 2007, convertible notes with a nominal value of HK$53,000,000 were converted into 311,764,705 Shares by the then note holder and the remaining balances of HK$17,000,000 were redeemed on 5 August 2007.

In December 2004, the Company issued convertible notes with a nominal value of HK$30,000,000 to another related company with a maturity date on 5 August 2007. The notes were interest free and might be converted into Shares at a conversion price of HK$0.129 per ordinary share, subject to adjustment upon the occurrence of certain events. On 31 July 2007, the convertible notes were fully converted into 232,558,138 Shares by the then notes holders.

In July 2007, arrangements were made for a private placement of existing Shares to professional and institutional investors of 268,000,000 Shares at a price of HK$1.18 each. The net proceeds of approximately HK$307 million were used for the development of finance services in the PRC and for general working capital purposes of the Group.

In October 2007, the Company issued a convertible note with a principal amount of HK$135,000,000 to another related company with a maturity date on 2 October 2010 for the acquisition of an additional 20% issued share capital of Rongzhong. The note is interest free and may be converted into Shares at a conversion price of HK$1.08 per ordinary share, subject to adjustment upon the occurrence of certain events. A goodwill of HK$103,686,000 was recognized. The convertible note was split into liability and derivative components. As at 31 March 2008, the liability component amounted to HK$107,286,000 and the fair value of derivative component amounted to HK$18,070,000. A gain on change in fair value of derivative component of HK$14,463,000 was recorded during the year.

In January 2008, the loans of RMB100,000,000 and RMB15,000,000 were fully drawn by Poly Sanhao and Worldpro respectively after the fulfillment of all conditions precedent as stipulated in the respective loan agreements.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

With the completion of the disposal of Golden Plaza, Nanjing International Center and Goldbond Capital, and share placement during the year, the Group had maintained adequate liquidity with cash and bank balances of HK$429,592,000 (2007: HK$46,392,000). The net debt to equity ratio as at 31 March 2008 was as follows:

	2008 **HK$'000**	2007 HK$'000
Debt *(Note a)*	**109,890**	242,056
Cash and cash equivalents	**(429,592)**	(46,392)
Net (asset) debt	**(319,702)**	195,664
Equity *(Note b)*	**1,113,943**	414,190
Net debt to equity ratio	**N/A** *(Note c)*	0.47

Notes:

(a) Debt comprises bank and other borrowings.

(b) Equity includes all capital, reserves and minority interests of the Group.

(c) Not applicable as no net debt as at 31 March 2008.

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

EFFECT ON EXCHANGE RATE FLUCTUATION

Since 1 July 2007, the functional currency of the Company and Rongzhong Group has changed from Hong Kong dollars to Renminbi ("RMB") because the majority of their operations are in the PRC. As a result, most of the gain on the translation of RMB assets under the sustaining appreciation of exchange rate for RMB were recorded in the translation reserve. Accordingly, the balance of translation reserve had increased by HK$26,073,000 during the year.

The Group's transactions, monetary assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and RMB. The major operations of the Group were transacted and recorded in RMB and did not subject to material exposure on exchange rate fluctuation.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2008, the Group executed a floating charge over the interest in subsidiaries and certain assets of Rongzhong with an aggregate carrying value of HK$489,661,000 and HK$70,476,000 respectively (2007: HK$96,660,000 and HK$47,437,000) in favour of a bank for banking facilities granted. As at 31 March 2008, none of the facilities were utilized (2007: HK$20,000,000).

As at 31 March 2008, the guarantee facilities granted to the Group were secured by the security deposits in an aggregate of approximately HK$67,097,000 (2007: HK$37,969,000).

CONTINGENT LIABILITIES

As at the balance sheet date, there were contingent liabilities in respect of the following:

(a) The Group has contingent liabilities of RMB1,276,074,000, equivalent to approximately HK$1,402,279,000 (2007: RMB822,726,000 equivalent to approximately HK$822,726,000) in relation to the provision of the guarantee services in the PRC.

(b) The Group granted a guarantee of US$3,750,000, equivalent to approximately HK$29,250,000 as at 31 March 2007 in respect of banking facilities granted to a jointly controlled entity. The full amount was utilized as at 31 March 2007. The Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. With the completion of the disposal during the year as detailed in Note 11 to the financial statements, the Group's obligation as guarantor was released.

(c) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000 equivalent to approximately HK$148,977,000 as at 31 March 2007, borrowed by a jointly controlled entity. With the completion of the disposal during the year as detailed in Note 11 to the financial statements, the Group's obligation under those agreements was released.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2008, the Group's total number of staff was approximately 600 in Hong Kong and the PRC. The Group remunerates its employees based on their performance, experience and prevailing industry practices. Other benefits offered to the employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Turnover	**229.4**	59.7	40.0	24.7	23.4
Profit before taxation	**193.8**	38.2	13.0	34.8	33.5
Taxation	**(12.4)**	10.5	(9.1)	(7.7)	(6.5)
Profit attributable to shareholders	**181.4**	48.7	3.9	27.1	27.0
Attributable to:					
Equity holders of the parent	**180.2**	48.7	3.9	27.1	27.0
Minority interests	**1.2**	–	–	–	–
	181.4	48.7	3.9	27.1	27.0

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Total assets	**1,512.5**	911.3	754.1	628.9	519.5
Total liabilities	**(398.6)**	(497.1)	(396.6)	(308.8)	(220.5)
	1,113.9	414.2	357.5	320.1	299.0

Particulars of major properties as at 31 March 2008 are as follows:

A. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Location	Inland lot number	Tenure of lease	Existing use	Group's interest
Lower part and upper part of the exterior walls of Golden Plaza 745-747 Nathan Road Mongkok Kowloon Hong Kong	1/27,452nd shares of and in Section A, Section B and the remaining portion of Kowloon Inland Lot No. 2087 and Kowloon Inland Lot No. 2169	Long term	Improvement works in progress	100%

B. PROPERTIES HELD FOR SALE

Location	Gross floor area (square meter)	Existing use	Group's effective interest
Guizi Garden 1st Floor, Building 9-10 No. 428 Xiongchu Avenue Hongshan District Wuhan the PRC	2,521	Commercial	71%
Guizi Garden Basement, Building 9-10 No. 428 Xiongchu Avenue Hongshan District Wuhan the PRC	2,683	Car park	71%

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Recognising the importance of shareholders' transparency and accountability, the Directors of the Company (the "Board") believe that shareholders can enhance their benefits from good corporate governance.

Throughout the year ended 31 March 2008 under review (the "Year"), the Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

BOARD OF DIRECTORS

The Board assumes responsibility for leadership and control of the Company and its subsidiaries (the "Group") and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

The Board consists of seven executive Directors and three independent non-executive Directors. Biographies of the Directors, and their respective roles in the Board and the committees are set out on pages 4 and 5 respectively. The information is also available on the Company's websites.

According to the Company's articles of association (the "Articles"), at every annual general meeting, one-third of the Directors (including non-executive Directors) for the time being, or if their number is not a multiple of three then the nearest number to but not less than one-third of the Directors shall retire from office. Directors who are appointed by the Board must retire at the first annual general meeting after their appointment, and shall be eligible for re-election at that annual general meeting.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all of them meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. All independent non-executive Directors have been appointed for a term of three years upon their appointment, and are eligible for re-appointment and subject to the retirement and re-election provisions contained in the Articles.

Mr. Wang Jun ("Mr. Wang"), the Chairman of the Company, with the assistance of the Deputy Chairman and Chief Executive Officer of the Company, oversees the overall management and operations of the Company. Major responsibilities include approving the Company's overall business, financial and technical strategies, approving budgets and major expenditures, supervising and scrutinizing the performance of management. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary. With the support of executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Pursuant to the CG Code, roles of chairman and chief executive officer should be separate. The Board considered that the Company has complied with this code since Mr. Wang joined the Company on 2 April 2007.

Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer who is delegated with the authority and responsible for running the Group's business, and implementation of the Group's strategy in achieving the overall commercial objectives.

The Board operates in accordance with the Articles. It meets from time to time according to the business requirement of the Company. During the Year, the Board held eight regular meetings and met more frequently as and when required. Details of the Directors' attendance at the regular board meetings during the Year are set out on page 18 of this annual report. In order to make timely decision and have effective implementation of the Company's policy and decision, written resolutions signed by all Directors have been adopted from time to time.

The Board is supported by two Board committees, namely Remuneration Committee and Audit Committee. Each committee has its defined scope of duties and terms of reference and the committee members are empowered to make decisions on matters within the terms of reference of each committee. The terms of reference of each committee are available on the Company's websites.

At least 14 days' notice of a regular Board/committee meeting is given to all Directors/committee members to provide them with an opportunity to attend and they are given an opportunity to include matters in the agenda for a Board/committee meeting. Agenda and accompanying board papers are sent in full to all Directors/committee members at least 3 days before the intended date of a Board/committee meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors/committee members are unable to attend a meeting, they are advised the matters to be discussed and given an opportunity to make their views known to the Company Secretary, on behalf of the Chairman and the chairman of the committee, prior to the convening of each Board meeting/committee meeting.

Directors/committee members are free to contribute alternative views at meetings and major decisions would only be taken after deliberation at Board/committee meetings. If a Director has a conflict of interest in a manner to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee but a Board meeting would be held. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed, would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution proposed at the Board meeting.

The Company Secretary is responsible for taking minutes of Board and committee meetings, which would be sent to Directors/committee members within a reasonable time after each meeting and be made available for inspection by Directors/committee members.

All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are followed and complied with, and advising the Board on compliance matters.

Appropriate insurance cover on Directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS

The Remuneration Committee meets at least once a year. Details of its composition are set out on page 3 of this annual report. The principal responsibilities of Remuneration Committee include, among others, making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time. No Director and executive can determine his own remuneration. The terms of reference of the Remuneration Committee are posted on the Company's websites.

During the Year, the Remuneration Committee held one meeting and reviewed the remuneration packages of all Directors and the overall remuneration policy of the Company. It also made recommendations to the Board regarding the above. Details of the committee members' attendance at the meeting during the Year are set out on page 18 of this annual report.

The remuneration for the executive Directors comprises basic salary, discretionary bonus, pensions and share options. They are based on the skill, knowledge and involvement in the Company's affairs of each executive Director and are determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. Details of the amount of Directors' remuneration for the Year are set out in Note 9 to the financial statements of this annual report. Details of the Company's share option scheme are set out in the Directors' Report and Note 38 to the financial statements of this annual report.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year with its primary duties to oversee the financial reporting process and the adequacy and effectiveness of the Company's system of internal controls. All of its members are appointed from the independent non-executive Directors, with its Chairman having appropriate professional qualification and experience in financial matters. Details of its composition are set out on page 3 of this annual report. The terms of reference of the Audit Committee are posted on the Company's websites.

During the Year, the Audit Committee met on two occasions, in addition to a number of informal discussions, in furtherance of its duties to review the truth and fairness of the Group's financial statements and to consider the nature and scope of external audit reviews. Details of the committee members' attendance at the meeting during the Year are set out on page 18 of this annual report.

NOMINATION OF DIRECTORS

The Company does not have a nomination committee, and the power to nominate or appoint additional directors is vested in the Board according to the Articles, in addition to the power of the shareholders to nominate any person to become a director of the Company in accordance with the Articles and the laws of Hong Kong.

The Board from time to time considers replenishing the composition of the Board whenever the Company requires to meet the business demand, opportunities and challenges and to comply with the laws and regulations. The nomination procedures basically follow the Articles which empowers the Board from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. The Directors will select and evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time by such means as the Company may deem fit. The Directors shall consider the candidate from a wide range of backgrounds, on his/her merits and against objective criteria set out by the Board and taking into consideration his/her time devoted to the position.

During the Year, Mr. Ip Yin Wah resigned as independent non-executive Director of the Company, Mr. Cheng Yuk Wo was appointed as independent non-executive Director of the Company.

DIRECTORS'/COMMITTEE MEMBERS' ATTENDANCE

	Number of meetings attended/held while being a Director/committee member during the Year		
Name of Directors during the Year	**Board**	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Mr. Wang Jun *(Note 1)*	1/8	–	–
Mr. Wong Yu Lung, Charles	8/8	–	–
Mr. Ding Chung Keung, Vincent	8/8	–	–
Mr. Lan Ning	2/8	–	–
Mr. Kee Wah Sze	7/8	–	1/1
Mr. Xie Xiao Qing *(Note 2)*	1/8	–	–
Miss Wong, Michelle Yatyee	8/8	–	–
Independent Non-Executive Directors			
Mr. Ip Yin Wah *(Note 3)* *(Ex-chairman of both Audit Committee and Remuneration Committee)*	7/7	1/1	–
Mr. Ma Ho Fai SBS JP	6/8	2/2	1/1
Mr. Melvin Jitsumi Shiraki	5/8	2/2	–
Mr. Cheng Yuk Wo *(Note 4)* *(Chairman of both Audit Committee and Remuneration Committee)*	1/1	1/1	1/1

Notes:

1. Mr. Wang Jun was appointed executive Director on 2 April 2007.

2. Mr. Xie Xiao Qing was appointed executive Director on 10 April 2007.

3. Mr. Ip Yin Wah resigned as an independent non-executive Director with effect from 1 November 2007.

4. Mr. Cheng Yuk Wo was appointed independent non-executive Director on 1 November 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules (the "Model Code"). All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the Year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had various connected transactions and continuing connected transactions pursuant to the Listing Rules, details of which are set out below:

(1) On 23 April 2007, the Company, as the tenant, and Wah Link Investments Limited ("Wah Link"), as the landlord, executed a tenancy agreement whereby the Company agreed to lease certain areas located at Unit 1901 and portion of Units 1902-3, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for a term of 1 year commencing from 1 May 2007 at a monthly rental of HK$143,000 (exclusive of management fees, rate, government rent and operating expenses (the "Lease")).

Wah Link is beneficially owned by the spouse of Mr. Wong Yu Lung, Charles ("Mr. Wong"), the Deputy Chairman and Chief Executive Officer of the Company, and a close relative of Mr. Wong and is regarded as a connected person of the Company according to the Listing Rules. Therefore, the Lease constituted continuing connected transaction for the Company. Details of which were announced on 25 April 2007.

(2) On 17 May 2007, Perfect Honour Limited ("Perfect Honour"), a wholly-owned subsidiary of the Company, entered into a loan agreement (the "First Loan Agreement") with Rongzhong, pursuant to which Perfect Honour conditionally agreed to advance a non-revolving loan of up to HK$60 million to Rongzhong as its general working capital.

As at the date of the First Loan Agreement, Rongzhong was owned as to 51%, 39.01% and 9.99% by Perfect Honour, Yong Hua International Limited ("YHIL") (a company wholly-owned by Mr. Xie Xiao Qing ("Mr. Xie"), a Director) and companies owned by the associates of two Directors respectively. As such, Rongzhong was a connected person of the Company and the entering of the First Loan Agreement constituted a connected transaction of the Company. Details of which were announced on 17 May 2007.

(3) On 3 July 2007, a wholly-owned subsidiary of the Company, together with Goldbond Capital Investment Holdings Limited ("GCIHL") and two other sellers, entered into an equity purchase agreement with an independent third party as buyer, to dispose of their respective entire interests (the "Disposal") in Goldbond Capital Holdings Limited ("GCHL"), now known as Piper Jaffray Asia Holdings Limited. Since GCIHL was an associate of Mr. Kee Wah Sze ("Mr. Kee"), a Director, the Disposal constituted a connected transaction for the Company. Details of the Disposal were announced on 6 July 2007 and it was completed on 2 October 2007.

(4) On 20 July 2007, Goldbond Securities Limited ("GSL"), now known as Piper Jaffray Asia Securities Limited, a wholly-owned subsidiary of GCHL, acted as a placing agent to place the Company's shares to independent investors (the "Placing"). GCHL was then owned as to 50% by GCIHL, as to 20% indirectly by the Company and as to 30% by two other independent third parties as at the date of the Placing. As explained in point no. (3) above, GSL was also a connected person of the Company as it was indirectly owned by GCIHL. As such, the Placing constituted a connected transaction for the Company under the Listing Rules. Details of the Placing were announced on 20 July 2007.

(5) On 15 August 2007, Perfect Honour entered into a loan agreement (the "Second Loan Agreement") with Rongzhong, pursuant to which Perfect Honour conditionally agreed to make available a revolving loan facility of up to HK$500 million to Rongzhong as its general working capital. As mentioned in point no. (2) above, Rongzhong was a connected person of the Company and the entering into the Second Loan Agreement constituted a connected transaction of the Company.

On the same date, Perfect Honour, as purchaser, signed a sale and purchase agreement with YHIL, as vendor, to acquire 20% interests in Rongzhong (the “Acquisition”) for a consideration of HK$135 million to be satisfied by a convertible note issued by the Company (the “Convertible Note”) to YHIL upon completion of the Acquisition on 2 October 2007. YHIL was a connected person of the Company since it was wholly-owned by Mr. Xie and the Acquisition constituted a connected transaction of the Company.

Details of the Second Loan Agreement and the Acquisition were announced on 16 August 2007.

In addition, the following continuing connected transactions of the Company are subject to annual review requirement under the Listing Rules:

(6) On 25 January 2006, the Company agreed to provide GCHL an unsecured revolving facility in the amount of up to HK$40 million for a term of three years by an agreement signed by the parties. As mentioned in point no. (4) above, GCHL was a connected person of the Company and therefore such facility constituted continuing connected transaction for the Company. Details of which were announced on 26 January 2006. Due to the Disposal as stated in point no. (3) above, such facility was transferred to the buyer by novation when the Disposal was completed on 2 October 2007.

(7) On 28 April 2006, Rongzhong, as tenant, entered into a tenancy agreement with Wah Link, as landlord, whereby Rongzhong agreed to lease certain areas located at Units 1905-6, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for a term of two years commencing from 1 May 2006 at a monthly rental of HK$22,000 (exclusive of management fees, rate, government rent and operating expenses). Same as point no. (1) above, this lease by Rongzhong also constituted continuing connected transaction for the Company. Details of which were announced on 28 April 2006.

The continuing connected transactions as stated in point no. 1, 6 and 7 above had been reviewed by the independent non-executive Directors who had confirmed that they were entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on normal commercial terms which are fair and reasonable so far as the shareholders of the Company were concerned; and

(c) in accordance with the terms of the relevant agreement.

The external auditors of the Company had also confirmed in writing that the continuing connected transactions as stated in point no. 1, 6 and 7 above:

(a) had been approved by the Board;

(b) were entered into in accordance with the relevant agreement governing the respective transaction; and

(c) the relevant amount of the respective continuing connected transaction did not exceed the limit as set out in the relevant announcement.

RELATED PARTY TRANSACTIONS

The Group also entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards. Certain details of these transactions are set out in Note 45 to the financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

With the assistance of the Finance and Accounting Department, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 29.

AUDITOR'S REMUNERATION

The remuneration for the Year in respect of audit and non-audit services paid to the Company's auditor amounted to approximately HK$1,700,000 and approximately HK$1,343,000 respectively.

INTERNAL CONTROLS

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and the Company's assets. The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. The design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

The management reviews the internal control system and evaluates its adequacy, effectiveness and compliance. It has reported to the Audit Committee from time to time during the Year, in conjunction with key findings identified by the external auditor, findings and actions or measures taken in addressing those internal controls. The Audit Committee in turn reports any material issues to the Board. The Board, also reviews plan and progress on continuous improvement work of the Company's internal control system on a periodic basis.

The Directors have pleasure in submitting their report together with the audited financial statements of the Group for the Year.

PLACE OF INCORPORATION OF THE COMPANY AND PRINCIPAL ACTIVITIES OF THE GROUP

The Company is an investment holding company incorporated in Hong Kong. The principal activities and other particulars of its subsidiaries are set out in Note 46 on the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of the Group's and the Company's affairs as at 31 March 2008 are set out in the financial statements on pages 30 to 98.

The Directors did not recommend the payment of a dividend in respect of the Year (2007: Nil).

SEGMENT INFORMATION

The Group's turnover and profit from operating activities for the Year were derived from (i) financial services in the PRC; and (ii) property leasing and development. Segment analysis is set out in Note 6 on the financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 13 of this annual report.

INVESTMENT PROPERTIES AND PLANT AND EQUIPMENT

Details of movements in investment properties and plant and equipment of the Group and the Company are set out in Notes 14 and 15 on the financial statements.

PROPERTIES

Particulars of the major properties and property interests of the Group are shown on page 14 of this annual report.

RESERVES AND DISTRIBUTABLE RESERVES

Movement during the Year in the reserves of the Group is set out in the consolidated statement of changes in equity on page 35 of this annual report and movement in the reserves of the Company is set out in Note 37 to the financial statements.

As at 31 March 2008, the Company had no distributable reserve as calculated under Section 79B of the Hong Kong Companies Ordinance.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group and the Company as at 31 March 2008 are set out in Note 29 of the financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in Note 33 to the financial statements.

CONVERTIBLE NOTES

Details of the convertible notes are set out in Note 30 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover and purchases attributable to the Group's five largest customers and suppliers respectively were both less than 30% during the Year.

CHANGE IN AUDITOR

The Company changed its auditor from KPMG to Deloitte Touche Tohmatsu in November 2006.

RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund scheme. Particulars of which are set out in Note 43 on the financial statements.

DIRECTORS AND SERVICE CONTRACTS

The Directors during the Year were:

Executive Directors

Mr. Wang Jun	(appointed on 2 April 2007 and re-elected at the last annual general meeting)
Mr. Wong Yu Lung, Charles	
Mr. Ding Chung Keung, Vincent	
Mr. Lan Ning	
Mr. Kee Wah Sze	
Mr. Xie Xiao Qing	(appointed on 10 April 2007 and re-elected at the last annual general meeting)
Miss Wong, Michelle Yatyee	

Independent Non-Executive Directors

Mr. Ip Yin Wah	(resigned on 1 November 2007)
Mr. Ma Ho Fai SBS JP	
Mr. Melvin Jitsumi Shiraki	
Mr. Cheng Yuk Wo	(appointed on 1 November 2007)

Pursuant to articles 87, 117 and 118 of the Articles, Messrs. Ding Chung Keung, Vincent, Lan Ning, Ma Ho Fai SBS JP and Cheng Yuk Wo shall retire from the Board at the forthcoming annual general meeting (the "Meeting"). All retiring Directors, being eligible, offer themselves for re-election at the Meeting. Details of the retiring Directors standing for re-election are set out in the circular to the Company's shareholders sent together with this report.

No Director being proposed for re-election at the Meeting has a service contract with the Company or any of its subsidiaries which are not determinable by the Group within one year without payment of compensation other than normal statutory obligations.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages 4 and 5 of this annual report.

DIRECTORS' REMUNERATION

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Listing Rules are set out in Note 9 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the paragraphs headed "Connected Transactions and Continuing Connected Transactions" on pages 19 to 20 of this annual report and in Note 45 to the financial statements in connection with the related party transactions, no contracts of significance in relation to the Group's business to which the Company and any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly subsisted at the year-end or at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 31 March 2008, the Directors and chief executive of the Company ("Chief Executive") and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO:

Interests in Shares/underlying Shares of the Company

Name of Director	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Number of underlying Shares of the Convertible Note	Approximate percentage of issued share capital of the Company
Mr. Wang Jun ("Mr. Wang")	Interest in controlled corporation	101,251,300 *(Note 1)*	–	–	3.90%
	Beneficial owner	–	25,000,000 *(Note 2)*	–	0.96%
Mr. Wong	Interest in controlled corporation	497,232,000 *(Note 1 on page 26)*	–	–	19.14%
	Beneficial owner	–	25,000,000 *(Note 2)*	–	0.96%
	Beneficial owner	16,000,000	–	–	0.62%
Miss Wong, Michelle Yatyee ("Miss Michelle Wong")	Interest in controlled corporation	508,686,792 *(Note 3 on page 26)*	–	–	19.58%
	Beneficial owner	–	16,000,000 *(Note 4)*	–	0.61%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	38,000,000	–	–	1.47%
	Beneficial owner	–	33,000,000 *(Notes 2 and 3)*	–	1.28%
Mr. Kee	Beneficial owner	12,000,000	–	–	0.46%
Mr. Lan Ning ("Mr. Lan")	Interest in controlled corporation	30,277,000	–	–	1.17%
	Beneficial owner	2,500,000	–	–	0.10%
Mr. Xie	Interest in controlled corporation	–	–	125,000,000 *(Note 5)*	4.59% *(Note 6)*
	Beneficial owner	–	16,000,000 *(Note 4)*	–	0.61%
Mr. Ma Ho Fai SBS JP ("Mr. Ma")	Beneficial owner	1,200,000	–	–	0.05%
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	Beneficial owner	2,100,000	–	–	0.08%
	Beneficial owner	–	1,600,000 *(Note 7)*	–	0.06%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (Continued)

Interests in ordinary shares of the associated corporation

Name of Director	Capacity	Name of associated corporation	Number of shares	Approximate percentage
Mr. Xie	Interest in controlled corporation	Rongzhong	4,942,600	19.01%

Notes:

1. These Shares were held by Canasia Profits Corporation (which was wholly-owned by Mr. Wang).

2. On 17 August 2007, each of Mr. Wang, Mr. Wong and Mr. Ding was granted 25,000,000 options under the share option scheme of the Company (the "Share Option Scheme") to subscribe for 25,000,000 Shares, exercisable at a price of HK$1.014 per Share during the period from 17 August 2010 to 16 August 2017.

3. On 7 July 2006, Mr. Ding was granted 8,000,000 options under the Share Option Scheme to subscribe for 8,000,000 Shares, exercisable at a price of HK$0.210 per Share during the period from 1 January 2010 to 6 July 2016.

4. On 29 March 2007, each of Mr. Xie and Miss Michelle Wong was granted 16,000,000 options under the Share Option Scheme to subscribe for 16,000,000 Shares, exercisable at a price of HK$0.256 per Share during the period from 29 March 2010 to 28 March 2017.

5. The Convertible Note was issued to a company wholly-owned by Mr. Xie.

6. Assuming the Convertible Note but no other options or convertible notes (if any) is fully exercised.

7. On 29 July 2005, Mr. Shiraki was granted 1,600,000 options under the Share Option Scheme to subscribe for 1,600,000 Shares, exercisable at a price of HK$0.132 per Share during the period from 1 January 2007 to 28 July 2015.

All the interests stated above represent long positions.

Save for those disclosed above, at 31 March 2008, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or the Chief Executive or any its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the Directors and the Chief Executive (including their spouses and children under the age of 18) had, at 31 March 2008, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

At 31 March 2008, the interests in Shares and/or underlying Shares of the Company of every person (other than the Directors and Chief Executive) as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Approximate percentage of issued share capital of the Company
Allied Luck Trading Limited ("Allied Luck")	Beneficial owner	497,232,000 *(Note 1)*	–	19.14%
Mrs. Wong Fang Pik Chun ("Mrs. Wong")	Interest in controlled corporation	497,232,000 *(Note 1)*	–	19.14%
	Interest of spouse	16,000,000	–	0.62%
	Interest of spouse		25,000,000 *(Note 2)*	0.96%
Ace Solomon Investments Limited ("Ace Solomon")	Beneficial owner	508,686,792 *(Note 3)*	–	19.58%
Aceyork Investment Limited ("Aceyork")	Interest in controlled corporation	508,686,792 *(Note 3)*	–	19.58%
Allied Golden Investment Limited ("Allied Golden")	Interest in controlled corporation	508,686,792 *(Note 3)*	–	19.58%
Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong")	Interest in controlled corporation	508,686,792 *(Note 3)*	–	19.58%
Martin Currie (Holdings) Limited	Interest in controlled corporation	136,470,000	–	5.25%

Notes:

1. These Shares were held by Allied Luck which in turn owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong, the spouse of Mr. Wong. As such, each of Mr. Wong and Mrs. Wong was respectively taken to have an interest in such Shares by virtue of their respective shareholding interests in Allied Luck.

2. As disclosed in Note 2 on page 24 of this report, Mr. Wong was granted 25,000,000 options under the Share Option Scheme to subscribe for 25,000,000 Shares. As such, Mrs. Wong was taken to have such interest in the underlying Shares under the provisions of the SFO.

3. These Shares were held by Ace Solomon, which was owned as to 50% by Aceyork (a company wholly-owned by Miss Michelle Wong and as to 50% by Allied Golden (a company wholly-owned by Miss Jacqueline Wong). As such, each of Aceyork, Allied Golden, Miss Michelle Wong and Miss Jacqueline Wong were deemed to be interested in all these Shares.

All the interests stated above represent long positions.

Save for those disclosed above, at 31 March 2008, the Company had not been notified of any persons who had interests or short position in Shares and underlying Shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

Particulars of the Share Option Scheme are set out in Note 38 to the financial statements.

Details of the movements of share options during the Year were as follows:

				Number of share options				
Grantee	Date of grant	Exercise price *(HK$)*	Exercisable period *(Note 1)*	Outstanding at 31/3/07	Granted during the Year	Exercised during the Year *(Note 3)*	Lapsed during the Year	Outstanding at 31/3/08
Directors								
Mr. Wang	17/8/2007	1.014 *(Note 2)*	17/8/2010 - 16/8/2017	–	25,000,000	–	–	25,000,000
Mr. Wong	8/11/2004	0.148	1/1/2007 - 7/11/2014	16,000,000	–	(16,000,000)	–	–
	17/8/2007	1.014 *(Note 2)*	17/8/2010 - 16/8/2017	–	25,000,000	–	–	25,000,000
Mr. Ding	8/11/2004	0.148	1/1/2007 - 7/11/2014	16,000,000	–	(16,000,000)	–	–
	7/7/2006	0.210	1/1/2010 - 6/7/2016	8,000,000	–	–	–	8,000,000
	17/8/2007	1.014 *(Note 2)*	17/8/2010 - 16/8/2017	–	25,000,000	–	–	25,000,000
Mr. Kee	8/11/2004	0.148	1/1/2007 - 7/11/2014	16,000,000	–	(16,000,000)	–	–
Mr. Lan	8/11/2004	0.148	1/1/2007 - 7/11/2014	16,000,000	–	(16,000,000)	–	–
Mr. Ma	29/7/2005	0.132	1/1/2007 - 28/7/2015	1,600,000	–	(1,600,000)	–	–
Mr. Shiraki	29/7/2005	0.132	1/1/2007 - 28/7/2015	1,600,000	–	–	–	1,600,000
Mr. Xie	29/3/2007	0.256	29/3/2010 - 28/3/2017	16,000,000	–	–	–	16,000,000
Miss Michelle Wong	29/3/2007	0.256	29/3/2010 - 28/3/2017	16,000,000	–	–	–	16,000,000
Mr. Ip Yin Wah *(Note 4)*	29/7/2005	0.132	1/1/2007 - 28/7/2015	1,600,000	–	(1,600,000)	–	–
Eligible employees	8/11/2004	0.148	1/1/2007 - 7/11/2014	35,000,000	–	(25,000,000)	(10,000,000)	–
(in aggregate)	30/5/2005	0.136	1/1/2007 - 29/5/2015	16,000,000	–	(16,000,000)	–	–
	7/7/2006	0.210	1/1/2010 - 6/7/2016	24,000,000	–	–	(9,000,000)	15,000,000
	6/2/2007	0.174	1/6/2007 - 5/2/2017	3,000,000	–	(3,000,000)	–	–
	17/8/2007	1.014 *(Note 2)*	17/8/2010 - 16/8/2017	–	22,000,000	–	–	22,000,000
				186,800,000	97,000,000	(111,200,000)	(19,000,000)	153,600,000

No option granted under the Scheme was cancelled during the Year.

SHARE OPTION SCHEME (Continued)

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period;

2. The closing price immediately before the date of grant was HK$0.99;

3. The weighted average closing price of the Shares immediately before the dates on which the options were exercised in the Year was HK$0.606 (31 March 2007: HK$0.238); and

4. Mr. Ip Yin Wah resigned as Director on 1 November 2007.

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

Neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities during the Year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions by directors set out in the Model Code during the Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Company has applied the principles and complied with the applicable code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of more than 25% of the Shares in the market as required under the Listing Rules.

AUDITOR

Deloitte Touche Tohmatsu ("DTT") retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of DTT as auditor of the Company is to be proposed at such meeting.

On behalf of the Board

Wong Yu Lung, Charles
Deputy Chairman and Chief Executive Officer

Hong Kong
11 July 2008

Deloitte.
德勤

TO THE SHAREHOLDERS OF GOLDBOND GROUP HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 98, which comprise the consolidated and the Company's balance sheets as at 31 March 2008, and the consolidated income statement, 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 11 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Continuing operations			
Turnover	5	**226,598**	24,876
Other income		**25,794**	5,391
Change in fair value of derivative component of convertible note		**14,463**	–
Gain on disposal of associates	17	**25,364**	–
Staff costs		**(48,131)**	(30,281)
Other operating expenses		**(56,857)**	(23,521)
Share of profits of associates		**4,218**	6,061
Finance costs	7	**(22,569)**	(20,508)
Profit (loss) before taxation	8	**168,880**	(37,982)
Taxation	10	**(12,794)**	(466)
Profit (loss) for the year from continuing operations		**156,086**	(38,448)
Discontinued operation			
Profit for the year from discontinued operation	8 & 11	**25,330**	87,151
Profit for the year		**181,416**	48,703
Attributable to:			
Equity holders of the parent		**180,228**	48,703
Minority interests		**1,188**	–
		181,416	48,703
Earnings (loss) per share	13		
From continuing and discontinued operations			
– Basic		**7.82 cents**	2.93 cents
– Diluted		**7.11 cents**	N/A
From continuing operations			
– Basic		**6.72 cents**	(2.31) cents
– Diluted		**6.15 cents**	N/A

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Plant and equipment	15	**9,491**	4,953
Consideration receivable from disposal of associates	17	**12,465**	–
Interest in associates	17	**–**	41,599
Goodwill	19	**103,686**	–
Intangible assets	20	**2,459**	–
Loan receivables	21	**124,954**	–
Club debentures	22	**16,181**	3,000
		269,236	49,552
Current assets			
Amount due from associate	17	**–**	8
Properties held for sale	23	**8,802**	8,010
Debtors, advances provided to customers, prepayments and deposits	24	**722,846**	110,431
Security deposits	25	**67,097**	37,969
Pledged deposits	26	**–**	24,076
Bank balances and cash	26	**429,592**	46,392
		1,228,337	226,886
Non-current assets classified as held for sale	11	**15,000**	634,849
		1,243,337	861,735
Current liabilities			
Loans from a related company	27	**–**	48,143
Amounts due to minority shareholders	28	**–**	21,047
Other payables and accrued charges		**132,303**	70,605
Taxation		**10,460**	631
Bank and other borrowings – amount due within one year	29	**109,890**	81,050
Convertible notes	30	**–**	97,038
Liabilities arising from financial guarantee contracts	31	**4,043**	2,413
		256,696	320,927
Liabilities associated with non-current assets classified as held for sale	11	**15,000**	160,270
		271,696	481,197
Net current assets		**971,641**	380,538
		1,240,877	430,090

Consolidated Balance Sheet

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	33	**259,796**	167,444
Reserves		**777,102**	246,746
Equity attributable to equity holders of the Company		**1,036,898**	414,190
Minority interests		**77,045**	–
Total equity		**1,113,943**	414,190
Non-current liabilities			
Bank and other borrowings – amount due after one year	29	**–**	10,000
Convertible notes	30	**125,356**	–
Redeemable convertible preference shares	32	**1,578**	1,373
Deferred taxation	36	**–**	4,527
		126,934	15,900
		1,240,877	430,090

The consolidated financial statements on pages 30 to 98 were approved and authorised for issue by the Board of Directors on 11 July 2008 and are signed on its behalf by:

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Plant and equipment	15	**1,705**	223
Interest in subsidiaries	16	**212,827**	200,584
Advances to a subsidiary	16	**103,858**	–
Club debentures	22	**16,181**	3,000
		334,571	203,807
Current assets			
Amount due from associate	17	**–**	8
Amounts due from subsidiaries	16	**540,236**	63,780
Other receivables and prepayments	24	**846**	333
Pledged deposits	26	**–**	20,070
Bank balances and cash	26	**340,408**	3,659
		881,490	87,850
Non-current assets classified as held for sale	11	**–**	103,227
		881,490	191,077
Current liabilities			
Amounts due to subsidiaries	16	**401,204**	21,054
Other payables and accrued charges		**5,771**	12,796
Bank borrowings – amount due within one year	29	**–**	12,000
Convertible notes	30	**–**	97,038
		406,975	142,888
Liabilities associated with non-current assets classified as held for sale	11	**–**	2,633
		406,975	145,521
Net current assets		**474,515**	45,556
		809,086	249,363

	Notes	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	33	**259,796**	167,444
Reserves	37	**422,356**	80,546
Total equity		**682,152**	247,990
Non-current liabilities			
Convertible notes	30	**125,356**	–
Redeemable convertible preference shares	32	**1,578**	1,373
		126,934	1,373
		809,086	249,363

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes reserve HK$'000 (Note 30)	General reserve HK$'000	Statutory surplus reserve HK$'000 (Note)	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2006	166,244	97,713	3,000	2,961	22,297	6,000	–	1,696	57,603	357,514	–	357,514
Exchange differences on translation of foreign operations, representing net income recognised directly in equity	–	–	–	–	–	–	–	3,859	–	3,859	–	3,859
Profit for the year	–	–	–	–	–	–	–	–	48,703	48,703	–	48,703
Total recognised income for the year	–	–	–	–	–	–	–	3,859	48,703	52,562	–	52,562
Sub-total	166,244	97,713	3,000	2,961	22,297	6,000	–	5,555	106,306	410,076	–	410,076
Issue of shares	1,200	576	–	–	–	–	–	–	–	1,776	–	1,776
Exercise of share options	–	345	–	(345)	–	–	–	–	–	–	–	–
Lapse of share options	–	–	–	(181)	–	–	–	–	181	–	–	–
Recognition of equity-settled share-based payments	–	–	–	2,338	–	–	–	–	–	2,338	–	2,338
At 31 March 2007 and 1 April 2007	167,444	98,634	3,000	4,773	22,297	6,000	–	5,555	106,487	414,190	–	414,190
Exchange differences on translation of foreign operations, representing net income recognised directly in equity	–	–	–	–	–	–	–	29,664	–	29,664	7,799	37,463
Profit for the year	–	–	–	–	–	–	–	–	180,228	180,228	1,188	181,416
Total recognised income for the year	–	–	–	–	–	–	–	29,664	180,228	209,892	8,987	218,879
Sub-total	167,444	98,634	3,000	4,773	22,297	6,000	–	35,219	286,715	624,082	8,987	633,069
Issue of shares upon private placement	26,800	289,440	–	–	–	–	–	–	–	316,240	–	316,240
Issue of shares upon exercise of share options	11,120	5,172	–	–	–	–	–	–	–	16,292	–	16,292
Exercise of share options	–	3,937	–	(3,937)	–	–	–	–	–	–	–	–
Issue of shares upon conversion of convertible notes	54,432	28,568	–	–	–	–	–	–	–	83,000	–	83,000
Conversion and redemption of convertible notes	–	18,305	–	–	(22,297)	–	–	–	3,992	–	–	–
Expenses incurred in connection with issue of shares	–	(8,744)	–	–	–	–	–	–	–	(8,744)	–	(8,744)
Lapse of share options	–	–	–	(527)	–	–	–	–	527	–	–	–
Recognition of equity-settled share-based payments	–	–	–	9,619	–	–	–	–	–	9,619	–	9,619
Transferred to statutory surplus reserve	–	–	–	–	–	–	1,017	–	(1,017)	–	–	–
Realisation of translation reserve upon disposal	–	–	–	–	–	–	–	(3,591)	–	(3,591)	–	(3,591)
Subscription from minority interests	–	–	–	–	–	–	–	–	–	–	99,372	99,372
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(31,314)	(31,314)
At 31 March 2008	**259,796**	**435,312**	**3,000**	**9,928**	**–**	**6,000**	**1,017**	**31,628**	**290,217**	**1,036,898**	**77,045**	**1,113,943**

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China ("PRC"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profits after taxation in accordance with the relevant PRC accounting rules and financial regulations before any distribution of dividends to equity holders each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
Operating activities		
Profit before taxation	**193,790**	38,179
Adjustments for:		
Allowance for debtors and loans	**12,135**	312
Amortisation of intangible assets	**288**	–
Depreciation of plant and equipment	**2,861**	1,726
Equity-settled share-based payment expenses	**9,619**	2,338
Finance costs	**23,254**	28,715
Loss on disposal of plant and equipment	**319**	27
Change in fair value of derivative component of convertible note	**(14,463)**	–
Change in fair value of investment properties	**–**	(66,300)
Dividend income from jointly controlled entities	**(130)**	–
Dividend income from listed securities	**–**	(6)
Gain on disposal of associates	**(25,364)**	–
Gain on disposal of property leasing and development business	**(25,109)**	–
Income from amortisation of financial guarantee contracts	**(36)**	(520)
Interest income	**(24,533)**	(3,170)
Net gain on held for trading securities	**–**	(297)
Share of profits of associates	**(4,218)**	(6,061)
Share of losses of jointly controlled entities	**772**	1,982
Effect of foreign exchange rate	**32,982**	1,980
Operating cash flows before movements in working capital	**182,167**	(1,095)
Increase in loan receivables	**(124,954)**	–
Increase in debtors, advances provided to customers, prepayments and deposits	**(593,722)**	(89,843)
Increase in properties held for sale	**–**	(376)
Increase in security deposits	**(25,711)**	(19,121)
Increase in other payables and accrued charges	**58,853**	50,091
Increase in liabilities arising from financial guarantee contracts	**1,630**	2,413
Cash used in operations	**(501,737)**	(57,931)
Hong Kong Profits Tax paid	**(1,962)**	(1,734)
PRC Enterprise Income Tax paid	**(6,426)**	(466)
Net cash used in operating activities	**(510,125)**	(60,131)

	2008 HK$'000	2007 HK$'000
Investing activities		
Proceeds from disposal of investment properties	**515,240**	–
Proceeds from disposal of jointly controlled entities	**125,089**	–
Proceeds from disposal of associates	**60,295**	–
Repayment from an associate	**40,291**	80,726
Interest received	**23,649**	1,461
Proceeds from disposal of plant and equipment	**620**	125
Dividend received from jointly controlled entity	**130**	–
Loan to associate	**(40,000)**	(40,000)
Loans to employees	**(20,991)**	–
Purchase of club debentures	**(12,380)**	–
Purchase of plant and equipment and investment properties	**(7,684)**	(1,054)
Repayment from employees	**–**	8,677
Proceeds from disposal of held for trading securities	**–**	2,238
Dividend received from listed securities	**–**	6
Purchase of held for trading securities	**–**	(1,716)
Net cash from investing activities	**684,259**	50,463
Financing activities		
New loans raised	**416,359**	138,550
Proceeds from issue of shares	**332,532**	1,776
Subscription from minority interests	**99,372**	–
Release of pledged deposits	**24,076**	–
Repayment of bank loans	**(556,709)**	(109,574)
Repayment of loans from a related company	**(46,900)**	(21,000)
Interest paid	**(19,558)**	(18,161)
Repayment of loan from minority interests	**(18,000)**	–
Redemption of convertible notes	**(17,000)**	–
Expenses paid in connection with the issue of shares	**(8,744)**	–
Advance from a related company	**–**	42,900
Increase in pledged deposits	**–**	(3,815)
Net cash from financing activities	**205,428**	30,676
Net increase in cash and cash equivalents	**379,562**	21,008
Cash and cash equivalents at beginning of the year	**46,392**	26,292
Effect of foreign exchange rate changes	**3,638**	(908)
Cash and cash equivalents at end of the year, representing bank balances and cash	**429,592**	46,392

1. GENERAL AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company is a public limited company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the Annual Report.

The Company is an investment holding company. The principal activities of the Group are provision of financial services. In prior year, the Group was also engaged in the business of property leasing and development. These operations were discontinued in May 2007 (see Note 11).

The functional currency of the Company changed from Hong Kong dollars to Renminbi ("RMB") during the year, because the operations of the Group in Hong Kong have been disposed of. The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is RMB. The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

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

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), amendment of Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for the Company's financial year beginning on 1 April 2007. The adoption of the new HKFRSs has no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)* – INT 7	Applying the restatement approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment
HK(IFRIC) – INT 11	HKFRS 2: Group and Treasury Share Transactions

* IFRIC represents the International Financial Reporting Interpretations Committee.

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.

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

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

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 12	Service concession arranagements[3]
HK(IFRIC) – INT 13	Customer loyalty programmes[4]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction[3]

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

Business combinations

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition of additional interest in a subsidiary

Where the Group acquires an additional interest in a subsidiary, the excess of the cost of acquisition over the carrying amounts of net assets acquired is recognised as goodwill.

Goodwill

Goodwill arising on an acquisition of a business which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

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

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

Investments in associates

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

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

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

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Non-current assets held for sale

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Guarantee and related financial service income is recognised in the consolidated income statement and amortised on a straight line basis over the guarantee period.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Management fee income is recognised when the management service is rendered.

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

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

Investment properties

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

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

Plant and equipment

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

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

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

Intangible assets

Intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period.

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the transaction reserve.

Borrowing costs

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

Retirement benefit costs

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax 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 profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of 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.

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

Properties held for sale

Properties held for sale are stated at the lower of cost or net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including loan receivables, debtors, advances provided to customers, consideration receivable from disposal of associates, advances to employees, deposits, security deposits, pledged deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. (See accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments. The Group designated club debentures as available-for-sale financial assets.

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

Impairment of financial assets

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Other financial liabilities

The Group's financial liabilities include other payables, loans from a related company, amounts due to minority shareholders, and bank and other borrowings. The Company's financial liabilities include amounts due to subsidiaries, other payables and bank borrowings. These financial liabilities of the Group and the Company are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes containing liability and conversion option derivative components

Convertible loan notes issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible notes containing liability and equity components

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

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

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

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

Redeemable convertible preference shares

Preference shares that are redeemable and convertible to ordinary shares at the option of the holder, where the option will result in the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, are accounted for as described in the policy of "Convertible notes" containing liability and equity components.

Equity instruments

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

Financial guarantee contracts

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial guarantee contracts (Continued)

Derecognition

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

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

Provisions

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (employee share-based compensation reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to employee share-based compensation reserve.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2008, the carrying amount of goodwill is HK$103,686,000 (2007: Nil).

Estimated impairment of loan receivables and advances provided to customers

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2008, the carrying amount of loan receivables and advances provided to customers are HK$791,908,000 (2007: HK$92,090,000).

Provision for financial guarantees

Determining whether there are liabilities arising from the financial guarantee business, the management estimates the provision based on prior experience and default history of the business. As at 31 March 2008, liabilities arising from financial guarantee business are HK$4,043,000 (2007: HK$2,413,000).

5. TURNOVER

Turnover represents the financial service income arising on provision of loan guarantee services, financing services, and investment consultancy, financial consultancy and management services in the People's Republic of China other than Hong Kong (the "PRC"), and the gross rental income derived from the investment properties situated in Hong Kong.

	2008 **HK$'000**	2007 HK$'000
Continuing operations		
Loan guarantee services income	**128,025**	15,085
Financing services income	**54,397**	9,791
Investment consultancy, financial consultancy and management services income	**44,176**	–
	226,598	24,876
Discontinued operation		
Gross rental income	**2,792**	34,778
	229,390	59,654

6. SEGMENT INFORMATION

Business segments

The Group comprises the following main business segments:

(a) Provision of loan guarantee services;

(b) Provision of financing services;

(c) Provision of investment consultancy, financial consultancy and management services; and

(d) Property leasing and development.

An analysis of the Group's turnover and results by business segments is as follows:

	Continuing operations								Discontinued operation			
	Loan guarantee services		Financing services		Consultancy and management services		Total		Property leasing and development		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Revenue from external customers	**128,025**	15,085	**54,397**	9,791	**44,176**	–	**226,598**	24,876	**2,792**	34,778	**229,390**	59,654
Change in fair value of investment properties	**–**	–	**–**	–	**–**	–	**–**	–	**–**	66,300	**–**	66,300
Segment results	**75,653**	(27,971)	**18,542**	2,254	**43,045**	–	**137,240**	(25,717)	**1,025**	92,395	**138,265**	66,678
Gain on disposal of property leasing and development business							**–**	–	**25,109**	–	**25,109**	–
Investment income							**24,305**	2,172	**228**	1,301	**24,533**	3,473
Gain on disposal of associates					**25,364**	–	**25,364**	–	**–**	–	**25,364**	–
Change in fair value of derivative component							**14,463**	–	**–**	–	**14,463**	–
Unallocated corporate income (expenses)							**(28,638)**	(11,381)	**5**	(7,346)	**(28,633)**	(18,727)
Finance costs							**(8,072)**	(9,117)	**(685)**	(8,207)	**(8,757)**	(17,324)
Share of profits of associates					**4,218**	6,061	**4,218**	6,061	**–**	–	**4,218**	6,061
Share of losses of jointly controlled entities							**–**	–	**(772)**	(1,982)	**(772)**	(1,982)
Profit (loss) before taxation							**168,880**	(37,982)	**24,910**	76,161	**193,790**	38,179
Taxation							**(12,794)**	(466)	**420**	10,990	**(12,374)**	10,524
Profit (loss) for the year							**156,086**	(38,448)	**25,330**	87,151	**181,416**	48,703

6. SEGMENT INFORMATION (Continued)

Business segments (Continued)

An analysis of the Group's assets and liabilities by business segments is as follows:

	Continuing operations										Discontinued operation			
	Loan guarantee services		Financial services		Consultancy and management services		Unallocated		Total		Property leasing and development		Consolidated	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Assets														
Segment assets	141,737	69,984	885,118	86,019	13,088	–	–	–	1,039,943	156,003	15,000	540,548	1,054,943	696,551
Interest in associates					–	41,599	–	–	–	41,599	–	–	–	41,599
Interest in jointly controlled entities									–	–	–	96,971	–	96,971
Unallocated assets													457,630	76,166
Total assets													1,512,573	911,287
Liabilities														
Segment liabilities	127,743	171,453	110,478	33,812	597	–	–	–	238,818	205,265	16,557	12,092	255,375	217,357
Unallocated liabilities														
– mortgage loans													–	151,006
– corporate liabilities													143,255	128,734
Total liabilities													398,630	497,097
Other information:														
Capital additions of plant and equipment	5,318	880	182	160	–	–	2,184	–	7,684	1,040	–	14	7,684	1,054
Goodwill from acquisition of additional interest in a subsidiary	–	–	103,686	–	–	–	–	–	103,686	–	–	–	103,686	–
Intangible assets acquired	–	–	2,747	–	–	–	–	–	2,747	–	–	–	2,747	–
Amortisation of intangible assets	–	–	288	–	–	–	–	–	288	–	–	–	288	–
Depreciation of plant and equipment	2,271	1,701	82	18	55	–	449	–	2,857	1,719	4	7	2,861	1,726
Loss on disposal of plant and equipment	188	27	–	–	–	–	131	–	319	27	–	–	319	27
Allowance for debtors and loans	(100)	312	12,228	–	–	–	–	–	12,128	312	7	–	12,135	312

6. SEGMENT INFORMATION (Continued)

Geographical segments

The Group operates, through its subsidiaries, associates and jointly controlled entities in two principal economic environments – Hong Kong and the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital additions are based on the geographical location of assets.

	Hong Kong		PRC		Unallocated		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Revenue from external customers	**2,792**	34,778	**226,598**	24,876	**–**	–	**229,390**	59,654
Segment assets	**27,465**	540,548	**1,027,478**	156,003	**457,630**	214,736	**1,512,573**	911,287
Capital additions of plant and equipment	**1,895**	14	**5,789**	1,040	**–**	–	**7,684**	1,054
Goodwill from acquisition of additional interest in a subsidiary	**–**	–	**103,686**	–	**–**	–	**103,686**	–
Intangible assets acquired	**–**	–	**2,747**	–	**–**	–	**2,747**	–

7. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Interest on borrowings						
– wholly repayable within five years	**14,583**	12,195	**–**	–	**14,583**	12,195
– not wholly repayable within five years	**–**	–	**685**	8,207	**685**	8,207
Interest on convertible notes	**7,781**	8,134	**–**	–	**7,781**	8,134
Interest on redeemable convertible preference shares	**205**	179	**–**	–	**205**	179
	22,569	20,508	**685**	8,207	**23,254**	28,715

8. PROFIT (LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Profit (loss) before taxation has been arrived at after charging:						
Staff costs	**36,939**	26,563	**125**	593	**37,064**	27,156
Staff's retirement benefits scheme contributions	**1,573**	1,422	**–**	19	**1,573**	1,441
Equity-settled share based payment expenses	**9,619**	2,296	**–**	42	**9,619**	2,338
Total staff costs (including directors' remuneration)	**48,131**	30,281	**125**	654	**48,256**	30,935
Allowance for debtors and loans	**12,128**	312	**7**	–	**12,135**	312
Amortisation of intangible assets (included in other operating expenses)	**288**	–	**–**	–	**288**	–
Auditor's remuneration	**2,167**	1,577	**240**	240	**2,407**	1,817
Depreciation of plant and equipment	**2,857**	1,719	**4**	7	**2,861**	1,726
Loss on disposal of plant and equipment	**319**	27	**–**	–	**319**	27
Operating lease rentals in respect of properties	**8,174**	5,344	**–**	–	**8,174**	5,344
Repairs and maintenance expenses of investment properties	**–**	–	**29**	330	**29**	330
and after crediting:						
Change in fair value of investment properties	**–**	–	**–**	66,300	**–**	66,300
Dividend income from listed securities	**–**	6	**–**	–	**–**	6
Exchange gain	**2,567**	1,165	**–**	–	**2,567**	1,165
Gain on disposal of associates	**25,364**	–	**–**	–	**25,364**	–
Gain on disposal of property leasing and development business	**–**	–	**25,109**	–	**25,109**	–
Income from club debentures	**90**	123	**–**	–	**90**	123
Interest income	**24,305**	1,869	**228**	1,301	**24,533**	3,170
Net gain on held for trading securities	**–**	297	**–**	–	**–**	297
Rental income from investment properties less direct outgoings of HK$487,000 (2007: HK$6,157,000)	**–**	–	**2,305**	28,621	**2,305**	28,621

9. DIRECTORS' AND EMPLOYEES' REMUNERATION

The remuneration of each director for the year ended 31 March 2008 is set out below:

	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors						
Mr. Wang Jun	–	1,440	–	1,000	1,984	4,424
Mr. Wong Yu Lung, Charles ("Mr. Wong")	–	1,440	12	700	1,984	4,136
Mr. Kee Wah Sze ("Mr. Kee")	–	960	12	60	–	1,032
Mr. Lan Ning	–	960	12	–	–	972
Mr. Ding Chung Keung, Vincent	–	1,800	12	3,000	2,220	7,032
Mr. Xie Xiao Qing	–	1,250	15	–	661	1,926
Miss Wong, Michelle Yatyee	–	260	12	400	765	1,437
Independent non-executive directors						
Mr. Cheng Yuk Wo	50	–	–	–	–	50
Mr. Ma Ho Fai SBS JP	120	–	–	–	–	120
Mr. Melvin Jitsumi Shiraki	60	–	–	–	–	60
Mr. Ip Yin Wah	35	–	–	–	–	35
Total	265	8,110	75	5,160	7,614	21,224

9. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

The remuneration of each director for the year ended 31 March 2007 is set out below:

	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors						
Mr. Wong Yu Lung, Charles	–	1,440	12	120	199	1,771
Mr. Kee Wah Sze	–	960	12	–	199	1,171
Mr. Lan Ning	–	958	13	–	199	1,170
Mr. Ding Chung Keung, Vincent	–	1,300	12	80	372	1,764
Miss Wong, Michelle Yatyee	–	10	1	–	6	17
Independent non-executive directors						
Mr. Ip Yin Wah	60	–	–	–	32	92
Mr. Ma Ho Fai SBS JP	120	–	–	–	32	152
Mr. Melvin Jitsumi Shiraki	60	–	–	–	32	92
Total	240	4,668	50	200	1,071	6,229

Notes:

(1) The discretionary bonus is determined with reference to the operating results and individual performance in both years.

(2) No directors waived emoluments in the year ended 31 March 2008. In the year ended 31 March 2007, Mr. Wong Yu Lung, Charles waived emoluments of HK$550,000.

Employees' emoluments

During the year, the five highest paid individuals included five directors (2007: four), details of whose remuneration are included above. The remuneration of the only remaining highest paid individual for the year ended 31 March 2007 is as follows:

	HK$'000
Salaries and other emoluments	714
Share-based payments	5
Retirement benefit scheme contributions	12
	731

The emoluments of the aforesaid employee were less than HK$1,000,000.

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
The charge (credit) comprises:						
Current tax						
Hong Kong Profits Tax						
– Provision for current year	**–**	–	**4,046**	1,500	**4,046**	1,500
– Under (over) provision in prior years	**–**	–	**61**	(17)	**61**	(17)
PRC Enterprise Income Tax	**12,794**	466	**–**	–	**12,794**	466
	12,794	466	**4,107**	1,483	**16,901**	1,949
Deferred taxation (Note 36)	**–**	–	**(4,527)**	(12,473)	**(4,527)**	(12,473)
	12,794	466	**(420)**	(10,990)	**12,374**	(10,524)

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year.

PRC Enterprise Income Tax has been provided at the rates prevailing in the respective jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate to 25% for certain subsidiaries from 1 January 2008.

10. TAXATION (Continued)

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

	2008 HK$'000	2007 HK$'000
Profit (loss) before taxation		
Continuing operations	**168,880**	(37,982)
Discontinued operation	**24,910**	76,161
	193,790	38,179
Tax at the domestic income tax rate of 33% (2007: 17.5%)	**63,951**	6,681
Tax effect of income not taxable for tax purposes	**(39,251)**	(11,499)
Tax effect of expenses not deductible for tax purposes	**13,233**	10,581
Tax effect of tax losses not recognised	**4,507**	3,445
Tax effect of utilisation of tax losses	**(3,184)**	(2,097)
Effect from tax rates of different jurisdictions	**(12,480)**	(4,821)
Effect of income tax on concessionary rates for certain subsidiaries	**(14,463)**	–
Under(over)provision in prior years	**61**	(17)
Reversal of deferred taxation liability arising from the change of intention in relation to investment properties	**–**	(12,797)
Taxation charge (credit) for the year	**12,374**	(10,524)

Note: The tax rate for tax reconciliation above changed from 17.5% to 33% during the year, because operations in Hong Kong have been disposed of.

11. DISCONTINUED OPERATION

In February 2007, the Group entered into sale and purchase agreements with an independent third party to dispose of the investment properties (the "Transactions"). The Transactions were completed in May 2007. The details of the Transactions are disclosed in the circular dated 28 March 2007 issued by the Company.

According to the sale and purchase agreements of the Transactions, upon the completion of the Transactions, Apex Honour Limited procured that Perfect Manor Limited (as licensee) (the "Licensee"), the Company (as guarantor) and the purchaser (as licensor) (the "Licensor") to enter into the licence agreement ("Licence Agreement"), as annexed to the sale and purchase agreements, pursuant to which the Licensor will lease to and the Licensee will lease certain areas of the exterior wall (the "Licensed Area") from the Licensor at a monthly licence fee of HK$108,333 for the first 12 months, payable in advance in one total sum of HK$1,300,000 upon signing of this Licence Agreement, commencing from the date of signing of the Licence Agreement (the "First Year Term") and at a monthly licence fee of HK$119,166 for the next 12 months, payable in advance on the first day of each calendar month, following the First Year Term (the "Second Year Term"). Apex Honour Limited and Perfect Manor Limited are wholly owned subsidiaries of the Company.

Pursuant to the Licence Agreement, the Licensee will perform its duty under the Licence Agreement to install and maintain new signs and signage on the Licensed Area for advertising purpose in such format and structure to the satisfaction of the Purchaser and obtain all necessary approvals from relevant regulatory authorities (the "Installation"). Upon expiry of the First Year Term and in the event that the Installation has been completed, the Licence Agreement will terminate accordingly. During the Second Year Term, the Licensee will have the right to terminate the Licence Agreement by giving the Licensor a 60 days' prior written notice at any time after the completion of the Installation.

In addition, (i) upon expiry of the Second Year Term if the Installation has not been completed or (ii) at any time when the Licensee is in breach of the Licence Agreement and at the time of such breach, the Installation has not been completed, the Licensor shall have the right to require the Licensee to purchase the Licensed Area, the Upper Wall and the Lower Wall, from the Licensor at a total consideration of HK$15,000,000 (the "Put Option"). In the opinion of the directors, the Installation is expected to be completed within one year from 31 March 2008 and exercise of the Put Option is remote.

Since the above condition has not been fulfilled up to 31 March 2008, the disposal of the exterior walls was not yet completed. The exterior wall was classified as assets classified as held for sale.

In March 2007, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire interest in a subsidiary, Sino Dynasty Investments Limited (the "Disposal"). Sino Dynasty Investments Limited maintains a 25% interest in both Nanjing City Plaza Construction Co., Ltd. and Ace Intelligent Consultants Limited. The Disposal was completed in June 2007. The details of the Disposal are disclosed in the circular dated 19 April 2007 issued by the Company.

As a result of the above Transactions and Disposal, the property leasing and development business is classified as a discontinued operation.

11. DISCONTINUED OPERATION (Continued)

The major classes of assets and liabilities comprising the property leasing and development business as at 31 March 2008 are as follows:

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Assets classified as held for sale				
Investment properties (Note 14)	**15,000**	525,000	**–**	–
Interest in jointly controlled entities (Note 18)	**–**	96,971	**–**	1,802
Amount due from a jointly controlled entity (Note 18)	**–**	12,878	**–**	–
Amount due from a subsidiary (Note 16)	**–**	–	**–**	101,425
	15,000	634,849	**–**	103,227
Liabilities associated with assets classified as held for sale				
Bank borrowings (Note 29)	**–**	151,006	**–**	–
Other payables and accrued charges	**15,000**	8,747	**–**	–
Liabilities arising from financial guarantee contracts (Note 31)	**–**	517	**–**	2,633
	15,000	160,270	**–**	2,633

Notes:

(a) The fair values of the Group's investment properties at 31 March 2008 and 2007 have been arrived at on the basis of a valuation carried out on that date by Knight Frank Petty Limited ("Knight Frank"), independent qualified professional valuers not connected with the Group. Knight Frank are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was performed on an open market value basis by reference to the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

(b) The investment properties are situated in Hong Kong and are held under long leases.

11. DISCONTINUED OPERATION (Continued)

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

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
(Loss) profit of property leasing and development business before taxation	**(199)**	76,161
Gain on disposal of property leasing and development business	**25,109**	–
Profit before taxation	**24,910**	76,161
Taxation	**420**	10,990
Profit for the year	**25,330**	87,151

The results of the property leasing and development business are as follows:

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Turnover	**2,792**	34,778
Direct outgoings	**(487)**	(6,157)
Other income	**538**	1,483
Change in fair value of investment properties	**–**	66,300
Other operating expenses	**(1,585)**	(10,054)
Share of losses of jointly controlled entities	**(772)**	(1,982)
Finance costs	**(685)**	(8,207)
(Loss) profit before taxation	**(199)**	76,161
Taxation	**420**	10,990
Profit for the year	**221**	87,151

During the year, the property leasing and development business contributed HK$1,258,000 (2007: HK$20,050,000) to the Group's net operating cash flows, and utilised HK$685,000 (2007: HK$8,207,000) in respect of financing activities.

11. DISCONTINUED OPERATION (Continued)

The net assets at the dates of Transactions and Disposal were as follows:

	THE GROUP HK$'000
Net assets disposed of:	
Investment properties	510,000
Interest in jointly controlled entities	96,199
Amount due from a jointly controlled entity	13,086
Liabilities arising from financial guarantee contracts	(480)
Realisation of translation reserve	(3,591)
Expenses incurred	6
	615,220
Gain on disposal	25,109
Total consideration satisfied by cash	640,329

12. DIVIDEND

No dividend was paid or proposed during 2008, nor has any dividend been proposed since the balance sheet date (2007: Nil).

13. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2008 HK$'000	2007 HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the parent)	180,228	48,703
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	7,781	
Earnings for the purpose of diluted earnings per share	188,009	

Number of shares:	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,303,701	1,662,944
Effect of dilutive potential ordinary shares:		
Share options	62,149	
Convertible notes	278,299	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,644,149	

The diluted earnings per share for the year ended 31 March 2007 was not presented as the conversion of the convertible notes and share options would increase the loss per share from continuing operations.

13. EARNINGS (LOSS) PER SHARE (Continued)

From continuing operations

The calculation of basic and diluted earnings (loss) per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data:

	2008 HK$'000	2007 HK$'000
Earnings:		
Profit for the year attributable to equity holders of the parent	**180,228**	48,703
Less: Profit for the year from discontinued operation	**(25,330)**	(87,151)
Earnings (loss) for the purpose of basic earnings per share from continuing operations	**154,898**	(38,448)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**7,781**	
Earnings for the purpose of diluted earnings per share from continuing operations	**162,679**	

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

The diluted earnings per share for the year ended 31 March 2007 was not presented as the conversion of the convertible notes and share options would increase the loss per share from continuing operations.

From discontinued operation

Basic earnings per share and diluted earnings per share from discontinued operation are HK1.10 cents (2007: HK5.24 cents) and HK0.96 cents (2007: Nil) respectively, based on the profit for the year from the discontinued operation of HK$25,330,000 (2007: HK$87,151,000) and denominators detailed above for both basic and diluted earnings per share.

The diluted earnings per share for the year ended 31 March 2007 was not presented as the conversion of the convertible notes and share options would increase the loss per share from continuing operations.

14. INVESTMENT PROPERTIES

THE GROUP

	HK$'000
At 1 April 2006	458,700
Change in fair value of investment properties	66,300
Transfer to non-current assets classified as held for sale (Note 11)	(525,000)
At 31 March 2007 and 31 March 2008	–

Notes:

(a) The fair value of the Group's investment properties at the date of transfer to non-current assets classified as held for sale was arrived at on the basis of a valuation carried out on the respective date by Knight Frank, independent qualified professional valuers not connected with the Group. Knight Frank are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was performed on an open market value basis by reference to the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

(b) All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and were classified and accounted for as investment properties up to the date of transfer to non-current assets classified as held for sale. According to the Transactions as detailed in Note 11, the investment properties, which will be sold within twelve months, have been reclassified to non-current assets classified as held for sale.

15. PLANT AND EQUIPMENT

	Furniture, fixtures and other fixed assets	
	2008	2007
	HK$'000	HK$'000
THE GROUP		
COST		
At 1 April	**7,733**	6,795
Exchange adjustments	**1,025**	138
Additions	**7,684**	1,054
Disposals	**(2,720)**	(254)
At 31 March	**13,722**	7,733
ACCUMULATED DEPRECIATION		
At 1 April	**2,780**	1,203
Exchange adjustments	**371**	(47)
Charge for the year	**2,861**	1,726
Eliminated on disposals	**(1,781)**	(102)
At 31 March	**4,231**	2,780
NET CARRYING VALUES		
At 31 March	**9,491**	4,953
THE COMPANY		
COST		
At 1 April	**985**	970
Exchange adjustments	**111**	–
Additions	**1,895**	15
Disposals	**(865)**	–
At 31 March	**2,126**	985
ACCUMULATED DEPRECIATION		
At 1 April	**762**	474
Exchange adjustments	**19**	–
Charge for the year	**368**	288
Eliminated on disposals	**(728)**	–
At 31 March	**421**	762
NET CARRYING VALUES		
At 31 March	**1,705**	223

The above items of plant and equipment are depreciated on a straight line basis at the rates of 20% to $33^1/_3$% per annum.

16. INTEREST IN SUBSIDIARIES/ADVANCE TO A SUBSIDIARY/AMOUNTS DUE FROM SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

	THE COMPANY	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**197,075**	197,075
Deemed capital contribution	**19,261**	3,509
	216,336	200,584
Impairment loss recognised	**(3,509)**	–
	212,827	200,584
Advances to a subsidiary	**103,858**	–
Amounts due from subsidiaries	**540,236**	165,205
Transfer to non-current assets classified as held for sale (Note 11)	**–**	(101,425)
	644,094	63,780

Particulars of the principal subsidiaries at 31 March 2008 are set out in Note 46.

Impairment loss of HK$3,509,000 was mainly made for the deemed capital contribution since the relevant subsidiary became inactive and the deemed capital contribution was considered as non-recoverable.

At 31 March 2008, the advances to a subsidiary are unsecured and will not be repayable within one year. Included in the advances is an amount of HK$7,549,000 which is interest bearing at 35% per annum, and the remaining advances are interest free.

At 31 March 2008, the amounts due from subsidiaries are unsecured, interest free and repayable within one year.

At 31 March 2007, the amounts due from subsidiaries were unsecured, interest free and repayable within one year. Subject to the Disposal as detailed in Note 11, amounts due from subsidiaries of HK$101,425,000 were assigned as part of the Disposal during the year and hence these were reclassified to non-current assets classified as held for sale as at 31 March 2007.

The Company has amounts due to subsidiaries of HK$401,204,000 as at 31 March 2008 (2007: HK$21,054,000) which are unsecured, interest free and have no fixed terms of repayment.

17. CONSIDERATION RECEIVABLE FROM DISPOSAL OF ASSOCIATES/INTEREST IN ASSOCIATES

(a) On 3 July 2007, Flourish Global Limited ("Flourish Global"), a wholly owned subsidiary of the Company, entered into a conditional equity purchase agreement with independent third parties to dispose of Flourish Global's entire 20% equity interest in Goldbond Capital Holdings Limited ("GCHL") at a consideration of US$10,240,000, equivalent to approximately HK$79,874,000. Consideration receivable of US$7,730,000, equivalent to approximately HK$60,295,000 was received in October 2007. The remaining balance will be fully settled by October 2009 in accordance with the escrow agreement signed between Flourish Global, other shareholders of GCHL and the buyer. The details of the escrow agreement are disclosed in the circular dated 27 July 2007 issued by the Company. This transaction was completed in October 2007 and a gain on disposal of interest in associates amounting to HK$25,364,000 (after a provision of HK$7,500,000 in respect of the claims and legal costs as mentioned in Note b below) was recognised during the year.

(b) A notice of claim was received in March 2008 from Piper Jaffray Companies, the buyer of GCHL, in relation to the misappropriation of client's funds by the account executive of GCHL before its completion of disposal by the Group. A provision of HK$7,500,000 has been made as at 31 March 2008 based on the claimed amount and the estimated legal costs involved.

(c) Particulars of the associate at 31 March 2007 were as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest indirectly held by the Company	Principal activity
GCHL*	Incorporated	Hong Kong	HK$150,000,000	20%	Investment holding company of financial services companies

* The associate had a financial year ending of 31 December.

	THE GROUP HK$'000	THE COMPANY HK$'000
Share of net assets	41,599	–
Amount due from associate	8	8

The Company granted an unsecured revolving facility of up to HK$40,000,000 to GCHL for a term of three years commencing 6 March 2007. The revolving facility was interest bearing at the prime interest rate plus 3% per annum. A commitment fee of 0.25% per annum was imposed on any outstanding undrawn facilities. The loan was settled during the prior year, and the balance as at 31 March 2007 represented the outstanding commitment fee receivable from GCHL.

18. INTEREST IN JOINTLY CONTROLLED ENTITIES

As detailed in Note 11, the disposal of interest in jointly controlled entities was completed in June 2007.

Particulars of the interest in jointly controlled entities at 31 March 2007 were as follows:

	THE GROUP HK$'000	THE COMPANY HK$'000
Share of net assets	60,501	–
Goodwill	34,668	–
Deemed capital contribution	1,802	1,802
	96,971	1,802
Transfer to non-current assets classified as assets held for sale (Note 11)	(96,971)	(1,802)
	–	–
Amount due from a jointly controlled entity	12,878	–
Transfer to non-current assets classified as assets held for sale (Note 11)	(12,878)	–
	–	–

The following list contains only the particulars of a jointly controlled entity, which principally affected the results or net assets of the Group as at 31 March 2007:

Name of jointly controlled entity	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest indirectly held by the Company	Principal activities
Nanjing City Plaza Construction Co., Ltd. 南京國際商城建設有限公司* ("Nanjing City Plaza")	Equity joint venture	The PRC	US$10,000,000	25%	Investment holding

* This jointly controlled entity and its subsidiaries have a financial year ending 31 December.

During the year ended 31 March 2004, the Group entered into a shareholders' loan agreement with Nanjing City Plaza. Pursuant to the agreement, the Group advanced a sum of HK$10,000,000 to Nanjing City Plaza at an interest rate of 2% per annum above the prime interest rate. The amount was unsecured and repayable on demand. At 31 March 2007, the outstanding loan and interest receivable from Nanjing City Plaza amounted to HK$10,000,000 and approximately HK$2,878,000 respectively.

19. GOODWILL

	HK$'000
At 1 April 2007	–
Arising on acquisition of additional interest in a subsidiary	103,686
At 31 March 2008	**103,686**

Notes:

(a) On 15 August 2007, Perfect Honour Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Yong Hua International Limited, the minority shareholder of Rongzhong Group Limited ("Rongzhong"), to acquire an additional 20% issued share capital of Rongzhong, a then 51% owned subsidiary of the Company, at the consideration of HK$135,000,000. The consideration was satisfied by the issue of a zero coupon convertible note in the principal amount of HK$135,000,000 by the Company. The acquisition was completed in October 2007. The fair value of this convertible note is HK$135,000,000 at the date of completion and a goodwill of HK$103,686,000 was recognised.

(b) Goodwill from acquisition of additional interest in a subsidiary is allocated to the cash generating unit ("CGU") of the financing services.

The recoverable amount of the CGU is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to service charges and direct costs during the period. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in service charges and direct costs are based on past practices and expectations of future changes in the market.

During the year, the Group performed impairment review for goodwill based on cash flow forecast derived from the respective most recent financial budget for the next three years approved by management using a discount rate of 9% which reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rate per annum is approximately 15% in light of the Group's industry growth forecast. This growth rate does not exceed the average long-term growth rate for the relevant industry. No impairment loss was considered necessary.

20. INTANGIBLE ASSETS

	Pawn shop licences HK$'000
COST	
At 1 April 2007	–
Additions	2,747
At 31 March 2008	2,747
AMORTISATION	
At 1 April 2007	–
Charge for the year	288
At 31 March 2008	288
CARRYING VALUE	
At 31 March 2008	**2,459**

The pawn shop licences were acquired during the year. Such pawn shop licences have definite useful lives and the costs are amortised on a straight line basis over their estimated useful lives of six years.

21. LOAN RECEIVABLES

	HK$'000
Principal	126,374
Less: Unamortised interest receivable	(1,420)
	124,954

On 6 September 2007, Famous Apex Limited, a wholly owned subsidiary of the Company, entered into loan agreements to provide financing of RMB100,000,000 to 珠海市保利三好有限公司 ("Poly Sanhao") (the "First Loan") and RMB15,000,000 to Worldpro International Investment Limited ("Worldpro") (the "Second Loan") for financing the development of properties in the PRC. These loans were disbursed to the borrowers in January 2008. Poly Sanhao and Worldpro are independent third parties of the Group.

Both loans are repayable in three years commencing from the date on which the loans are advanced. The effective interest rate of the loan receivables are 33.13% per annum.

The First Loan is interest bearing at 10% per annum and is secured by the following:

(a) a mortgage of 85% equity interest in 珠海市中廣企業(集團)有限公司 owned by Poly Sanhao;

(b) a mortgage of the 51% equity interest in Poly Sanhao owned by Worldpro; and

(c) a personal guarantee by the beneficial owner ("Mr. Wu") of the entire equity interest in 珠海市三好房地產開發有限公司, which holds a 40% equity interest in Poly Sanhao, in favour of the Famous Apex Limited.

21. LOAN RECEIVABLES (Continued)

The Second Loan is interest bearing at 40% per annum and is secured by the following:

(a) a first fixed and floating charge on all assets including, among others, any land and properties, intellectual property rights, receivables and securities legally and/or beneficially owned by Worldpro;

(b) a mortgage of the entire issued share capital of Worldpro and assignment and subordination of all loans owing from Worldpro to the beneficial owner of the entire equity interest in Worldpro ("Mr. Chan");

(c) Mr. Chan's personal guarantee in favour of Famous Apex Limited; and

(d) Mr. Wu's personal guarantee in favour of Famous Apex Limited.

22. CLUB DEBENTURES

The fair values of the club debentures were determined by reference to recent market prices for similar debentures.

23. PROPERTIES HELD FOR SALE

	THE GROUP	
	2008 **HK$'000**	2007 HK$'000
Properties held for sale, at cost	**8,802**	8,010

The properties held for sale comprise properties in the Wuhan region, the PRC. It is not the Group's intention to hold these properties in the long term for capital appreciation or rental income.

24. DEBTORS, ADVANCES PROVIDED TO CUSTOMERS, PREPAYMENTS AND DEPOSITS

	THE GROUP		THE COMPANY	
	2008 **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000
Debtors and advances provided to customers	**84,288**	19,658	**–**	–
Loan receivables	**582,666**	72,432	**–**	–
	666,954	92,090	**–**	–
Advances to employees	**30,391**	9,400	**–**	–
Prepayments, deposits and other receivables	**25,501**	8,941	**846**	333
	722,846	110,431	**846**	333

24. DEBTORS, ADVANCES PROVIDED TO CUSTOMERS, PREPAYMENTS AND DEPOSITS (Continued)

Notes:

(a) For the financial service business, the Group allows an average loan period of 30 days to a maximum of 180 days to its customers. For property leasing and development business, the Group allowed an average credit period of 30 days to its tenants.

(b) The loan receivables are interest bearing from 5.2% to 5.4% (2007: 5.4%) per annum and repayable according to the loan agreements which usually cover a period of one to six months. Included in the balances are loans of HK$546,402,000 (2007: 72,432,000) which are secured by assets placed by customers.

(c) Advances to employees are secured by the entire equity interest in a company owned by the employees. This company is incorporated and engaged in mining business in the PRC. The advances are interest bearing at 6% (2007: 6%) per annum and repayable within one year.

Included in debtors, advances provided to customers, prepayments and deposits are trade debtors and advances provided to customers and loan receivables with the following aging analysis as of the balance sheet date:

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Outstanding balances aged:		
– within one month	**257,308**	87,627
– more than one month but less than three months	**166,861**	3,888
– more than three months	**242,785**	575
	666,954	92,090

The Group has set up a credit team in each location responsible for the evaluation of customers' credit rating to ensure that all customers have healthy financial background and adequate repayment abilities. Management has set up the credit limits which are subject to the discretionary power of the general managers of each location. Any further extension of credit beyond these approval limits has to be first approved by senior management and then by the directors of Rongzhong Group Limited, a 71% owned subsidiary of the Company. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks. Management considers that the receivables that are neither past due nor impaired to be of a good credit quality.

Debtors and advances provided to customers and loan receivables are assessed for impairment individually. The management considers the repayment history and the values of the assets pledged in the impairment review. Included in the Group's debtors, advances provided to customers, prepayments and deposits are debtors with aggregate carrying amount of HK$6,799,000 (2007: HK$1,030,000) which are past due at the reporting date for which the Group has not provided for impairment loss due to good quality. Included in the balances are amounts of HK$3,422,000 (2007: HK$348,000) which are secured by assets placed by customers.

24. DEBTORS, ADVANCES PROVIDED TO CUSTOMERS, PREPAYMENTS AND DEPOSITS (Continued)

The following is an aged analysis of debtors and advances provided to customers and loan receivables which are past due but not impaired at the balance sheet dates:

	2008 **HK$'000**	2007 HK$'000
– more than one month but less than three months	**5,824**	680
– more than three months	**975**	350
	6,799	1,030

Movement in the allowance for doubtful debts of debtors, advances provided to customers and loan receivables:

	2008 **HK$'000**	2007 HK$'000
Balance at beginning of the year	**717**	405
Currency realignment	**190**	–
Impairment losses recognised	**12,135**	312
Amounts written off as uncollectible	**(46)**	–
Balance at end of the year	**12,996**	717

25. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure the Group's due performance in relation to the financial services business in the PRC. The security deposits carry interest at prevailing market rates which range from 0.72% to 0.81% (2007: 0.72% to 3.06%) per annum.

26. BANK BALANCES AND CASH/PLEDGED DEPOSITS

The bank balances of the Group and the Company carry interest at prevailing market rates which range from 0.01% to 4.14% and 0.01% to 3.19% (2007: 0.72% to 3.06% and 2.46% to 2.78%) per annum respectively.

Pledged deposits represented deposits pledged to banks to secure banking facilities granted to the Group. As at 31 March 2007, the Group and the Company pledged deposits amounting to HK$24,076,000 and HK$20,070,000 respectively to secure short term bank borrowings and undrawn facilities. The pledged deposits were released during the year.

At 31 March 2008, the amount of bank balances of the Group included an amount of HK$34,716,000 and HK$306,533,000 which are denominated in Hong Kong dollars and United States dollars respectively, while the amount of bank balances of the Company included an amount of HK$33,897,000 and HK$306,511,000 which are denominated in Hong Kong dollars and United States dollars respectively.

At 31 March 2007, the amount of pledged deposits of the Group and the Company included an amount of HK$20,070,000 which was denominated in United States dollars.

27. LOANS FROM A RELATED COMPANY

The loans were unsecured and repaid during the year. At 31 March 2007, included in the loans from a related company, a balance of approximately HK$19,500,000 was interest bearing at 3% per annum above the Federal Funding Rate. The remaining balances were interest bearing at rates ranging from the prime interest rate to 1% per annum above the prime interest rate.

28. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts due to minority shareholders were unsecured, interest bearing at rates ranging from the prime interest rate to 2% per annum above the prime interest rate. The amounts due to minority shareholders were repaid during the year.

29. BANK AND OTHER BORROWINGS

At 31 March 2008, all the bank and other borrowings are secured and are repayable as follows:

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**109,890**	94,624	**–**	12,000
After 1 year but within 2 years	**–**	23,574	**–**	–
After 2 years but within 5 years	**–**	40,722	**–**	–
After 5 years	**–**	83,136	**–**	–
	109,890	242,056	**–**	12,000
Less: Amount due within one year shown under current liabilities	**(109,890)**	(81,050)	**–**	(12,000)
Transfer to liabilities associated with non-current assets held for sale (Note 11)	**–**	(151,006)	**–**	–
Amount due after one year	**–**	10,000	**–**	–

At 31 March 2008, the Group's bank and other borrowings are variable-rate borrowings which carry annual interests at 125% of the rate offered by the People's Bank of China.

At 31 March 2007, the Group's bank and other borrowings were variable-rate borrowings which carried annual interests at the range of Hong Kong Interbank Offer Rate ("HIBOR") plus 0.8% to HIBOR plus 1.15%.

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

Pursuant to the Transactions as detailed in Note 11, the bank and other borrowings amounting to HK$151,006,000 as at 31 March 2007 were repaid upon the completion of the Transactions in order to release the legal title of the investment properties, and hence these had been reclassified to liabilities associated with non-current assets held for sale.

29. BANK AND OTHER BORROWINGS (Continued)

At 31 March 2008, the Group had outstanding borrowings from a financial institution of approximately HK$109,890,000 which were secured by charges over the Group's and the minority shareholders' interests in Rongzhong Guarantee Group Limited ("Rongzhong Guarantee"), a non-wholly owned subsidiary of the Company. The Company, Rongzhong Guarantee and a director of the Company had given guarantees to the financial institution for the granting of the above borrowings of not more than RMB100,000,000 (equivalent to approximately HK$109,890,000) in aggregate, which was fully utilised by Rongzhong Enterprise Management (Shenzhen) Co., Ltd, a non-wholly owned subsidiary of the Company, as at 31 March 2008. The guarantee provided by the Company was in proportion to its equity interest in the borrower.

In addition, the Group also executed a floating charge over the interest in subsidiaries and certain assets of Rongzhong, a subsidiary of the Company, in favour of a bank for banking facilities granted. As at 31 March 2008, none of the facilities were utilised.

As at 31 March 2007, the Group's banking facilities were granted by several banks in Hong Kong and the PRC, which were secured by the following:

(a) certain investment properties of the Group with an aggregate carrying value of HK$520,500,000 and an assignment of the rental income derived therefrom;

(b) a charge over the shares of Perfect Manor Limited, a wholly owned subsidiary of the Company, together with the subordination of the Company's loans to Perfect Manor Limited;

(c) a corporate guarantee of HK$200,000,000 issued by the Company;

(d) pledged deposits of US$2,573,000, equivalent to approximately HK$20,070,000, and RMB4,007,000 equivalent to approximately HK$4,007,000;

(e) floating charges over interest in subsidiaries and certain assets of Rongzhong with an aggregate carrying value of HK$96,660,000 and HK$47,437,000 respectively; and

(f) the properties held for sale of the Group with an aggregate carrying value of RMB8,010,000, equivalent to approximately HK$8,010,000.

Except for item (e), all the pledged assets and guarantees stated above were released during the year ended 31 March 2008.

30. CONVERTIBLE NOTES

On 5 August 2004, the Company issued convertible notes with a nominal value of HK$70,000,000 to a related company which is under common control of a director of the Company. The notes were interest free and matured on 5 August 2007. During the year, convertible notes with a nominal value of HK$53,000,000 were converted by the then note holder into 311,764,705 ordinary shares at a conversion price of HK$0.17 per ordinary share. The remaining balances were redeemed at the maturity date at the nominal value.

On 31 December 2004, the Company issued convertible notes with a nominal value of HK$30,000,000 to a related company which has common directors. The notes were interest free and matured on 5 August 2007. During the year, all convertible notes were converted into 232,558,138 ordinary shares by the then notes holders at a conversion price of HK$0.129 per ordinary share.

The convertible notes issued in 2004 were split into liability and equity components of HK$77,703,000 and HK$22,297,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component was subsequently carried at amortised cost and the equity component was recognised in the convertible notes reserve. The effective interest rate of the liability component was 8.75% per annum.

The movement of the liability component of the convertible notes issued in 2004 for the year is set out below:

	2008 **HK$'000**	2007 HK$'000
At 1 April	**97,038**	88,904
Interest charge	**2,962**	8,134
Redemption during the year	**(17,000)**	–
Conversion during the year	**(83,000)**	–
At 31 March	**–**	97,038

On 2 October 2007, the Company issued a zero coupon convertible note ("New Convertible Note") with the principal amount of HK$135,000,000 to Yong Hua International Limited, a related company, to acquire an additional 20% issued share capital of Rongzhong (as detailed in Note 19). The New Convertible Note will mature on 2 October 2010. It may be converted into ordinary shares of the Company by phases commencing from 2 October 2008 at a conversion price of HK$1.08 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the New Convertible Note shall be converted into 125,000,000 ordinary shares of the Company.

The New Convertible Note contains two components, liability component and conversion option derivative. The effective interest rate of the liability component is 9.19% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in the profit or loss.

30. CONVERTIBLE NOTES (Continued)

THE GROUP AND THE COMPANY

The movement of the liability component and conversion option derivative of the New Convertible Note for the year is set out as below:

	Liability component HK$'000	Conversion option derivative HK$'000	Total HK$'000
Convertible note issued during the year	102,467	32,533	135,000
Interest charge	4,819	–	4,819
Gain arising on changes of fair value	–	(14,463)	(14,463)
At 31 March 2008	**107,286**	**18,070**	**125,356**

Fair value of conversion option derivative and assumptions

The estimate of the fair value of the conversion option derivative is measured based on a binomial lattice model. Details of the assumptions of conversion option derivative are as follows:

Date of valuation	31.3.2008	2.10.2007 (date of issue)
Share price (HK$)	0.52	0.72
Exercise price (HK$)	1.08	1.08
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	81.400% to 92.485%	71.350% to 81.470%
Maturity period	3 years	3 years
Conversion period	1 – 2 years	1 – 2 years

31. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
For outsiders	**4,043**	2,413	**–**	–
For jointly controlled entities	**–**	517	**–**	2,633
	4,043	2,930	**–**	2,633
Less: Transfer to liabilities associated with non-current assets classified as held for sale (Note 11)	**–**	(517)	**–**	(2,633)
	4,043	2,413	**–**	–

THE GROUP

As at 31 March 2008, the Group provided financial guarantees of RMB1,276,074,000 equivalent to approximately HK$1,402,279,000 (2007: RMB822,726,000 equivalent to approximately HK$822,726,000) to customers under the financial guarantee service business. Liabilities arising from the financial guarantee business represent the management's best estimate of the Group's liability based on prior experience and default history of the business.

In July 2004, the Company granted a guarantee of US$3,750,000, equivalent to approximately HK$29,250,000 in respect of banking facilities granted to a jointly controlled entity. With the completion of the Disposal during the year as detailed in Note 11, the Group and the Company's obligation as guarantor was released.

In May 2005, the Company entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000, equivalent to approximately HK$148,977,000 borrowed by a jointly controlled entity. Pursuant to such agreements, the Company has taken on the funding undertaking and buy-back undertakings, details of which were set out in the Company's circular dated 14 June 2005. All these undertakings were in aggregate subject to a maximum of 16.7% of the outstanding amounts and any other associated costs from time to time in respect of such loan, under which the Company would, pursuant to the agreements, purchase the residential units in the North Tower of Phase 1 of Nanjing International Center at RMB5,000 per square meter or, if required by the bank, and arrange a refinancing facility. With the completion of the Disposal during the year as detailed in Note 11, the Group and the Company's obligation under those agreements was released.

THE COMPANY

Save as disclosed above, in April 2003, the Company granted a guarantee of HK$200,000,000 in respect of banking facilities granted to a subsidiary. At the date of grant, the fair value of the financial guarantee contracts was assessed by external valuers, Vigers Appraisal & Consulting Limited, amounting to HK$3,509,000. With the completion of the Transactions during the year as detailed in Note 11, the related bank borrowings were repaid, and the Company's obligation as guarantor was discharged.

32. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

THE GROUP AND THE COMPANY

At 31 March 2008, 68,400,000 preference shares were in issue (2007: 68,400,000 preference shares). The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September, 2004 and the conversion rights attached to the preference shares lapsed with no conversion since then.

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue on 18 September 2001 at a redemption value of HK$10.00 per preference share.

The preference shares were split into liability and equity components of HK$811,000 and HK$6,029,000, respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component is carried at amortised cost and the equity component has been included in retained profits since the conversion rights lapsed in prior year. The effective interest rate of the liability component is 13.97% per annum.

33. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2006, 31 March 2007 and 31 March 2008	25,000,000	2,500,000
Issued and fully paid:		
At 1 April 2006	1,662,440	166,244
Issue of shares on the exercise of share options	12,000	1,200
At 31 March 2007	1,674,440	167,444
Issue of shares upon private placement	268,000	26,800
Issue of shares upon exercise of share options	111,200	11,120
Issue of shares upon conversion of convertible notes	544,323	54,432
At 31 March 2008	2,597,963	259,796

(a) On 20 July 2007, arrangements were made for a private placement to professional and institutional investors of 268,000,000 ordinary shares of HK$0.10 each at a price of HK$1.18 per share by Goldbond Securities Limited, a connected company of the Company. The price of HK$1.18 per share represented a discount of approximately 5.6% to the closing market price of the Company's shares of HK$1.25 per share as quoted on the Stock Exchange on 18 July 2007, the last trading date prior to the placing. On the same date, the Company entered into a subscription agreement with Ace Solomon Investments Limited, a related company, for the subscription of 268,000,000 new ordinary shares of HK$0.10 each at a price of HK$1.18 per share. The subscription price is equivalent to the placing price mentioned above. The net proceeds from the subscription were used for expansion of the bridge finance business in the PRC and for general working capital purposes of the Group. The new shares were issued on 2 August 2007 under the general mandate granted to the board of directors on 13 September 2006.

33. SHARE CAPITAL (Continued)

(b) During the year, 89,000,000, 16,000,000, 3,200,000 and 3,000,000 share options were exercised at a subscription price of HK$0.148, HK$0.136, HK$0.132 and HK$0.174 per share respectively, resulting in the issue of 111,200,000 ordinary shares of HK$0.10 each in the Company.

(c) During the year, convertible notes with nominal values of HK$53,000,000 and HK$30,000,000 were converted into 311,764,705 ordinary shares at a conversion price of HK$0.170 per ordinary share and 232,558,138 ordinary shares at a conversion price of HK$0.129 per ordinary share respectively.

All the shares issued during the year rank pari passi with the then existing shares in all respects.

34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

35. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**1,353,979**	217,461	**985,299**	188,970
Financial liabilities				
Amortised costs	**311,685**	437,183	**513,622**	135,019
Derivative instruments	**18,070**	–	**18,070**	–
Financial guarantee contracts	**4,043**	2,930	**–**	2,633
Derivative component of the convertible note at fair value				
Addition during the year	**32,533**	–	**32,533**	–
Change in fair value	**(14,463)**	–	**(14,463)**	–
Balance at end of the year	**18,070**	–	**18,070**	–

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The Group and the Company's major financial instruments include consideration receivable from disposal of associates, loan receivables, debtors, advances provided to customers and deposits, security deposits, bank balances, other payables, convertible notes. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Company and several subsidiaries of the Company have foreign currency denominated monetary assets and liabilities, thus exposing the Group and the Company to foreign currency risk.

THE GROUP

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Assets		Liabilities	
	Currency	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong dollars	HKD	**35,782**	–	**3,554**	–
United States dollars	USD	**307,321**	20,100	**–**	–

THE COMPANY

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Assets		Liabilities	
	Currency	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong dollars	HKD	**33,906**	–	**3,554**	–
United States dollars	USD	**307,299**	20,097	**–**	–

The Group and the Company currently does not have a foreign exchange hedging policy to eliminate the currency exposures. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

THE GROUP

The Group is mainly exposed to USD and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB, the functional currency of respective group entities, against USD and HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% weakening of USD and HKD against RMB and a positive number below indicates a decrease in profit for the year. For a 5% strengthening of USD and HKD against RMB, there would be an equal and opposite impact on the profit for the year. The decrease in profit for the year is mainly attributable to the exposure on outstanding bank balances denominated in USD and HKD at the year end.

	USD impact		HKD impact	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Decrease in profit for the year	**15,366**	1,005	**1,611**	–

THE COMPANY

The Company is mainly exposed to USD and HKD.

The following table details the Company's sensitivity to a 5% increase and decrease in RMB against USD and HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% weakening of USD and HKD against RMB and a positive number below indicates a decrease in profit for the year. For a 5% strengthening of USD and HKD against RMB, there would be an equal and opposite impact on the profit for the year. The decrease in profit for the year is mainly attributable to the exposure on outstanding bank balances and loan balances denominated in HKD at the year end.

	USD impact		HKD impact	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Decrease in profit for the year	**15,365**	1,005	**1,518**	–

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Credit risk

THE GROUP AND THE COMPANY

As at 31 March 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 42.

At 31 March 2008, the Company's maximum exposure to credit risk in the event of that counterparties fail to perform their obligations as at 31 March 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

In order to minimise the credit risk in relation to loans receivables and amounts due from subsidiaries, credit limits and credit terms granted to customers should be approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual loan receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group and the Company's credit risk is significantly reduced.

The Group's exposure in relation to the financial guarantee business is the failure of the counterparties to perform their obligations to repay to the banks on time as detailed in Note 42. In order to minimise the credit risk in relation to the financial guarantee business, the Group has set up a credit team in each location responsible for the evaluation of customers' credit rating to ensure that all customers have healthy financial backgrounds and adequate repayment ability. Management has set up the credit limits which are subject to the discretionary power of the general managers of each location. Any further extension of credit beyond these approval limits has to be first approved by senior management and then by the directors of Rongzhong. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks.

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk on loan receivables as at 31 March 2008 is mainly from five major customers which accounted for 39.8% of loan receivables mainly from the PRC. The Group has closely monitored the recoverability of the loan receivables and taken effective measures to ensure timely collection of outstanding balances.

The Company's concentration of credit risk on receivables as at 31 March 2008 is mainly from the advances to a subsidiary and amounts due from subsidiaries. The Company has closely monitored the recoverability of these balances and taken effective measures to ensure timely collection of outstanding balances.

The Group's concentration of geographical risk on turnover is mainly from the PRC which accounted for 99% of the total turnover. The Group has closely monitored the business performance and diversified its customer bases.

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

THE GROUP

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

Liquidity and interest risk tables

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
2008						
Non-derivative financial liabilities						
Other payables	–	92,931	–	–	92,931	92,931
Liabilities arising from financial guarantee contracts	–	4,043	–	–	4,043	4,043
Bank and other borrowings*	9.34	112,455	–	–	112,455	109,890
Convertible notes	9.19	–	–	127,911	127,911	107,286
Redeemable convertible preference shares	13.97	–	–	684,000	684,000	1,578
		209,429	–	811,911	1,021,340	315,728

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2007 HK$'000
2007						
Non-derivative financial liabilities						
Other payables	–	27,526	–	–	27,526	27,526
Liabilities arising from financial guarantee contracts	–	2,930	–	–	2,930	2,930
Bank and other borrowings*	13.39	95,680	30,312	204,777	330,769	242,056
Loans from a related company*	7.61	48,754	–	–	48,754	48,143
Amounts due to minority shareholders*	6.88	21,289	–	–	21,289	21,047
Redeemable convertible preference shares	13.97	–	–	684,000	684,000	1,373
Convertible notes	8.75	105,528	–	–	105,528	97,038
		301,707	30,312	888,777	1,220,796	440,113

* The interest rates applied to project undiscounted cash flows of variable rate loans are the interest rates at the balance sheet date.

35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE COMPANY

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

Liquidity and interest risk tables

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
2008						
Non-derivative financial liabilities						
Other payables	–	3,554	–	–	3,554	3,554
Amounts due to subsidiaries	–	401,204	–	–	401,204	401,204
Convertible notes	9.19	–	–	127,911	127,911	107,286
Redeemable convertible preference shares	13.97	–	–	684,000	684,000	1,578
		404,758	–	811,911	1,216,669	513,622

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2007 HK$'000
2007						
Non-derivative financial liabilities						
Other payables	–	3,554	–	–	3,554	3,554
Bank and other borrowings*	5.04	12,605	–	–	12,605	12,000
Amounts due to subsidiaries	–	21,054	–	–	21,054	21,054
Liabilities arising from financial guarantee contracts	–	2,633	–	–	2,633	2,633
Redeemable convertible preference shares	13.97	–	–	684,000	684,000	1,373
Convertible notes	8.75	105,528	–	–	105,528	97,038
		145,374	–	684,000	829,374	137,652

* The interest rates applied to project undiscounted cash flows of variable rate loans are the interest rates at the balance sheet date.

35. FINANCIAL INSTRUMENTS (Continued)

Fair value

The fair values of financial assets and financial liabilities are determined based on discounted cash flow analysis using prices or rates from observable current market transactions.

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

36. DEFERRED TAXATION

THE GROUP

The followings are the major deferred taxation liabilities recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Revaluation surplus of investment properties HK$'000	Total HK$'000
At 1 April 2006	446	16,554	17,000
Charge (credit) to income statement (Note 10)	324	(12,797)	(12,473)
At 1 April 2007	770	3,757	4,527
Credit to income statement (Note 10)	(770)	(3,757)	(4,527)
At 31 March 2008	–	–	–

At 31 March 2008, the Group had unrecognised tax losses of approximately HK$134,981,000 (2007: HK$125,643,000) available to offset against future profits. No deferred taxation asset has been recognised due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of HK$126,887,000 (2007: HK$113,152,000) that may be carried forward indefinitely and the remaining balance will expire at various dates in the coming five years.

Deferred taxation has not been provided for in the financial statements in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in Mainland China amounting to HK$16,808,000 starting from 1 January 2008 under the New Law of Mainland China that requires withholding tax upon the distribution of such profits to the shareholders as the Group is able to control the timing of the reversal of the temporary differences and hence it is probable that the temporary differences will not reverse in the foreseeable future.

THE COMPANY

At 31 March 2008, the Company has unrecognised tax losses of approximately HK$125,397,000 (2007: HK$105,354,000) available to offset against future profits. The tax losses may be carried forward indefinitely. No deferred taxation asset has been recognised due to the unpredictability of future profit streams.

37. RESERVES

	Share premium HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	(Accumulated losses) HK$'000	Total HK$'000
THE COMPANY								
At 1 April 2006	97,713	3,000	2,961	22,297	6,000	–	(37,669)	94,302
Loss for the year, total recognised expense for the year	–	–	–	–	–	–	(16,670)	(16,670)
Issue of shares	576	–	–	–	–	–	–	576
Exercise of share options	345	–	(345)	–	–	–	–	–
Lapse of share options	–	–	(181)	–	–	–	181	–
Recognition of equity-settled share-based payments	–	–	2,338	–	–	–	–	2,338
At 31 March 2007 and 1 April 2007	98,634	3,000	4,773	22,297	6,000	–	(54,158)	80,546
Exchange differences on translation of financial statements recognised directly in equity	–	–	–	–	–	24,792	–	24,792
Loss for the year	–	–	–	–	–	–	(7,037)	(7,037)
Total recognised income (loss) for the year	–	–	–	–	–	24,792	(7,037)	17,755
Sub-total	98,634	3,000	4,773	22,297	6,000	24,792	(61,195)	98,301
Issue of shares upon private placement	289,440	–	–	–	–	–	–	289,440
Issue of shares upon exercise of share options	5,172	–	–	–	–	–	–	5,172
Exercise of share options	3,937	–	(3,937)	–	–	–	–	–
Issue of shares upon conversion of convertible notes	28,568	–	–	–	–	–	–	28,568
Conversion and redemption of convertible notes	18,305	–	–	(22,297)	–	–	3,992	–
Expenses incurred in connection with issue of shares	(8,744)	–	–	–	–	–	–	(8,744)
Lapse of share options	–	–	(527)	–	–	–	527	–
Recognition of equity-settled share-based payments	–	–	9,619	–	–	–	–	9,619
At 31 March 2008	**435,312**	**3,000**	**9,928**	**–**	**6,000**	**24,792**	**(56,676)**	**422,356**

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants, including the Company's directors and other eligible participants of the Group. The Scheme became effective on 18 September 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. On 29 August 2003, amendments were made to give clarity to the Scheme.

The maximum number of shares which may be issued upon exercise of all outstanding options granted but not yet exercised under the Scheme and any other share option scheme shall not in aggregate exceed 30 percent of the shares in issue of the Company from time to time. The total number of shares may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme must not in aggregate exceed 10 percent of shares in issue as at the date of approval of the Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period shall not exceed 1 percent of the issued share capital of the Company for the time being.

The offer of a grant of share options may be accepted no later than 21 days from the date of offer with HK$1 as consideration being payable by the grantee. The exercise period of the share options granted is determinable by the directors.

The subscription price of a share option is determined by the directors, but may not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

A summary of the movements of the outstanding options and their related weighted average exercise prices during each of the two years ended 31 March 2008 under the Company's share option scheme is as follows:

			Number of share options				
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2008
8.11.2004	1.1.2007 – 7.11.2014	0.148	99,000,000	–	(89,000,000)	(10,000,000)	**–**
30.5.2005	1.1.2007 – 29.5.2015	0.136	16,000,000	–	(16,000,000)	–	**–**
29.7.2005	1.1.2007 – 28.7.2015	0.132	4,800,000	–	(3,200,000)	–	**1,600,000**
7.7.2006	1.1.2010 – 6.7.2016	0.210	32,000,000	–	–	(9,000,000)	**23,000,000**
6.2.2007	1.6.2007 – 5.2.2017	0.174	3,000,000	–	(3,000,000)	–	**–**
29.3.2007	29.3.2010 – 28.3.2017	0.256	32,000,000	–	–	–	**32,000,000**
17.8.2007	17.8.2010 – 16.8.2017	1.014	–	97,000,000	–	–	**97,000,000**
			186,800,000	97,000,000	(111,200,000)	(19,000,000)	**153,600,000**
			HK$	HK$	HK$	HK$	**HK$**
Weighted average exercise price per share			0.176	1.014	0.147	0.177	**0.727**

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2007
			Number of share options				
8.11.2004	1.1.2007 – 7.11.2014	0.148	113,000,000	–	(12,000,000)	(2,000,000)	99,000,000
30.5.2005	1.1.2007 – 29.5.2015	0.136	16,000,000	–	–	–	16,000,000
29.7.2005	1.1.2007 – 28.7.2015	0.132	4,800,000	–	–	–	4,800,000
7.7.2006	1.1.2010 – 6.7.2016	0.210	–	32,000,000	–	–	32,000,000
6.2.2007	1.6.2007 – 5.2.2017	0.174	–	3,000,000	–	–	3,000,000
29.3.2007	29.3.2010 – 28.3.2017	0.256	–	32,000,000	–	–	32,000,000
			133,800,000	67,000,000	(12,000,000)	(2,000,000)	186,800,000
			HK$	HK$	HK$	HK$	HK$
Weighted average exercise price per share			0.146	0.230	0.148	0.148	0.176

Details of the options held by the directors included in the above table are as follows:

Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Outstanding at 31 March 2008
			Number of share options			
8.11.2004	1.1.2007 – 7.11.2014	0.148	64,000,000	–	(64,000,000)	**–**
29.7.2005	1.1.2007 – 28.7.2015	0.132	4,800,000	–	(3,200,000)	**1,600,000**
7.7.2006	1.1.2010 – 6.7.2016	0.210	8,000,000	–	–	**8,000,000**
29.3.2007	29.3.2010 – 28.3.2017	0.256	32,000,000*	–	–	**32,000,000**
17.8.2007	17.8.2010 – 16.8.2017	1.014	–	75,000,000	–	**75,000,000**
			108,800,000	75,000,000	(67,200,000)	**116,600,000**

* This included an adjustment of 16,000,000 share options granted to an eligible employee which became a director during the year.

Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2006	Granted during the year	Outstanding at 31 March 2007
			Number of share options		
8.11.2004	1.1.2007 – 7.11.2014	0.148	64,000,000	–	64,000,000
29.7.2005	1.1.2007 – 28.7.2015	0.132	4,800,000	–	4,800,000
7.7.2006	1.1.2010 – 6.7.2016	0.210	–	8,000,000	8,000,000
29.3.2007	29.3.2010 – 28.3.2017	0.256	–	16,000,000	16,000,000
			68,800,000	24,000,000	92,800,000

The weighted average share price at the dates of exercise of share option during the year was HK$0.64 (2007: HK$0.27).

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial lattice model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

For the year ended 31 March 2008

	Directors	**Employees**
Grant dates	**17.8.2007**	**17.8.2007**
Fair value of share options and assumptions:		
Fair value at measurement dates (HK$)	0.382	0.315
Share price (HK$)	0.820	0.820
Exercise price (HK$)	1.014	1.014
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	68.120% to 70.442%	68.120% to 70.442%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	3.51	3.48
Expected dividends	–	–
Risk-free interest rate (based on Exchange Fund Notes)	4.041% to 4.236%	4.041% to 4.236%

For the year ended 31 March 2007

	Directors	Employees	Employees	Directors	Employees
Grant dates	7.7.2006	7.7.2006	6.2.2007	29.3.2007	29.3.2007
Fair value of share options and assumptions:					
Fair value at measurement dates (HK$)	0.103	0.084	0.053	0.124	0.143
Share price (HK$)	0.195	0.195	0.174	0.243	0.243
Exercise price (HK$)	0.210	0.210	0.256	0.256	0.256
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	45.90%	45.90%	55.00%	62.00%	62.00%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	8.08	5.50	2.44	7.89	5.25
Expected dividends	–	–	–	–	–
Risk-free interest rate (based on Exchange Fund Notes)	4.89%	4.89%	4.26%	4.18%	4.18%

The expected volatility is based on the historical volatility of the Company's share price over the previous 3 to 3.5 years, 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.

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Fair value of share options and assumptions (Continued)

The vesting period of share options is from the date of grant until the commencement of the exercise period.

The Group recognised total expenses of HK$9,619,000 (2007: HK$2,338,000) relating to share option payment transactions during the year ended 31 March 2008.

39. SUBSCRIPTION OF SHARES OF A SUBSIDIARY

During the year, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company and other shareholders of Rongzhong, a then 51% subsidiary of the Company, entered into a subscription agreement pursuant to which all shareholders conditionally agreed to subscribe for a total of 25,999,900 shares in Rongzhong on a pro rata basis at the total subscription consideration of approximately HK$202,799,000. The subscription of shares was completed in April 2007 and did not result in any changes in the shareholding structure of Rongzhong.

As a result of the additional investments by the minority shareholders of Rongzhong, losses of HK$34,093,000 previously allocated against the interests of the Group were reallocated to the minority interests.

40. CAPITAL COMMITMENTS

At the balance sheet date, the following capital commitments exist:

	2008 **HK$'000**	2007 HK$'000
THE GROUP		
Contracted for but not provided in the consolidated financial statements		
– acquisition of plant and equipment	–	243
– acquisition of intangible asset	–	500
	–	743
THE GROUP'S SHARE OF CAPITAL COMMITMENTS OF A JOINTLY CONTROLLED ENTITY		
Contracted for but not provided in the consolidated financial statements		
– construction of properties under development	–	114,710
THE COMPANY		
Contracted for but not provided in the financial statements		
– acquisition of plant and equipment	–	243

41. OPERATING LEASE COMMITMENTS

At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

The Group and the jointly controlled entities are the lessees of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease upon expiry when all terms are re-negotiated.

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Within one year	**5,645**	4,392	**143**	52
After one year but within five years	**6,941**	6,177	**–**	–
Over five years	**65**	–	**–**	–
	12,651	10,569	**143**	52
The Group's share of operating lease commitments of a jointly controlled entity				
Within one year	**–**	35	**–**	–

As lessor

The Group leased out investment properties under operating lease arrangements, with leases negotiated for an average period of one to three years. The terms of the leases normally require the tenants to place rental deposits which generally represented one to three month's rental payment. Upon expiry, the leases could be renewed but all terms would be re-negotiated.

At 31 March 2007, the Group's total future minimum lease payments under non-cancellable operating leases were receivable as follows:

	HK$'000
Within one year	21,874
After one year but within five years	10,716
	32,590

During the year, the leases signed with tenants by the Group with commitment totaling HK$30,035,000 were transferred to the purchaser of the Transactions (see Note 11).

42. CONTINGENT LIABILITIES

As at the balance sheet date, there were contingent liabilities in respect of the following:

(a) The Group has contingent liabilities in respect of guarantees granted under the financial services business in the aggregate amount of RMB1,276,074,000 equivalent to approximately HK$1,402,279,000 (2007: RMB822,726,000 equivalent to approximately HK$822,726,000) in relation to the provision of the guarantee services in the PRC.

(b) The Company, Rongzhong Guarantee and a director of the Company had given a guarantee to a financial institution for the granting of the borrowings of not more than RMB100,000,000 (equivalent to approximately HK$109,890,000) in aggregate, which was fully utilised by Rongzhong Enterprise Management (Shenzhen) Co., Ltd. as at 31 March 2008. The guarantee provided by the Company was in proportion to its interest in the borrower.

(c) The Group granted a guarantee of US$3,750,000 equivalent to approximately HK$29,250,000 as at 31 March 2007 in respect of banking facilities granted to a jointly controlled entity. The full amount was utilised as at 31 March 2007. The Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. With the completion of the Disposal during the year as detailed in Note 11, the Group's obligation as guarantor was released.

(d) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000 equivalent to approximately HK$148,977,000 as at 31 March 2007, borrowed by a jointly controlled entity. With the completion of the Disposal during the year as detailed in Note 11, the Group's obligation as guarantor was released.

(e) At 31 March 2007, the Company granted a guarantee of HK$200,000,000 to a bank to secure a bank loan on behalf of its subsidiary. The Company's obligation as a guarantor was released during the year.

43. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees; relevant income subject to a cap of monthly relevant income of HK$20,000 (the "Cap"). The amounts in excess of the Cap are contributed to the MPF Scheme by both employers and employees as voluntary contributions Mandatory contributions to the MPF Scheme are vested to the employees.

Employees engaged by the Group outside Hong Kong are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

44. POST BALANCE SHEET EVENTS

On 1 April 2008, Allied Luck Trading Limited (the "Offeror") and the Company jointly announced that (i) Allied Golden Investment Limited acquired the respective 11% and 39% equity interests of Mr. Wong and Mr. Kee in Ace Solomon Investments Limited ("Ace Solomon"), at an aggregate consideration of approximately HK$123,356,000; and (ii) Aceyork Investment Limited acquired the other 50% equity interests in Ace Solomon from Mr. Kee at a consideration of approximately HK$123,356,000. Ace Solomon beneficially owned 508,686,792 shares, representing approximately 19.58% of the total issued share capital of the Company on 1 April 2008. The respective consideration in each of the acquisitions was determined based on the 508,686,792 shares owned by Ace Solomon and the price of HK$0.485 per share.

The Offeror made the conditional mandatory general cash offers to acquire all the issued shares and to cancel all outstanding options (other than those shares and options already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 and Rule 13 of the Hong Kong Code on Takeovers and Mergers.

The Offers became unconditional on 23 April 2008, and closed on 13 May 2008.

On 13 May 2008, the Offeror received valid acceptances in respect of 82,136,725 shares, and valid acceptances in respect of 3,000,000 options. All the 3,000,000 options tendered for cancellation were cancelled.

45. RELATED PARTY TRANSACTIONS

Save as disclosed, the Group had the following transactions with related parties during the year.

Key management personnel remuneration

	2008 **HK$'000**	2007 HK$'000
Directors' fees	**265**	240
Salaries and other short-term employee benefits	**13,270**	5,582
Contributions to defined contribution retirement plans	**75**	62
Equity compensation benefits	**7,614**	1,076
	21,224	6,960

The details of the remuneration paid to the key management are set out in Note 9.

Transactions with related parties

	2008 **HK$'000**	2007 HK$'000
Placing commission and other expenses paid to an associate	**8,267**	–
Legal and professional fee paid to a related company	**37**	110
Rental expense paid to minority shareholder	**628**	600
Rental expense paid to a related company	**1,922**	1,058
Interest income from an associate	**353**	474
Interest income from jointly controlled entities	**208**	1,235
Interest expense paid to a related company	**350**	3,665
Consultancy fee paid to an associate	**–**	700

46. PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital		Proportion of ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		2008	2007	**2008**	2007	**2008**	2007	
Apex Honour Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**–**	–	**100%**	100%	Property investment
Birdsong Management Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**–**	–	**100%**	–	Provision of management services
Chengdu City Rongzhong Credit Guarantee Co. Ltd. (成都市融眾信用擔保有限公司)*	The PRC	**RMB10,000,000**	RMB10,000,000	**–**	–	**71%**	51%	Provision of loan guarantee services
Chengdu Pawn Shop Co. Ltd. (成都映強典當有限公司)*	The PRC	**RMB5,000,000**	–	**–**	–	**71%**	–	Provision of bridge financing services
Chongqing City Rongzhong Credit Guarantee Co. Ltd. (重慶市融眾信用擔保有限公司)*	The PRC	**RMB60,000,000**	RMB30,000,000	**–**	–	**71%**	51%	Provision of loan guarantee services
Chongqing Goldbond Pawn Shop Co. Ltd. (重慶金榜典當有限公司)*	The PRC	**RMB10,000,000**	–	**–**	–	**71%**	–	Provision of bridge financing services
Famous Apex Limited	British Virgin Islands/ Hong Kong	**US$1**	–	**–**	–	**100%**	–	Provision of loan financing services
Flourish Global Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**100%**	100%	**–**	–	Investment holding
Goldbond Management (Shanghai) Co. Ltd. (金榜商務咨詢(上海)有限公司)**	The PRC	**HK$5,000,000**	–	**–**	–	**100%**	–	Provision of management services

46. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital 2008	2007	Proportion of ownership interest held by the Company Directly 2008	Directly 2007	Indirectly 2008	Indirectly 2007	Principal activities
Guangzhou City Rongzhong Credit Guarantee Co. Ltd. (廣州市融眾信用擔保有限公司)*	The PRC	**RMB99,900,000**	RMB50,000,000	**–**	–	**71%**	51%	Provision of loan guarantee service
Hangzhou Rongzhong Guarantee Co. Ltd. (杭州融眾擔保有限公司)*	The PRC	**RMB50,000,000**	RMB15,000,000	**–**	–	**71%**	51%	Provision of loan guarantee services
Hunan Rongzhong Credit Guarantee Co. Ltd. (湖南融眾信用擔保有限公司)*	The PRC	**RMB50,000,000**	RMB10,000,000	**–**	–	**71%**	51%	Provision of loan guarantee services
Jiangsu Rongzhong Credit Guarantee Co. Ltd. (江蘇融眾信用擔保有限公司)*	The PRC	**RMB50,000,000**	RMB10,000,000	**–**	–	**71%**	51%	Provision of loan guarantee services
Jiangsu Rongzhong Pawn Shop Co. Ltd. (江蘇融眾典當有限公司)*	The PRC	**RMB10,000,000**	–	**–**	–	**71%**	–	Provision of bridge financing services
Master Profit Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**100%**	100%	**–**	–	Investment holding
Metro Fair Investments Limited	Hong Kong	**HK$2**	HK$2	**–**	–	**100%**	100%	Property investment
On Speed Management Limited	Hong Kong	**HK$2**	HK$2	**100%**	100%	**–**	–	Property management
Perfect Honour Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**100%**	100%	**–**	–	Investment holding
Perfect Manor Limited	Hong Kong	**HK$2**	HK$2	**–**	–	**100%**	100%	Property investment

46. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital		Proportion of ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		2008	2007	**2008**	2007	**2008**	2007	
Rongzhong Enterprise Management (Shenzhen) Co. Ltd (融眾企業管理(深圳)有限公司)**	The PRC	**HK$439,660,000**	HK$96,660,000	**–**	–	**71%**	51%	Provision of management services
Rongzhong Group Limited	British Virgin Islands/ Hong Kong	**US$26,000,000**	US$100	**–**	–	**71%**	51%	Investment holding
Rongzhong Guarantee Group Limited (融眾擔保集團有限公司)**	The PRC	**RMB500,000,000**	RMB120,000,000	**–**	–	**71%**	51%	Investment holding
Wuhan City Rongzhong Credit Guarantee Co. Ltd. (武漢市融眾信用擔保有限公司)*	The PRC	**RMB100,000,000**	RMB22,000,000	**–**	–	**71%**	51%	Provision of loan guarantee services
Wuhan Fu Yuan Pawn Shop Co. Ltd. (武漢福源典當有限公司)*	The PRC	**RMB10,000,000**	–	**–**	–	**71%**	–	Provision of bridge financing services
Wuhan Hanyang Pawn Shop Co. Ltd. (武漢瀚洋典當有限公司)*	The PRC	**RMB10,000,000**	–	**–**	–	**71%**	–	Provision of bridge financing services
Wuhan Rongzhong Pawn Shop Co. Ltd. (武漢融眾典當有限公司)*	The PRC	**RMB49,000,000**	RMB10,000,000	**–**	–	**71%**	51%	Provision of bridge financing services

* a limited liability company established in the PRC
** a wholly foreign-owned enterprise established in the PRC

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.