China Conservational Power Holdings Limited
中國環保電力控股有限公司

Stock Code : 290

2008
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. SUN Tak Yan, Desmond *(Chairman)*
Mr. NG Cheuk Fan, Keith *(Managing Director)*
Mr. YEUNG Kwok Leung

Independent Non-Executive Directors

Mr. NG Kay Kwok
Mr. LAM Ka Wai, Graham
Mr. TAM B Ray Billy

COMPANY SECRETARY

Ms. CHOW Man Ngan

QUALIFIED ACCOUNTANT

Mr. YEUNG Kwok Leung

AUTHORIZED REPRESENTATIVES

Mr. YEUNG Kwok Leung
Ms. CHOW Man Ngan

AUDIT COMMITTEE

Mr. NG Kay Kwok *(Chairman)*
Mr. LAM Ka Wai, Graham
Mr. TAM B Ray Billy

REMUNERATION COMMITTEE

Mr. LAM Ka Wai, Graham *(Chairman)*
Mr. NG Cheuk Fan, Keith
Mr. NG Kay Kwok
Mr. TAM B Ray Billy

NOMINATION COMMITTEE

Mr. TAM B Ray Billy *(Chairman)*
Mr. LAM Ka Wai, Graham
Mr. NG Cheuk Fan, Keith
Mr. NG Kay Kwok

AUDITOR

Shu Lun Pan Horwath Hong Kong CPA Limited
Certified Public Accountants

REGISTERED OFFICE

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1702-3, 17th Floor
Skyline Commercial Centre
71-77 Wing Lok Street
Sheung Wan
Hong Kong

Tel: (852) 3105 1863
Fax: (852) 3105 1862

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited

LEGAL ADVISERS

Hong Kong Law
Troutman Sanders
Kirkpatrick & Lockhart Preston Gates Ellis
Cayman Islands Law
Maples and Calder

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705
Grand Cayman, KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Rooms 1901-02, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

Tel: (852) 2849 3399
Fax: (852) 2849 3319

STOCK CODE

0290

WEBSITE

www.290.com.hk

Chairman's Statement

On behalf of the Board (the "Board") of Directors (the "Directors") of China Conservational Power Holdings Limited (the "Company"), I am pleased to report the results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2008.

The Company had formally submitted a proposal for the resumption of trading of the Company's shares to the Stock Exchange of Hong Kong Limited on 15 April 2008. With a view to focus on financial service industry, the Directors propose to the shareholders of the Company to acquire a majority stake of a local securities company upon the resumption of trading. With the great support from the shareholders, the relevant resolutions related to the acquisition was duly approved at an extraordinary general meeting held on 18 July 2008.

For better performance of the Group, the Directors are considering to develop the futures and options dealing business either by self-development or through acquisition. The Directors expect there will be synergy effect with current securities brokerage business.

I would like to take this opportunity to thank my fellow Directors and all staff members for their hard work, dedication and support to the Group.

By order of the Board

Sun Tak Yan, Desmond
Chairman

Hong Kong, 18 July 2008

Management Discussion and Analysis

REVIEW OF OPERATIONS

During the year, the Group recorded an audited loss attributable to shareholders of approximately HK$5,827,000 (2007: loss of approximately HK$13,230,000). The decrease in loss was mainly attributable to the recovery of certain investment deposits previously provided for and a better performance of the securities brokerage and margin financing business. The management had tried hard to keep the operating cost of the Group relatively stable under economic climate of inflation.

ELECTRICAL ENGINEERING CONTRACTING BUSINESS

During the year, the Group had completed all the contracts on hand and no new contracts signed. By recognizing the retention money on the completed contracts, the electrical engineering contracting business generated a turnover of approximately HK$2,809,000, representing a decline of 4.2% from HK$2,934,000 last year. Turnover from electrical engineering contracting business accounted for 22.7% (2007: 45.1%) of the total turnover.

ELECTRICAL MATERIALS & COMPONENT TRADING BUSINESS

The electrical materials and components trading business generated a turnover of approximately HK$1,621,000, representing an increase of 13.3% from HK$1,430,000 last year. Turnover from electrical materials & components trading business accounted for 13.1% (2007: 22.0%) of the total turnover.

SECURITIES BROKERAGE AND FINANCING BUSINESS

The securities brokerage and margin financing business generated a turnover of approximately HK$7,925,000, representing an increase of 270.8% from HK$2,137,000 last year. The increase was mainly attributable to the buoyant stock markets in Hong Kong throughout 2007. Turnover from securities brokerage and financing business accounted for 64.2% (2007: 32.9%) of the total turnover.

SEA FREIGHT FORWARDING SERVICES BUSINESS

The management noted that there is a downturn for the sea freight forwarding services business sector as reflected by Baltic Dry Index and upward trend in the price of petroleum in 2007. After due consideration, the management decided to discontinue the sea freight forwarding services business in January 2008.

Management Discussion and Analysis

FINANCIAL REVIEW AND ANALYSIS

Financing

Liquidity, Financial Resources and Gearing

The Group's total current assets and current liabilities were approximately HK$79,155,000 (as at 31 March 2007: HK$61,992,000) and approximately HK$58,605,000 (as at 31 March 2007: HK$35,819,000) respectively, while the current ratio was about 1.35 times (as at 31 March 2007: 1.73 times).

As at 31 March 2008, the Group's aggregate cash balance amounted to approximately HK$15,390,000 (as at 31 March 2007: HK$4,545,000), representing 19.4% (as at 31 March 2007: 7.3%) of total current assets. Barring unforeseen circumstances and with the financial support from a lender of the Group, the Directors believe that the Group should have adequate funds and liquidity for its business operations.

As shown in the Group's consolidated balance sheet as at 31 March 2008, consolidated shareholders' funds amounted to approximately HK$21,036,000 (as at 31 March 2007: HK$26,863,000); whereas the Group's total borrowing was about approximately HK$32,167,000 (as at 31 March 2007: HK$16,798,000) only, which mainly comprised of a HK dollar overdraft, other borrowings and finance lease obligations. Bank overdraft carries interest calculated on the prime lending rate, other borrowings carry interests calculated at fixed rate and finance charges are fixed at the time the finance leases are entered.

As at 31 March 2008, the gearing ratio, defined as total debts over total assets, was approximately 40.29% (as at 31 March 2007: 26.59%). The increase in the gearing ratio was mainly due to a new unsecured loan the Group obtained in May 2007 for the purpose of general working capital.

Foreign Exchange Management

The Group's purchases from overseas suppliers are always subject to foreign currency fluctuations. The Group monitors the risks in foreign exchange by way of placing forward foreign exchange contracts. Since the Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group basically has not changed its foreign exchange management policy. The risks in foreign exchange this year were reduced as overseas purchases decreased at times of reduced trade activities. As at 31 March 2008, the Group had no significant outstanding forward foreign exchange contracts on hand.

Management Discussion and Analysis

Material acquisitions and disposals

A wholly owned subsidiary of the Group had entered into a sale and purchase agreement (as amended on 30 May 2008) with a third party on 27 February 2008 to acquire a 51% of the issued share capital of Excalibur Securities Limited upon resumption of trading of Company's shares. Details can be referred to Company's circular dated 30 June 2008.

Based on the decision made by the management to discontinue the operation of sea freight forwarding services business in January 2008, two wholly owned subsidiaries were disposed to a third party in February 2008. The two wholly owned subsidiaries disposed of mainly hold a tenancy agreement in a class A office premise and office decoration and equipments in this premise.

Contingent Liabilities and Capital Commitments

At 31 March 2008, the Company did not have any significant contingent liabilities except that the Company had contingent liabilities of HK$12 million in respect of guarantee given to a licensed money lender to secure a loan granted to a subsidiary.

At 31 March 2008, the Group and the Company had capital commitments of HK$70 million in respect of amount contracted but not provided for on the acquisition of a subsidiary and placing of convertible bonds.

Pledge of Assets

At 31 March 2008, the Group had pledged bank deposits of approximately HK$2 million (At 31 March 2007: approximately HK$2 million) to secure certain bank facilities available to the Group.

Employees and Remuneration Policy

At 31 March 2008, the Group had a total of 21 full time employees (2007: 26). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

Management Discussion and Analysis

PROSPECTS

The Group is principally engaged in (i) securities brokerage and margin financing; (ii) electrical engineering contracting and (iii) sale of electrical goods.

During the period under review, in light of the fact that there is no new contract on hand, the fierce market condition and the keen competition from the PRC, the Board believes that the situation will be unlikely to improve in the short-term and the electrical engineering contracting and sale of electrical goods businesses will continue to shrink. Seeing that, the management does not intend to put extra resources for its electrical engineering contracting and sale of electrical goods businesses.

On the contrary, viewing that as both the PRC government and Hong Kong government have shown strong confidence and active support to further strengthen Hong Kong as one of the world-class financial centre, the Directors are prudently optimistic about the future of the Hong Kong stock market and strongly believe that it will continue to grow with tremendous opportunity. In addition, taking into account the PRC economy will remain relatively robust and valuations of local blue chips and quality second-liners remain in demand, the PRC stocks are still attractive from a long term investment perspective. The Board has proposed to allocate more resources of the Group to her securities brokerage and margin financing business in near future.

In line with this strategic plan, the Group proposed to acquire Excalibur Securities Limited ("Excalibur"), a licensed corporation under the Securities and Futures Ordinance permitted to engage in type 1 regulated activity (dealing in securities) by entering into a conditional sale and purchase agreement on 27 February 2008. The proposed acquisition is yet to be completed. Upon completion of the proposed acquisition, the Directors consider that the income from securities brokerage and margin financing from Excalibur will provide an additional flow of income stream to the enlarged Group, enhance the operation level and expand the scale of business of the enlarged Group within a reasonable time.

The aforesaid acquisition is one of the key steps of the Company's resumption proposal project. As trading in the shares of the Company was suspended since September 2005, the Board takes the view that resumption of trading of the shares on the Stock Exchange is its prime goal and is determined to use its best endeavor to achieve resumption of trading so as to protect the interest of the shareholders of the Company.

Management Discussion and Analysis

On 15 April 2008, upon engaging financial advisor, the Company submitted a resumption proposal to the Stock Exchange which is still being reviewed by the Stock Exchange. The Company is in course of providing the Stock Exchange further information in relation thereto, particularly: (i) investigating and addressing the issues concerning the arrest of three former Directors of the Company by the Independent Commission Against Corruption for alleged corruption over the misappropriation of funds as well as clarifying the impact on the operations and financial position of the Group; (ii) addressing any concerns issued by the Company's auditors through qualification of their audit report on the financial statements of the Group published after suspension; and (iii) demonstrating that the Company has in place adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules. Meanwhile, the Company has to demonstrate to the Stock Exchange that it will have sufficient level of operations or assets of sufficient value under the Listing Rule 13.24.

In order to show competence, the Board has, inter alias, engaged and appointed an independent accounting firm to review the financial affairs of the Company during the period from October 2003 to December 2005, and a separate exercise to review the financial reporting system and internal control procedures of the Company.

The Directors believe that by implementing the above strategic plans, the Group could anticipate a healthy growth in its securities brokerage and margin financing business while in a ready position to broaden its business scope.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. SUN Tak Yan, Desmond

Mr. SUN Tak Yan, Desmond, aged 60, was appointed as an Executive Director of the Company on 11 January 2007. On 4 December 2007, he was further appointed Chairman of the Company. Mr. Sun holds a Bachelor Degree of Economics from University of Tasmania. He has extensive experience in strategic planning and corporate development, including initial public offerings, mergers and acquisitions of listed companies in Hong Kong and in specialized land developments in Hong Kong and in China.

Mr. NG Cheuk Fan, Keith

Mr. NG Cheuk Fan, Keith, aged 47, was appointed as an Executive Director of the Company on 4 April 2007 and was further appointed as Managing Director on 4 December 2007. Mr. Ng graduated from the University of Alberta, Canada with a Bachelor degree in commerce, majoring in accounting. He also received a Master of Commerce degree in Professional Accounting from the University of New South Wales, Australia. Mr. Ng is a member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 18 years of accounting experience.

Mr. YEUNG Kwok Leung

Mr. YEUNG Kwok Leung, aged 34, joined the Group in October 2005 and was appointed the Qualified Accountant of the Group on 2 November 2005. On 23 December 2005, he was appointed as an Executive Director of the Company. Mr. Yeung holds a Bachelor degree in Accountancy. He has over 11 years' experience in auditing, financial controlling, accounting, corporate development as well as business strategies. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung is responsible for the financial and accounting functions of the Group.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Kay Kwok

Mr. NG Kay Kwok, aged 46, was appointed as an Independent Non-Executive Director of the Company on 14 September 2007. Mr. Ng graduated from The Australian National University with a Bachelor's degree in Economics. He is an associate member of CPA Australia. He has worked for a number of companies listed in Hong Kong and has extensive experience in accounting and financial management.

Mr. LAM Ka Wai, Graham

Mr. LAM Ka Wai, Graham, aged 40, was appointed as an Independent Non-Executive Director of the Company on 14 September 2007. Mr. Lam graduated from the University of Southampton, England with a Bachelor of Science degree in Accounting and Statistics. He is an associate member of Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Lam is currently a Managing Director & Head of Corporate Finance Department of an investment bank and has around 14 years experience in investment banking as well as around 4 years experience in accounting and auditing.

Mr. TAM B Ray Billy

Mr. TAM B Ray Billy, aged 40, was appointed as an Independent Non-Executive Director of the Company on 4 December 2007. Mr. Tam has been a practicing solicitor in Hong Kong over 10 years. He is currently a partner of Messrs. Ho & Tam. Mr. Tam holds a Bachelor of Laws degree from King's College London University and Tsinghua University; and a Master of Laws degree from Hong Kong University.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. CHANG Chih Ping, Tony

Mr. CHANG Chih Ping, Tony, aged 61, rejoined the Group in December 2006. He is a Dealing Director of the securities section of the Group. Mr. Chang has over 24 years of experience in investment services business and has taken up directorship with various securities companies. He is a member of The Institute of Internal Auditors (U.K.) and a former member of Comex, New York. He is responsible for overseeing the securities trading business.

Mr. KWOK Wai Shun

Mr. KWOK Wai Shun, aged 36, joined the Group in March 2005. He is one of the Dealing Directors of the securities section of the Group. Mr. Kwok holds a Bachelor Degree of Arts from the University of Toronto and has over nine years experience in investment services business. He is responsible for overseeing the securities trading business.

Mr. TONG Ching Po

Mr. TONG Ching Po, aged 60, joined the Group in 2007. He is another Dealing Director of the securities section responsible for overseeing the securities trading business of the Group. Mr. Tong has over 30 years experience in financial services. Before joining the Group, he worked for several securities firms and has extensive experience in this field.

Ms. CHOW Man Ngan

Ms. CHOW Man Ngan, aged 33, joined the Group in December 2003. She is a member of The Hong Kong Institute of Chartered Secretaries and has over 10 years experience in corporate strategic planning, secretarial services as well as compliance aspect. She is responsible for overseeing all the corporate secretarial matters in the Group.

Directors' Report

REPORT OF DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 46 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2008 are set out in the consolidated income statement on page 30 of the annual report.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 38 to the financial statements.

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

RESERVES

Movements in the reserves of the Company during the year are set out in note 40 to the financial statements.

Directors' Report

DISTRIBUTABLE RESERVES

At 31 March 2007 and 31 March 2008, the Company had no reserves available for distribution.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 112. This summary does not form part of the audited financial statements.

SHARE OPTION SCHEME

Details of the share option schemes of the Company are set out in note 39 to the financial statements.

As at 31 March 2008, the number of shares in respect of which options had been granted and remaining outstanding under the share option schemes of the Company was 13,700,000 (2007: 13,700,000), representing approximately 2.95% (2007: approximately 2.95%) of the shares of the Company in issue at that date.

A summary of the movements in the Company's share options during the year is as follows:

Option type	Outstanding at 1 April 2007	Lapsed during the year	Outstanding at 31 March 2008
2004B	200,000	–	200,000
2004C	2,100,000	–	2,100,000
2006A	11,400,000	–	11,400,000
	13,700,000	–	13,700,000

SHARE OPTION SCHEME (CONTINUED)

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Closing price immediately before/on the date of grant HK$	Exercise price per share HK$
2004B	27 August 2003	27 August 2003 – 26 August 2008	1.170	1.3060
2004C	16 January 2004	16 January 2004 – 15 January 2009	0.840	0.8520
2006A	2 August 2005	2 August 2005 – 1 August 2010	0.340	0.3520

Options which lapsed or are cancelled have been taken out of the register of outstanding options maintained by the Company.

DIRECTORS

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

Executive Directors

SUN Tak Yan, Desmond *(Chairman)*	(appointed as an Executive Director on 11 January 2007 and further appointed as Chairman on 4 December 2007)
NG Cheuk Fan, Keith *(Managing Director)*	(appointed as an Executive Director on 4 April 2007 and further appointed as Managing Director on 4 December 2007)
YEUNG Kwok Leung	
NG Khai Wain *(former Chief Executive Officer)*	(resigned all his offices in the Company on 14 August 2007)

DIRECTORS (CONTINUED)

Non-Executive Director

YOU Wei *(former Chairman)*	(resigned all her offices in the Company on 14 August 2007)

Independent Non-Executive Directors

NG Kay Kwok	(appointed on 14 September 2007)
LAM Ka Wai, Graham	(appointed on 14 September 2007)
TAM B Ray, Billy	(appointed on 4 December 2007)
Albert HO	(resigned on 14 September 2007)
Shane PHILLIPS	(resigned on 14 September 2007)
CAI Zhixu	(resigned on 4 December 2007)

Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy who were appointed by the Board shall retire at the forthcoming annual general meeting (the "AGM"). On 4 December 2007, Mr. Sun Tak Yan, Desmond and Mr. Ng Cheuk Fan, Keith were appointed as the Chairman and the Managing Director respectively. Mr. Yeung Kwok Leung, who has been the longest in office since last election, shall retire at the AGM pursuant to Article 116 of the existing Articles. Mr. Sun Tak Yan, Desmond, Mr. Ng Cheuk Fan, Keith, Mr. Yeung Kwok Leung, Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy are eligible for re-election at the AGM and have agreed to offer themselves for re-election. Each of Mr. Sun Tak Yan, Desmond, Mr. Ng Cheuk Fan, Keith, Mr. Yeung Kwok Leung, Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy has confirmed that they are not aware of any matters which should be brought to the attention of the shareholders of the Company.

The independent non-executive Directors are subject to retirement by rotation. The Company has received from each independent non-executive Director a confirmation of his independence pursuant to the new independence guidelines set out in Rule 3.13 of The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT's BIOGRAPHIES

Biography details of the Directors and the senior management of the Group are set out on pages 9 to 11 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

All the Directors proposed for re-election at the forthcoming annual general meeting have entered into service contracts with the Company for specific terms. Apart from the foregoing, none of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than those disclosed under "Share Option Scheme" above, the Company had no outstanding convertible securities, options, warrants or similar rights as at 31 March 2008 and there has been no other issue or exercise of any convertible securities, options, warrants or similar rights during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2008, save as certain nominee shares in subsidiaries held by the Directors in trust for the Group, none of the Directors of the Company and/or any of their respective associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Mode Code in the Listing Rules or under Division 7 and 8 of Part XV of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than options granted under the Company's share option scheme mentioned above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive, their respective spouse or minor children (natural or adopted) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate under an arrangement to which the Company, any of its subsidiaries, its holding company, or subsidiaries of the holding company (i.e. fellow subsidiaries); is a party, and the exercise of such rights.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors of the Company is interested in any business, which compete or is likely to compete either directly or indirectly, with business of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2008, the register of substantial shareholders' interests in shares and short positions maintained under section 336 of the SFO showed that the Company had been notified of the following interests, being 5% or more held in the shares and underlying shares of the Company.

Long position in the shares of the Company:

Name of Shareholder(s)	Number of Shares held	Approximate percentage of total issued share capital
Good Treasure Holdings Limited *(Note 1)*	108,000,000	23.27%
AWH Fund Ltd. *(Note 2)*	27,366,000	5.90%

Notes:

1. Good Treasure Holdings Limited ("Good Treasure") is a company incorporated in the British Virgin Islands and whose entire equity interest is beneficially owned by Mr. Li Chun Sing, Andrew.

   Pursuant to a sale and purchase agreement entered into between Billion Boom Investments Limited ("BBIL") and Good Treasure on 14 August 2007, BBIL sold and Good Treasure purchased 63,900,000 shares of HK$0.1 each in the Company (representing approximately 13.77% of the Company's issued share capital), at a total consideration of HK$16,786,530.00. On the same day, Good Treasure also acquired an aggregate of 44,100,000 shares from three other shareholders of the Company. Hence, as at 31 March 2008, Good Treasure is interested in 108,000,000 shares of the Company (representing approximately 23.27% of the Company's issued share capital).

   Besides, on 5 November 2007, Good Treasure, Highworth Venture Limited ("Highworth") and BBIL entered into a Deed of Assignment (the "Assignment"), pursuant to which, BBIL assigned a call option granted by Highworth to Good Treasure. Under the Assignment, Good Treasure may exercise the call option to acquire the entire 9,000,000 shares (representing approximately 1.94% of the Company's issued share capital) at an exercise price of HK$1 in total. The share certificates in respect of the 9,000,000 shares were reported to have been lost and the replacement certificates were being applied for.

   To sum up, as at the date hereof Good Treasure is deemed to be interested in an aggregate of 117,000,000 shares (representing approximately 25.21% of the issued share capital of the Company) under the SFO.

2. The interest of AWH Fund Ltd. in the Company is based on the information available on the website of the Stock Exchange as at 18 July 2008.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

Save as disclosed herein and to the knowledge of the Directors, as at 31 March 2008, no person had an interest or a short position in the shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or no person was, directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for about 30.24% of the turnover of the Group and the largest customer accounted for about 11.02% of the total turnover.

The five largest suppliers of the Group in aggregate accounted for about 99.76% of its purchases for the year. Purchases from the largest supplier accounted for about 49.24% of its purchases.

None of the Directors, their respective associates, or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) has any interest in any of the five largest customers and the five largest suppliers of the Group for the financial year ended 31 March 2008.

RETIREMENT BENEFITS SCHEMES

The Group strictly complies with the Mandatory Provident Fund Schemes Ordinance in making mandatory contributions for its staff.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company and its subsidiaries have not repurchased, sold or redeemed any of the Company's securities during the year.

POST BALANCE SHEET EVENTS

Details of significant events which occurred after the balance sheet date are set out in note 50 to the financial statements.

Directors' Report

CORPORATE GOVERNANCE

The Company has, throughout the year ended 31 March 2008, complied with most of the applicable code provisions and principles of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules except for the deviation of Code provision A.4.2 and Code provision E.1.2. Details of the Corporate Governance Report of the Company was set out on page 21 to 27 of this Annual Report.

PRE-EMPTIVE RIGHTS

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

LITIGATION

As at 31 March 2008, there were no material contingent liabilities in respect of outstanding litigation or legal proceeding that need to be disclosed.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises of three independent non-executive Directors of the Company, namely, Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray, Billy. They have reviewed with management the accounting policies and practices adopted by the Group and discussed audit, internal controls and financial reporting matters including a review of the audited financial statements for the year ended 31 March 2008.

SIGNIFICANT EVENTS

On 27 February 2008, Yew Sang Hong Investment Services Limited, a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement (as amended on 30 May 2008) for acquisition of 51% of Excalibur Securities Limited at the consideration of HK$20 million (the "Acquisition"). The Acquisition constitutes a very substantial acquisition transaction under the Listing Rules. Completion of the Acquisition is subject to the satisfaction of a number of condition precedents, including, among others, the Stock Exchange having agreed in principle for resumption of trading of shares of the Company on the Stock Exchange, which is yet to be satisfied. The Company would settle the consideration by way of issuing zero coupon convertible notes in the principal amount of HK$20 million due in three years from the date of issue to the vendor.

SIGNIFICANT EVENTS (CONTINUED)

On the even day, the Company entered into a placing agreement (as amended on 30 May 2008) (the "Placing Agreement") with Kingston Securities Limited in respect of the conditional placing of the zero coupon convertible notes in the principal amount of HK$50 million due in three years from the date of issue. The Placing Agreement is conditional on, among other things, the resumption of trading of shares of the Company on the Stock Exchange, which is yet to be satisfied.

On 15 April 2008, the Company entered into an engagement letter (the "Engagement Letter") with Veda Capital Limited ("Veda Capital") in respect of appointing Veda Capital as its financial advisor for the resumption of trading of shares of the Company on the Stock Exchange. Pursuant to the Engagement Letter, part of the professional fees of HK$1,200,000 charged by Veda Capital may be settled by way of issuing such number of new shares of the Company equivalent to one (1) percent of the enlarged issued share capital of the Company (currently estimated at 12 million shares) (the "Remuneration Shares") to Veda Capital (or its nominee(s)) at an issue price of HK$0.10 per new share. The Company also agreed to grant such number of warrants of the Company equivalent to one (1) percent of the enlarged issued share capital of the Company (currently estimated at 12 million) (the "Remuneration Warrants") to Veda Capital (or its nominee(s)). The Remuneration Warrants will entitle Veda Capital (or its nominee(s)) to subscribe for 12 million new shares (based on current estimate) at an exercise price of HK$0.10 per Share (subject to adjustments), at any time between the date of issue of the Remuneration Warrants and 36 months thereafter. The granting of the Remuneration Shares and the Remuneration Warrants are subject to the approval by the Stock Exchange on resumption of trading of shares of the Company, which is yet to be satisfied.

AUDITOR

Shu Lun Pan Horwath Hong Kong CPA Limited retires and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ng Cheuk Fan, Keith
Managing Director

Hong Kong, 18 July 2008

Corporate Governance Report

The Company recognizes that good governance standards maintained throughout the Group serves as an effective risk management mechanism for the Company. The Board is firmly committed to ensure a high level of corporate governance standards. Such commitment emphasizes transparency, accountability and independence, responsibility and fairness.

In the opinion of the Board, the Company has complied with most of the applicable code provisions and principles of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008 except for the certain deviations disclosed herein.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

During the year, most of the time, the Board consisted of three to five executive Directors and three independent non-executive Directors. As at the date of this report, the Board comprised of 6 members including 3 executive Directors and 3 independent non-executive Directors whose biographical details are set out on pages 9 to 11 of this Annual Report. Most of the Board members are professionally qualified and widely experienced personnel so as to bring in valuable contributions through different professional advices and consultancy for the development of the Company. More than half of the Board members have recognized professional securities, accounting and financial management qualifications. One of the independent non-executive Director has relevant financial management expertise as required under the Listing Rules.

During the period from 1 April 2007 up to the date of this report, a total of nine full Board meetings were held by the Company to discuss the Group's development strategies, operational and financial performance of the Group. Four regular Board meetings were held at approximately quarterly intervals during the review period. At least 14 days notice has been given for such regular Board meetings. Reasonable notices have been given to all Directors generally prior to meetings, except in case of emergency. Matters on transactions where Directors are considered having a conflict of interest or material interests would not be dealt with by way of written resolutions and a separate Board meeting shall be held where independent non-executive Directors who have no material interests should be present at the meeting. Directors having a conflict of interest or material interests in a transaction before the meeting of the Board shall declare their interests therein in accordance with the articles of association of the Company, abstain from voting on the relevant resolutions and shall not be counted in the quorum present at that Board meeting. In addition, procedure for Directors seeking professional advice has been laid down, duly adopted and agreed among Board members.

BOARD OF DIRECTORS (CONTINUED)

Board meetings involve active participation, either in person or through other electronic means of communication, of a majority of Directors. The Company Secretary assists chairman of the meeting in preparing the agenda, and each Director may request for the inclusion of items in the agenda. Directors are also consulted to suggest matters to be included in the agenda for all meetings.

Minutes of the Board meetings are recorded in detail and draft minutes are circulated within a reasonable time after the meeting to all Directors for review and comment before being approved by the Board. All minutes of the meetings are properly kept by the Company Secretary and are available for inspection by Directors and/or Auditor during normal office hours.

The attendance of Directors, either in person or through other electronic means of communication, to the number of Board meetings held during the period under review or during their tenure of services, are as follows:–

		Attendance
Executive Directors		
Sun Tak Yan, Desmond	(appointed as executive Director on 11 January 2007 and further appointed as Chairman on 4 December 2007)	9/9
Ng Cheuk Fan, Keith	(appointed executive Director on 4 April 2007 and further appointed as Managing Director on 4 December 2007)	8/8
Yeung Kwok Leung		9/9
Ng Khai Wain	(resigned on 14 August 2007)	3/3
Non-Executive Director		
You Wei	(resigned on 14 August 2007)	1/3
Independent Non-Executive Directors		
Ng Kay Kwok	(appointed on 14 September 2007)	5/5
Lam Ka Wai, Graham	(appointed on 14 September 2007)	5/5
Tam B Ray Billy	(appointed on 4 December 2007)	4/4
Albert Ho	(resigned on 14 September 2007)	4/4
Shane Phillips	(resigned on 14 September 2007)	1/4
Cai Zhixu	(resigned on 4 December 2007)	1/5

BOARD OF DIRECTORS (CONTINUED)

As at the date of this Annual Report, the number of independent non-executive Directors has met the requirements under the Listing Rules and Mr. Ng Kay Kwok has appropriate accounting professional qualifications. The Company has received annual confirmations of independence from all independent non-executive Directors, namely Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy, and the Company considers them to be independent. All independent non-executive Directors have appropriate and sufficient experience and qualification to carry out their duties so as to fully represent the interests of the shareholders of the Company.

Given the nature and business objective of the Company, the Board has a balance of skill and experience appropriate for the requirements of the business of the Company. Every Director is aware that he should give sufficient time and attention to the affairs of the Company. The Board members do not have any family, financial or business relations with each other. The list of Directors is disclosed in all corporate communications made by the Company pursuant to the Listing Rules from time to time.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the period under review, Ms. You Wei and Mr. Ng Khai Wain were appointed the Chairman and Chief Executive Officer of the Company respectively until 14 August 2007. Upon various changes on Board composition, with a view to maintaining an effective segregation of duties in relation to overall strategic planning and day-to-day management of the Group's business, on 4 December 2007, Mr. Sun Tak Yan, Desmond and Mr. Ng Cheuk Fan, Keith were appointed as Chairman and the Managing Director respectively. Currently, the Company has no office with the title "Chief Executive Officer", but the Board takes the view that the Managing Director fulfilled the same function.

The key role of the Chairman is to provide leadership to the Board. In performing his duties, the Chairman shall ensure that the Board functions effectively in the discharge of its responsibilities. The Chairman also has the responsibility of taking the lead to ensure that the Board acts in the best interests of the Company and the Group.

The duty of Managing Director is to work closely with Audit Committee, the Nomination Committee as well as the Remuneration Committee of the Company and to ensure that all key and appropriate issues are discussed by the Board in a timely and constructive manner. He is responsible for general management of the Group. In addition, he is responsible to work closely with other executive Directors to ensure management strategies, plans and performance of the Group are appropriately represented to the Board and to provide guidance to the Board on major issues. The division of responsibilities between the Chairman and the Chief Executive Officer (Managing Director) has been clearly established and set out in writing.

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The appointment for non-executive Directors of the Company is for a term of one year and can be terminable by the Company by giving one month written notice, subject to the rotation provisions in the articles of association of the Company. The Board considers that sufficient measures have been taken to comply with Code provision A.4.1.

Furthermore, Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy shall hold office only until the next following general meeting and every director, including those appointed for specific terms, should be subject to retirement by rotation at least once every three years. Pursuant to the articles of association of the Company, the Managing Director is not subject to rotation and the Directors are not subject to retirement by rotation at least once every three years. This constituted a deviation from Code provision A.4.2. A resolution will be put forward at the forthcoming annual general meeting to amend the articles of association of the Company to exercise observance the provisions of the Listing Rules.

A number of Board committees, including Remuneration Committee, Audit Committee and Nomination Committee have been established by the Board to strengthen its functions and to enhance its expertise. These committees have been formed with specific written terms of reference which deal clearly with the committees' authority and duties.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee on 20 October 2005. Currently, the Remuneration Committee consists of the Managing Director, Mr. Ng Cheuk Fan, Keith and three independent non-executive Directors, Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy. It is chaired by Mr. Lam Ka Wai, Graham. A written term of reference for the Remuneration Committee has been duly adopted with reference to the Code.

The Remuneration Committee's responsibilities are to review and consider the Company's policy for remuneration of Directors and senior management, to determine remuneration packages for executive Directors and senior management including benefits in kind, pension rights and compensation payments, and to recommend to the Board the remuneration for non-executive Directors.

During the year, the Remuneration Committee met once with all current members presented at the Meeting. The necessary quorum was present throughout the meeting to discuss and review the remuneration packages as well as bonus arrangements for Directors and senior management.

Full minutes of the Remuneration Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Remuneration Committee meetings are sent to all members of the Remuneration Committee for comments and approval.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy. It is chaired by Mr. Ng Kay Kwok. It reports directly to the Board and reviews matters relating to the work of the external auditor, financial statements and internal controls. The principal duties of the Audit Committee included reviewing the Company's financial controls, internal control and risk management system, annual report and accounts, and half-yearly report. It meets with the Company's external auditor as well as the accounts department of the Company to discuss the audit process and the accounting and internal control issues rise.

A written term of reference, which describes the authority and duties of the Audit Committee, are regularly reviewed and updated by the Board.

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Audit Committee meetings are sent to all members of the Audit Committee for comments and approval.

During the period from 1 April 2007 up to the date of this Report, the Audit Committee held six meetings. Members of the Audit Committee and their attendance, either in person or through other electronic means of communications, during their tenure of services are as follows:–

Audit Committee members	**Number of attendance**
Albert Ho *(a)*	1/1
Shane Te Pou-Phillips *(a)*	0/1
Cai Zhixu *(b)*	1/1
Ng Kay Kwok *(c)*	5/5
Lam Ka Wai, Graham *(c)*	5/5
Tam B Ray Billy *(c)*	5/5

Notes:–

(a) Both Mr. Albert Ho and Mr. Shane Te Pou-Phillips resigned on 14 September 2007.

(b) Mr. Cai Zhixu resigned on 4 December 2007.

(c) Mr. Ng Kay Kwok and Mr. Lam Ka Wai, Graham were appointed as Audit Committee members on 14 September 2007 whereas Mr. Tam B Ray Billy was appointed on 4 December 2007.

The financial statements of this year have been reviewed by the Audit Committee.

NOMINATION COMMITTEE

In line with the Code, the Company has established its Nomination Committee on 19 December 2007 with a clear written term of reference duly adopted. The Nomination Committee consists of the Managing Director, Mr. Ng Cheuk Fan, Keith and three independent non-executive Directors, Mr. Ng Kay Kwok, Mr. Lam Ka Wai, Graham and Mr. Tam B Ray Billy. It is chaired by Mr. Tam B Ray Billy.

The principal duties of the Nomination Committee included reviewing the structure, size and composition of the Board (including the skills, knowledge and experience) on a regular basis, making recommendations to the Board regarding any proposed changes, identifying individuals suitably qualified to become Board members as well as selecting or making recommendations to the Board on the selection of individuals nominated for directorships.

During the year, the Nomination Committee met once with all current members presented at the Meeting. The necessary quorum was present throughout the meeting to discuss and review the current Board structure. Prior to the establishment of Nomination Committee, the duties and functions of Nomination Committee are performed by the Board collectively with no Director being involved in assessing his/her own independence.

Full minutes of the Nomination Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Nomination Committee meetings are sent to all members for comments and approval.

During the year under review, the appointment of each newly appointed Director has been properly approved by the Board.

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the financial period under review is presented as follows:

	Fee amount
	HK$
Audit Services	620,000.00
Non-audit services	–
	620,000.00

The audit services include the audit for the annual accounts of the Group. During the financial year ended, nil non-audit services fee was paid.

The Statement of Auditor about their reporting responsibilities on the financial statements of the Group is set out on pages 28 to 29 of this Annual Report.

ACCOUNTABILITY

The Directors are responsible for preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash-flow of the Group. In preparing the accounts for the six months ended 30 September 2007 and for the year ended 31 March 2008, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on an on-going concern basis. Financial results of the Group are announced in a timely manner in accordance with all statutory requirements, particularly the timeframe stipulated in Rule 13.49(1) and (6) of the Listing Rules.

INTERNAL CONTROLS

The Board reviewed the internal control system of the Company annually and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the importance of good communications with all shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. In light of the resignation of Ms. You Wei, the former Chairman, on 14 August 2007, Mr. Albert Ho, an ex-independent non-executive Director, former Chairman of Audit Committee and a member of Remuneration Committee of the Company at that moment, chaired the 2007 annual general meeting of the Company, with the presence of external auditor answering shareholders' questions. Her absence at the annual general meeting constitutes a deviation from Code provision E.1.2. The notice of annual general meeting is distributed to all shareholders at least 21 days before the annual general meeting. It sets out the procedures for demanding and conducting a poll and other relevant information of the proposed resolutions. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the annual general meeting and (except where a poll is demanded) reveals how many proxies for and against have been filed in respect of each resolution. The results of the poll, if any, will be uploaded onto the websites of the Stock Exchange and the Company.

A key element for effective communication with shareholders and investors is the prompt and timely dissemination of information in relation to the Group. The Company has announced all its price-sensitive information, announcements, interim and annual results in a timely manner in compliance with the Listing Rules.

VOTING BY POLL

The procedures for demanding a poll by shareholders were incorporated in all circulars and will be explained during the proceeding of meetings. Whenever voting by way of a poll is required, the detailed procedures for conducting a poll will be explained. Poll results will be published on the business day following the shareholders' meetings and posted on the websites of the Stock Exchange and the Company.

The Company will continuously enhance the corporate governance standards throughout the Group and ensure further standards be put in place by reference to the recommended best practices whenever suitable and appropriate.

Independent Auditor's Report

Shu Lun Pan Horwath Hong Kong CPA Limited
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TO THE SHAREHOLDERS OF CHINA CONSERVATIONAL POWER HOLDINGS LIMITED
（中國環保電力控股有限公司）
(Incorporated in Cayman Islands with limited liability)

We have audited the financial statements of China Conservational Power Holdings Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") set out on pages 30 to 111, which comprise the consolidated and Company balance sheets as at 31 March 2008, 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 financial statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of 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 financial statements based on our audit and to report our opinion solely to you, as a body 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 financial statements are free from material misstatement.

Independent Auditor's Report

Auditor's responsibility (Continued)

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

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

Opinion

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

Emphasis of matters

Without qualifying our opinion, we draw attention to the following matters:

(i) Note 3b(ii) to the financial statements indicates that, despite the fact that the Group had net current assets of HK$20,550,000 and net assets of HK$21,036,000 as at 31 March 2008, a significant proportion of these net current assets and net assets is the Group's investments held for trading in a Hong Kong listed company whose shares have been suspended for trading on The Stock Exchange of Hong Kong Limited. In addition, the Group incurred a loss of HK$5,827,000 for the year ended 31 March 2008 and had accumulated losses of HK$275,150,000 as at 31 March 2008. These conditions, along with other matters as set forth in Note 3b(ii) to the financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

(ii) Because our opinion dated 31 July 2007 on the state of affairs of the Company and of the Group as at 31 March 2007 and of the loss and cash flows of the Group for the year then ended was qualified for the scope limitation based on reasons summarised in the basis of opinion section therein, the comparative amounts shown in these financial statements may not be comparable with the amounts for the current year.

SHU LUN PAN HORWATH HONG KONG CPA LIMITED
Certified Public Accountants

20th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Shiu Hong Ng
Practising Certificate number P03752

Hong Kong, 18 July 2008

Consolidated Income Statement

For the year ended 31 March 2008 (Expressed in Hong Kong dollars)

	Notes	2008 HK$'000	2007 HK$'000
Turnover	5	**12,355**	6,504
Cost of sales		**(4,944)**	(3,711)
Gross profit		**7,411**	2,793
Reversal of impairment loss on investment deposits	28	**8,000**	–
Reversal of/(charge for) provision for doubtful debts	22	**699**	(1,684)
Other income	7	**1,056**	250
Administrative expenses		**(18,638)**	(20,420)
Loss from operations		**(1,472)**	(19,061)
Finance costs	8	**(4,093)**	(2,573)
(Loss)/gain on disposal of subsidiaries	41	**(262)**	9,196
Loss before taxation	9	**(5,827)**	(12,438)
Taxation	11	**–**	(792)
Loss for the year attributable to equity holders of the Company	12	**(5,827)**	(13,230)
Dividends	13	**–**	–
Loss per share – basic	14	**(1.3 cents)**	(2.9 cents)

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

At 31 March 2008 (Expressed in Hong Kong dollars)

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**425**	954
Intangible asset	16	**–**	–
Other non-current assets	17	**240**	205
Associates	19	**–**	–
Jointly-controlled entity	20	**–**	–
		665	1,159
Current assets			
Investments held for trading	21	**38,784**	38,816
Inventories – finished goods		**–**	213
Accounts receivable	23	**10,303**	9,504
Progress payment receivables	24	**1**	1,417
Other receivables, deposits and prepayments	25	**515**	800
Retention money receivables	26	**375**	1,773
Loans receivable	27	**–**	–
Investment deposits	28	**–**	–
Amounts due from related companies	45(c)	**25**	51
Amount due from a director	29	**426**	–
Pledged bank deposits	30	**2,196**	2,134
Cash and cash equivalents	31	**26,530**	7,284
		79,155	61,992
Current liabilities			
Bank overdraft (secured)	32	**1,963**	1,926
Other borrowings (unsecured)	33	**29,735**	14,113
Accounts payable, other payables and accrued charges	34	**24,511**	15,874
Retention money payables	35	**958**	1,252
Loans payable		**–**	687
Amount due to a related company	45(c)	**890**	890
Amount due to a director	45(e)	**–**	529
Obligations under finance leases	36	**290**	290
Taxation payable		**258**	258
		58,605	35,819
Net current assets		**20,550**	26,173
Total assets less current liabilities		**21,215**	27,332

Consolidated Balance Sheet

At 31 March 2008 (Expressed in Hong Kong dollars)

	Notes	2008 HK$'000	2007 HK$'000
Total assets less current liabilities		**21,215**	27,332
Non-current liabilities			
Obligations under finance leases	36	**179**	469
Deferred taxation	37	**–**	–
		179	469
Net assets		**21,036**	26,863
EQUITY			
Share capital	38	**46,407**	46,407
Reserves		**(25,371)**	(19,544)
Total equity		**21,036**	26,863

These financial statements were approved and authorised for issue by the board of directors on 18 July 2008.

NG Cheuk Fan, Keith
Executive Director

YEUNG Kwok Leung
Executive Director

The accompanying notes form part of these financial statements.

Balance Sheet

At 31 March 2008 (Expressed in Hong Kong dollars)

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**–**	–
Subsidiaries	18	**3,741**	6,210
Associates	19	**–**	–
		3,741	6,210
Current assets			
Investments held for trading	21	**38,756**	38,756
Other receivables, deposits and prepayments	25	**16**	16
Loans receivable	27	**–**	–
Amount due from a related company	45(c)	**12**	12
Cash and cash equivalents	31	**1,181**	3
		39,965	38,787
Current liabilities			
Other borrowings (unsecured)	33	**10,618**	–
Other payables and accrued charges	34	**2,425**	1,281
Amounts due to subsidiaries	18	**41**	2,148
		13,084	3,429
Net current assets		**26,881**	35,358
Net assets		**30,622**	41,568
EQUITY			
Share capital	38	**46,407**	46,407
Reserves	40	**(15,785)**	(4,839)
Total equity		**30,622**	41,568

These financial statements were approved and authorised for issue by the board of directors on 18 July 2008.

NG Cheuk Fan, Keith
Executive Director

YEUNG Kwok Leung
Executive Director

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008 (Expressed in Hong Kong dollars)

		Reserves						
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000 *Note (a)*	Special reserve HK$'000 *Note (b)*	Capital reserve HK$'000 *Note (c)*	Translation reserve HK$'000 *Note (d)*	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006	46,407	233,184	1,694	13,524	1,863	(37)	(256,579)	40,056
Recognised directly in equity upon disposal of subsidiaries *(Note 41)*	–	–	–	–	–	37	–	37
Loss for the year	–	–	–	–	–	–	(13,230)	(13,230)
Total recognised income and expenses for the year	–	–	–	–	–	37	(13,230)	(13,193)
Share options lapsed	–	–	(486)	–	–	–	486	–
At 31 March 2007	46,407	233,184	1,208	13,524	1,863	–	(269,323)	26,863
Loss for the year and total recognised expenses for the year	–	–	–	–	–	–	(5,827)	(5,827)
At 31 March 2008	**46,407**	**233,184**	**1,208**	**13,524**	**1,863**	**–**	**(275,150)**	**21,036**

Notes:

(a) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in Note 3(u)(iii).

(b) Special reserve

The special reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition under the corporate reorganisation of the Group.

(c) Capital reserve

The capital reserve represents the contributions made by the then controlling shareholder under the corporate reorganisation of the Group.

(d) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3(t).

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2008 (Expressed in Hong Kong dollars)

	2008 HK$'000	2007 HK$'000
Operating activities		
Loss before taxation	**(5,827)**	(12,438)
Adjustments for:		
Reversal of impairment loss for investment deposits	**(8,000)**	–
Depreciation of property, plant and equipment	**608**	918
Interest income	**(331)**	(166)
Interest expense	**4,059**	2,542
Interest on obligations under finance leases	**34**	31
(Reversal of)/charge for provision for doubtful debts	**(699)**	1,684
Bad debts written off	**34**	–
Fair value change of investment held for trading	**32**	–
Loss/(gain) on disposal of subsidiaries	**262**	(9,196)
Loss on disposal of property, plant and equipment	**–**	64
Amortisation of intangible asset	**–**	251
Provision for obsolete inventories	**–**	238
Operating cash outflows before movements in working capital	**(9,828)**	(16,072)
Increase in other non-current assets	**(35)**	–
Decrease/(increase) in inventories	**213**	(199)
(Increase)/decrease in accounts receivable	**(634)**	10,387
Decrease in amounts due from customers for contract work	**–**	657
Decrease/(increase) in progress payment receivables	**1,416**	(1,208)
(Increase)/decrease in other receivables, deposits and prepayments	**(50)**	2,069
Decrease in retention money receivables	**1,398**	3,471
Decrease/(increase) in amounts due from related companies	**26**	(39)
Increase in amount due from a director	**(426)**	–
Decrease in bills payable	**–**	(91)
Increase/(decrease) in accounts payable, other payables and accrued charges	**8,907**	(6,495)
Decrease in retention money payables	**(294)**	(580)
(Decrease)/increase in amount due to a director	**(529)**	529
Cash generated from/(used in) operations	**164**	(7,571)
Interest received	**331**	166
Interest paid	**(4,059)**	(2,542)
Interest on obligations under finance leases	**(34)**	(31)
Hong Kong profits tax paid	**–**	(650)
Net cash used in operating activities	**(3,598)**	(10,628)

Consolidated Cash Flow Statement

For the year ended 31 March 2008 (Expressed in Hong Kong dollars)

	2008	2007
	HK$'000	HK$'000
Investing activities		
Purchase of property, plant and equipment	**(911)**	(180)
Refund of investment deposits	**8,000**	–
Placement of pledged bank deposits	**(62)**	(71)
(Decrease)/increase in loans payable	**(687)**	367
Proceeds from disposal of property, plant and equipment	**–**	214
Disposal of subsidiaries *(Note 41)*	**1,135**	(3)
Net cash generated from investing activities	**7,475**	327
Financing activities		
New borrowings obtained	**22,424**	2,395
Repayment of other borrowings	**(6,802)**	–
Repayment of obligations under finance leases	**(290)**	(282)
Net cash generated from financing activities	**15,332**	2,113
Net increase/(decrease) in cash and cash equivalents	**19,209**	(8,188)
Cash and cash equivalents at the beginning of year	**5,358**	13,546
Cash and cash equivalents at end of year	**24,567**	5,358
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	**26,530**	7,284
Bank overdraft (secured)	**(1,963)**	(1,926)
	24,567	5,358

The accompanying notes form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1. ORGANISATION AND OPERATIONS

China Conservational Power Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. Its registered office and principal place of business are located at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies and at 1702-3, 17th Floor, Skyline Commercial Centre, 71-77 Wing Lok Street, Sheung Wan, Hong Kong respectively.

The Group engages in electrical engineering contracting, trading of electrical equipment and materials, investment holding and securities brokerage and financing. The Group operates primarily in Hong Kong. The Company is an investment holding company. The activities of the principal subsidiaries are set out in Note 46 to the financial statements. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), but have been suspended for trading on the Stock Exchange since 29 September 2005.

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

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The impact of the adoption of HKFRS 7 "Financial Instruments: Disclosures" and HKAS 1 Amendment: "Capital Disclosures" has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

(Expressed in Hong Kong dollars)

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKASs 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	1 January 2009
HKFRS 2 (Amendment)	Share-based payment-vesting conditions and cancellation	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) – Int 12	Service concession arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The Group has not early adopted any of these new or revised standards and interpretations, and is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of their initial application.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of financial statements and material uncertainties in respect of going concern

(i) These financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial instruments which are carried at fair value.

(ii) HKAS 1 "Presentation of Financial Statements" requires management to make an assessment of an entity's ability to continue as a going concern in preparing financial statements, and when management is aware, in making this assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, management is required to disclose these uncertainties.

In preparing these financial statements, the Directors are aware of the following conditions and uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern:

- The Group incurred a loss of HK$5,827,000 for the year ended 31 March 2008 and had accumulated losses of HK$275,150,000 as at 31 March 2008.

- The Group had net current assets of HK$20,550,000 and net assets of HK$21,036,000 as at 31 March 2008. However, a significant proportion of the Group's net current assets and net assets is the Group's investments held for trading (comprising both Preference Shares and Ordinary Shares) in China Sciences Conservational Power Limited ("CSCPL"), the details of which are set forth in Note 21 to the financial statements. CSCPL is a company listed on the Stock Exchange but the trading of its ordinary shares has been suspended since 29 September 2005. The investment in the CSCPL Preference Shares was valued by the Directors at HK$36,000,000 as at 31 March 2008 after deducting an impairment loss of HK$24,800,000, with reference to a valuation of the fair value of the investment carried out by a professional firm of independent valuers as at 31 March 2006. The professional valuation assumed, inter alia, that CSCPL will be able to continue to carry on business as a going concern. The investment in the CSCPL Ordinary Shares was valued by the Directors at HK$2,756,000 as at 31 March 2008 after deducting an impairment loss of HK$2,944,000 estimated by the Directors.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of financial statements and material uncertainties in respect of going concern (Continued)

As set out in Note 21 to the financial statements, the Company has served a notice with CSCPL to redeem the CSCPL Preference Shares in full. The recoverability of the final amount of the CSCPL Preference Shares redemption proceeds from CSCPL is uncertain as it is dependent upon CSCPL's financial position which is largely affected by the outcome of CSCPL's application to resume trading of its ordinary shares on the Stock Exchange so that it can proceed with various financing transactions to raise cash. The Group's ability to dispose of its investment in the CSCPL Ordinary Shares is also subject to the abovementioned uncertainty.

Despite the above conditions and the existence of the above uncertainties on the recovery of the CSCPL Preference Shares redemption proceeds and the ability to dispose of the CSCPL Ordinary Shares, which indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern, the Directors have prepared these financial statements on the assumption that the Group will continue as a going concern. The Directors are of the view that it is appropriate for these financial statements to be prepared on a going concern basis on the basis of the following:

- the Directors' critical assessment of CSCPL's ability to proceed with various financing transactions to raise cash to repay the CSCPL Preference Shares redemption proceeds to the Company.

- the Directors' critical assessment of the outcome of the Company's fund raising exercise. As set out in the Company's circular dated 30 June 2008 and Note 42 to the financial statements, the Company had entered into a placing agreement on 27 February 2008 as amended on 30 May 2008 for the placing of convertible bonds of principal amount of HK$50 million with zero coupon rate due in three years from the date of issue to provide funds for the repayment of the Group's outstanding indebtedness, expansion of the margin financing business and general working capital. The placing is conditional upon, inter alia, the resumption of trading of the Company's shares on the Stock Exchange. The Directors confirm that they are working closely with the Stock Exchange and all the professional advisers on its application for a resumption of trading of its shares on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of financial statements and material uncertainties in respect of going concern (Continued)

- after the year end, as set out in Note 33 to the financial statements, a lender has renewed the interest bearing loans of HK$10 million and HK$12 million outstanding as at 31 March 2008 to 25 May 2009 and 15 June 2009 respectively, on similar terms and conditions. This lender has also agreed in principle to extend the loan facilities to the Group beyond June 2009 in the event that the placing of the convertible bonds does not materialise.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of the assets to their immediate recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these financial statements.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of the subsidiaries acquired and 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.

All significant intercompany transactions, balances and unrealised gains on transactions between group enterprises are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred.

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.

The gain or loss on disposal of subsidiaries represents the difference between the proceeds of the sale and the Group's share of their net assets together with any attributable goodwill and exchange difference which was not previously charged or recognised in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Business combinations

Acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities assumed in a business combination are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised in accordance with the accounting policy for goodwill in note 3(h) below.

(e) Subsidiaries

Subsidiaries are entities in which the Group has the power to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are included in the Company's balance sheet at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(f) Associates

Associates are entities over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, interests in associates are stated in the consolidated balance sheet at the Group's share of the net assets of the associate, less impairment in the value of individual investments. The Group's share of the post-acquisition results and reserves of associates is include in the consolidated income statement and consolidated reserves respectively. Losses of an associate in excess of the Group's interest in that associate are not recognised.

Notes to the financial statements

(Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Associates (Continued)

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 associate 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.

Where a Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in profit or loss.

(g) Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is include in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interest in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities, which was not previously eliminated or recognised in the consolidated reserves, is include as part of the Group's interests in jointly-controlled entities. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other asset of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, after reassessment, the excess is recognised immediately in profit or loss.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates and jointly-controlled entities is described in Notes 3(f) and (g).

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold improvements	20%
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	25%

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(j) Intangible assets (other than goodwill)

Intangible assets are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life and amortisation method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Impairment of assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Installation contracts

When the outcome of an installation contract can be estimated reliably, contract revenue and costs are recognised in the income statement by reference to the stage of completion of the contract activity at the balance sheet date, as measured by surveys on works performed.

When the outcome of an installation contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred when it is probable that they will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes cost of purchase of materials computed using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

(n) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. These financial assets are subsequently accounted for as follows, depending on their classification:

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

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Financial assets (Continued)

(ii) Loans and receivables

Accounts receivable, progress payments receivable, retention money receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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 investment have been impacted.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

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

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

- For accounts receivable, progress payment receivables, retention money receivables, loans and other receivables, 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, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss should not result in the asset's carrying amount exceeding that which have been determined had no impairment loss been recognised in prior years.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of secured margin loans and cash clients receivables included in accounts and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against accounts receivable, progress payment receivables, retention money receivables, loans and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Financial assets (Continued)

(iv) Effective interest method

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

(v) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(o) Financial liabilities and equity instrument issued by the Group

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Notes to the financial statements

(Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Financial liabilities and equity instrument issued by the Group (Continued)

(iii) Financial liabilities

Financial liabilities, including accounts payable, other payables and accrued charges, retention money payables, loans payable, bank overdraft, other borrowings and obligations under finance leases are initially measured at fair value, net of transaction costs.

The financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, unless the effect of discounting would be immaterial, in which case they are stated at cost.

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

(iv) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Leases

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(r) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses 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.

(ii) Deferred tax

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and 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 assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Taxation (Continued)

(ii) ***Deferred tax*** (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

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

(t) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Hong Kong dollar which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(t) Foreign currencies (Continued)

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollar using exchange rates prevailing at the balance sheet date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(u) Employees' benefits

(i) Short term benefits

Salaries, annual bonuses, paid annual leaves and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Pension obligation

The Group has participated in an approved Mandatory Provident Fund ("MPF") scheme effective from 1 December 2000 to provide MPF scheme to all eligible employees in Hong Kong. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution limited to 5% of HK$20,000 for each eligible employee) as calculated under the MPF legislation. Contributions to MPF scheme are recognised as an expense in the income statement as incurred. There were no forfeited contributions used to reduce future contributions as at 31 March 2008.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(u) Employees' benefits (Continued)

(iii) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on granting the share options as the grantees do not have to meet any vesting conditions before becoming unconditionally entitled to the options.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

(v) Borrowing costs

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

(w) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(x) Revenue recognition

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

(i) Revenue from the sale of electrical products is recognised when the Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivable is reasonably assured.

(ii) Revenue on installation contracts is recognised using the percentage of completion method by reference to the value of work carried out during the year.

(iii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest method.

(iv) Brokerage commission income is recognised on a trade date basis when the services are rendered.

(v) Income from securities handling charges and service income is recognised when the services are rendered.

(vi) Dividend on the investment in the CSCPL preference shares is not accrued as the Directors are of the view that the chance of receiving it is slim.

(y) Segment reporting

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

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(y) Segment reporting (Continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of property, plant and equipment

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Impairment of accounts receivable, retention money receivables, progress payment receivables, loans and other receivables ("loans and receivables")

The Group makes provision for impairment of loans and receivables based on an estimate of their recoverability. Provisions are applied to loans and receivables where events or changes in circumstances indicate that they may not be collectible. The identification of impairment of loans and receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of loans and receivables and provision for impairment losses in the period in which such estimate has been changed.

(c) Impairment of investments held for trading

The management exercises its judgement in the estimation of the impairment losses on the Group's investments in CSCPL Preference Shares and CSCPL Ordinary Shares. The management's valuation is subject to the limitations and uncertainties of the estimates used by management. There would be material changes in the amount of impairment losses recognised in the income statement and accumulated impairment losses if the estimates used by management are changed.

(d) Fair value of share options

Share option expense is subject to the limitations of the option pricing models adopted and the uncertainties in estimates used by management in the assumptions. Should the relevant parameters of the share option model be changed, there may be material changes in the amount of share option expense recognised in the income statement and share option reserve.

Notes to the financial statements

(Expressed in Hong Kong dollars)

5. TURNOVER

Turnover represents:

	2008 HK$'000	2007 HK$'000
Electrical engineering-value of contract work	**2,809**	2,934
Brokerage income from securities dealings	**6,636**	1,519
Sale of electrical goods	**1,621**	1,430
Margin interest income from securities brokerage business	**1,289**	618
Interest income from unsecured loans	**–**	3
	12,355	6,504

No income is accrued on the impaired investments held for trading during the years ended 31 March 2008 and 2007.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into three operating divisions. These divisions are the basis on which the Group reports its primary segment information. The principal activities are as follows:

(i) Electrical engineering contracting

(ii) Sale of electrical goods

(iii) Securities brokerage and financing

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

	Electrical engineering contracting HK$'000	Sale of electrical goods HK$'000	Securities brokerage and financing HK$'000	Consolidated HK$'000
For the year ended 31 March 2008				
Turnover				
External sales	**2,809**	**1,621**	**7,925**	**12,355**
Results				
Segment profit/(loss)	**(3,904)**	**(140)**	**1,064**	**(2,980)**
Unallocated operating income and expenses				**1,508**
Loss from operations				**(1,472)**
Finance costs				**(4,093)**
Loss on disposal of subsidiaries				**(262)**
Loss before taxation				**(5,827)**
Taxation				**–**
Loss for the year				**(5,827)**

(Expressed in Hong Kong dollars)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

	Electrical engineering contracting HK$'000	Sale of electrical goods HK$'000	Securities brokerage and financing HK$'000	Unallocated HK$'000	Consolidated HK$'000
As at 31 March 2008					
Assets					
Segment assets	**2,686**	**655**	**36,006**	**–**	**39,347**
Unallocated corporate assets					**40,473**
Consolidated total assets					**79,820**
Liabilities					
Segment liabilities	**16,923**	**1,671**	**20,632**	**–**	**39,226**
Unallocated corporate liabilities					**19,558**
Consolidated total liabilities					**58,784**
Other information					
Additions to property, plant and equipment	**14**	**–**	**–**	**897**	**911**
Depreciation of property, plant and equipment	**8**	**63**	**74**	**463**	**608**
Bad debts written off	**–**	**24**	**10**	**–**	**34**
Reversal of impairment loss on investment deposits	**–**	**–**	**–**	**(8,000)**	**(8,000)**
Reversal of provision for doubtful debts	**–**	**–**	**(199)**	**(500)**	**(699)**

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

	Electrical engineering contracting HK$'000	Sale of electrical goods HK$'000	Securities brokerage and financing HK$'000	Sea freight forwarding and others HK$'000	Consolidated HK$'000
For the year ended 31 March 2007					
Turnover					
External sales	2,934	1,430	2,140	–	6,504
Results					
Segment loss	(4,153)	(3,861)	(2,393)	(160)	(10,567)
Unallocated operating income and expenses					(8,494)
Loss from operations					(19,061)
Finance costs					(2,573)
Gain on disposal of subsidiaries					9,196
Loss before taxation					(12,438)
Taxation					(792)
Loss for the year					(13,230)

Notes to the financial statements

(Expressed in Hong Kong dollars)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

	Electrical engineering contracting HK$'000	Sale of electrical goods HK$'000	Securities brokerage and financing HK$'000	Sea freight forwarding and others HK$'000	Unallocated HK$'000	Consolidated HK$'000
As at 31 March 2007						
Assets						
Segment assets	5,587	1,427	14,480	13	–	21,507
Unallocated corporate assets						41,644
Consolidated total assets						63,151
Liabilities						
Segment liabilities	8,747	2,533	6,451	99	–	17,830
Unallocated corporate liabilities						18,458
Consolidated total liabilities						36,288
Other information						
Additions to property, plant and equipment	11	250	39	–	–	300
Amortisation of trading right	–	–	251	–	–	251
Depreciation of property, plant and equipment	73	86	188	6	565	918
(Gain)/loss on disposal of property, plant and equipment	–	(92)	–	–	156	64
Provision for doubtful debts	145	1,336	82	7	114	1,684

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(b) Geographical segments

The Group's electrical engineering contracting, sale of electrical goods and securities brokerage and financing operations are located in Hong Kong.

Over 90% of the Group's revenues during the years ended 31 March 2008 and 2007 were derived from Hong Kong. Accordingly, no geographical information on revenue is presented.

The following is an analysis of the carrying amount of consolidated total assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located.

	Carrying amount of consolidated total assets At 31 March		Additions to property, plant and equipment For the year ended 31 March	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**39,822**	24,203	**911**	300
Others	**39,998**	38,948	**–**	–
	79,820	63,151	**911**	300

7. OTHER INCOME

	2008	2007
	HK$'000	HK$'000
Write back of accrued contract costs	**337**	–
Interest income	**331**	166
Write back of accrued professional fees	**234**	–
Handling charges	**100**	46
Sundry income	**54**	38
	1,056	250

Notes to the financial statements

(Expressed in Hong Kong dollars)

8. FINANCE COSTS

	2008 **HK$'000**	2007 HK$'000
Interest on bank borrowings and overdraft wholly repayable within five years	**120**	97
Interest on obligations under finance leases	**34**	31
Interest on other borrowings	**3,939**	2,445
	4,093	2,573

9. LOSS BEFORE TAXATION

	2008 **HK$'000**	2007 HK$'000
Loss before taxation has been arrived at after charging/(crediting):		
(Reversal of)/charge for provision for doubtful debts *(Note 22)*	**(699)**	1,684
Amortisation of trading right included in administrative expenses *(Note 16)*	**–**	251
Auditor's remuneration:		
Current year	**620**	580
Under-provision in prior years	**19**	100
Reversal of impairment loss on investment deposits *(Note 28)*	**(8,000)**	–
Bad debts written off	**34**	–
Cost of inventories expensed	**1,447**	1,198
Cost of services provided	**3,144**	666
Depreciation of property, plant and equipment:		
Owned assets	**269**	642
Assets held under finance leases	**339**	276
Exchange losses, net	**26**	2
Fair value change of investments held for trading *(Note 21)*	**32**	–
Provision for obsolete inventories	**–**	238
Loss on disposal of property, plant and equipment	**–**	64
Operating lease rentals in respect of rented premises	**919**	1,310
Staff costs excluding directors' remuneration:		
Salaries and allowances	**5,988**	9,115
Retirement benefit scheme contributions	**248**	295

10. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) The emoluments paid or payable to each of the Directors of the Group during the year are as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	2008 Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors				
Ng Cheuk Fan, Keith *(Note 1)*	**644**	–	–	**644**
Sun Tak Yan, Desmond	**330**	–	–	**330**
Ng Khai Wain *(Note 4)*	**200**	–	–	**200**
You Wei *(Note 4)*	**200**	–	–	**200**
Yeung Kwok Leung	**130**	**543**	**12**	**685**
Independent Non-executive Directors				
Shane Phillips *(Note 5)*	**46**	–	–	**46**
Cai Zhixu *(Note 6)*	**68**	–	–	**68**
Ho Albert *(Note 5)*	**46**	–	–	**46**
Lam Ka Wai, Graham *(Note 2)*	**54**	–	–	**54**
Ng Kay Kwok *(Note 2)*	**54**	–	–	**54**
Tam B Ray Billy *(Note 3)*	**32**	–	–	**32**
Total	**1,804**	**543**	**12**	**2,359**

Notes:

1. Appointment effective on 4 April 2007.
2. Appointment effective on 14 September 2007.
3. Appointment effective on 4 December 2007.
4. Resigned on 14 August 2007.
5. Resigned on 14 September 2007.
6. Resigned on 4 December 2007.

(Expressed in Hong Kong dollars)

10. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(a) The emoluments paid or payable to each of the Directors of the Group during the year ended 31 March 2007 are as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	2007 Total HK$'000
Executive Directors				
You Wei	601	–	–	601
Ng Khai Wain	601	–	–	601
Yeung Kwok Leung	90	797	12	899
Sun Tak Yan, Desmond	75	–	–	75
Szeto Chak Wah, Michael	–	180	1	181
Lai Man Leung	–	108	1	109
Independent Non-executive Directors				
Cai Zhixu	89	–	–	89
Ho Albert	89	–	–	89
Shane Phillips	89	–	–	89
Chong Yiu Kan, Sherman	9	–	–	9
Tsoi Wai Kwong	9	–	–	9
Au Tin Fung	6	–	–	6
Law Mun Yee	6	–	–	6
Total	1,664	1,085	14	2,763

10. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2007: three) Directors whose emoluments are reflected in the analysis presented in Note 10(a) above. The emoluments payable to the remaining two (2007: two) individuals during the year are as follows:

	2008	2007
	HK$'000	HK$'000
Salaries and other benefits	**1,884**	3,486
Retirement benefit scheme contributions	**70**	52
	1,954	3,538

The emoluments fell within the following emolument bands:

	Number of individuals	
	2008	2007
HK$		
0 – 1,000,000	**1**	1
1,000,001 – 2,000,000	**1**	–
2,000,001 – 3,000,000	**–**	1

(c) There were no arrangements under which a director or senior management waived or agreed to waive any emoluments, and no incentive payment nor compensation for loss of office was paid or payable to any Director or senior management during the year (2007: Nil).

(Expressed in Hong Kong dollars)

11. TAXATION

(a) Income tax in the consolidated income statement represents:

	2008	2007
	HK$'000	HK$'000
Underprovision of Hong Kong profits tax in respect of prior years	**–**	790
Deferred taxation *(Note 37)*	**–**	2
	–	792

No provision for Hong Kong profits tax has been made in the financial statements as the Group entities operating in Hong Kong had no assessable profit for the year ended 31 March 2008 (2007: Nil).

(b) The taxation charge for the year can be reconciled to the accounting loss as follows:

	2008	2007
	HK$'000	HK$'000
Loss before taxation	**(5,827)**	(12,438)
Tax credit at Hong Kong profits tax rate of 17.5% (2007: 17.5%)	**(1,020)**	(2,177)
Tax effect of expenses that are not deductible in determining taxable profit	**1,224**	255
Tax effect of income that is not taxable in determining taxable profit	**(1,484)**	(951)
Utilisation of tax losses previously not recognised	**(63)**	–
Deferred tax asset on tax losses and other timing differences not recognised	**1,343**	2,873
Underprovision in prior years	**–**	792
Taxation charge for the year	**–**	792

Details of deferred taxation are disclosed in Note 37 to the financial statements.

12. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company includes a loss of HK$10,946,000 (2007: profit of HK$1,512,000) which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

No dividend has been paid, declared or proposed by the Company during the year and up to the date of approval of these financial statements (2007: Nil).

14. LOSS PER SHARE – BASIC

The calculation of the basic loss per share is based on the following data:

	2008	2007
	HK$'000	HK$'000
Loss for the purpose of basic loss per share	**(5,827)**	(13,230)

	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	**464,070**	464,070

Diluted loss per share is not presented for both years as the potential dilutive ordinary shares resulting from the exercise of the Company's outstanding share options are anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
The Group					
Cost:					
At 1 April 2006	615	4,297	4,279	1,860	11,051
Additions	–	–	50	250	300
Disposals	–	(2,639)	(855)	(278)	(3,772)
At 31 March 2007	615	1,658	3,474	1,832	7,579
Additions	604	–	307	–	911
Disposal of subsidiaries *(Note 41)*	(604)	–	(293)	–	(897)
At 31 March 2008	**615**	**1,658**	**3,488**	**1,832**	**7,593**
Accumulated depreciation:					
At 1 April 2006	501	3,973	3,733	994	9,201
Charge for the year	98	120	296	404	918
Written back on disposal	–	(2,471)	(780)	(243)	(3,494)
At 31 March 2007	599	1,622	3,249	1,155	6,625
Charge for the year	54	22	193	339	608
Disposal of subsidiaries *(Note 41)*	(40)	–	(25)	–	(65)
At 31 March 2008	**613**	**1,644**	**3,417**	**1,494**	**7,168**
Net book value:					
At 31 March 2008	**2**	**14**	**71**	**338**	**425**
At 31 March 2007	16	36	225	677	954

Notes: The Group leases motor vehicles under finance leases expiring from one to two years. None of the leases includes contingent rentals.

At the balance sheet date, the net book value of motor vehicles held under finance leases of the Group was HK$338,000 (2007: HK$677,000). The related depreciation charge was HK$339,000 (2007: HK$276,000).

During the year, apart from the leased assets, the Group did not have any material pledge of property, plant and equipment (2007: Nil).

(Expressed in Hong Kong dollars)

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Office equipment HK$'000
The Company	
Cost:	
At 1 April 2006, 31 March 2007 and **31 March 2008**	**157**
Accumulated depreciation:	
At 1 April 2006	134
Charge for the year	23
At 31 March 2007	157
Charge for the year	–
At 31 March 2008	**157**
Net book value:	
At 31 March 2008	**–**
At 31 March 2007	–

(Expressed in Hong Kong dollars)

16. INTANGIBLE ASSET

	The Group
	HK$'000
Cost:	
At 1 April 2006, 31 March 2007 and **31 March 2008**	**2,380**
Accumulated amortisation:	
At 1 April 2006	2,129
Charge for the year *(Note 9)*	251
At 31 March 2007	2,380
Charge for the year	–
At 31 March 2008	**2,380**
Net carrying amount:	
At 31 March 2008	**–**
At 31 March 2007	–

Note: The intangible asset represents the trading right on the Stock Exchange. The trading right is amortised over its estimated useful life of 10 years. The amortisation charge for the trading right for the prior year is included in "administrative expenses" in the consolidated income statement.

17. OTHER NON-CURRENT ASSETS

	The Group	
	2008	2007
	HK$'000	HK$'000
The Stock Exchange		
– Compensation fund deposits	**50**	50
– Fidelity fund deposits	**50**	50
– Stamp duty deposits	**30**	5
Hong Kong Securities Clearing Company Limited		
– Guarantee fund contribution	**60**	50
– Admission fees	**50**	50
At 31 March	**240**	205

18. SUBSIDIARIES

	The Company	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**15,186**	15,186
Amounts due from subsidiaries	**198,674**	254,619
	213,860	269,805
Less: Impairment losses	**(210,119)**	(263,595)
	3,741	6,210

The amounts due from subsidiaries are unsecured, interest free and in substance represent the Company's interest in the subsidiaries in the form of quasi-equity loans.

The Directors assessed that the investments in subsidiaries and the amounts due from subsidiaries are impaired due to sustained losses incurred. Consequently, a provision for impairment loss was made.

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

Particulars of the Company's principal subsidiaries at the balance sheet date are set out in Note 46.

19. ASSOCIATES

	The Group	
	2008	2007
	HK$'000	HK$'000
Share of net assets	**–**	–

	The Group	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**35,000**	35,000
Amounts due from associates	**33,428**	33,428
	68,428	68,428
Less: Impairment losses	**(68,428)**	(68,428)
	–	–

The Directors assessed that the interests in associates are totally impaired due to sustained losses incurred. Consequently, a full provision for impairment was made.

19. ASSOCIATES (Continued)

Particulars of the Group's associates as at the balance sheet date are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Class of shares held	Effective percentage of equity interest held by the Group	Principal activities
Bright Rich International Limited	Incorporated	Hong Kong/ Hong Kong	Ordinary	50%	Inactive
Sharpway Enterprises Limited	Incorporated	The British Virgin Islands/ The PRC	Ordinary	50%	Inactive
United Asia Terminal Holdings Limited	Incorporated	The British Virgin Islands/ The PRC	Ordinary	40%	Investment holding
Shanghai Fortune Limited	Incorporated	Hong Kong/ The PRC	Ordinary	40%	Investment holding
Fortune Union Investment Limited	Incorporated	Hong Kong/ The PRC	Ordinary	40%	Investment holding
Shanghai United Asia Container Services Co., Ltd. 上海聯亞集裝箱服務有限公司	Sino-foreign equity joint venture	The PRC/ The PRC	Registered capital	36%	Inactive

20. JOINTLY-CONTROLLED ENTITY

	The Group	
	2008	2007
	HK$'000	HK$'000
Share of net assets	**–**	–

The Directors assessed that the interest in the jointly-controlled entity is totally impaired due to sustained loss incurred.

Particulars of the Group's jointly-controlled entity as at the balance sheet date are as follow:

Name of company	Form of business structure	Place of incorporation and operation	Class of capital held	Attributable equity interest held by the Group	Principal activities
Dagong Credit Information Service Co., Ltd. 大公信用信息服務有限公司	Incorporated	The PRC	Registered Capital	50%	Provision of credit information rating services in the PRC

21. INVESTMENTS HELD FOR TRADING

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Investments in CSCPL *(Notes)*				
Non-voting cumulative redeemable convertible preference shares ("Preference Shares")				
– unlisted, at cost	**60,800**	60,800	**60,800**	60,800
Ordinary Shares – listed, at cost	**5,700**	5,700	**5,700**	5,700
	66,500	66,500	**66,500**	66,500
Less: Impairment losses	**(27,744)**	(27,744)	**(27,744)**	(27,744)
	38,756	38,756	**38,756**	38,756
Other listed investment at fair value *(Note 9)*	**28**	60	**–**	–
	38,784	38,816	**38,756**	38,756

21. INVESTMENTS HELD FOR TRADING (Continued)

Notes:

(a) The Preference Shares were issued by China Sciences Conservational Power Limited ("CSCPL") and carry a fixed preferential dividend at 3% per annum. The trading of the Ordinary Shares of CSCPL on the Stock Exchange (Code: 351) has been suspended since 29 September 2005. No quoted market prices in the Ordinary Shares of CSCPL have been available and the fair values of the Preference Shares and Ordinary Shares could not be reliably measured since that date.

As at 31 March 2008, the carrying value of the 80,000,000 CSCPL Preference Shares was estimated by the Directors based on a professional valuation carried out as at 31 March 2006. The CSCPL Preference Shares as at 31 March 2006 were valued by a firm of independent professional valuers at HK$36,000,000 using the discounted cash flow model, based on a specific pricing model and parameters. Accordingly, an impairment loss of HK$24,800,000 was made.

The CSCPL Preference Shares matured on 4 July 2008 and the Company has served a notice with CSCPL to redeem the CSCPL Preference Shares in full. The Directors understand that CSCPL has already put in place a number of financing transactions which, if implemented, will inter alia, provide CSCPL with sufficient working capital to redeem the CSCPL Preference Shares in full. The financial transactions are conditional upon the Stock Exchange allowing CSCPL to proceed with the proposal for the resumption of trading of its ordinary shares, which was submitted to the Stock Exchange on 27 February 2008. On 6 June 2008, CSCPL was notified by the Stock Exchange that the resumption of trading in the shares is subject to the prior fulfilment of certain conditions. Details of the conditions and the financing transactions contemplated by CSCPL are set out in the circular of that company dated 4 July 2008.

Whilst the Directors are optimistic that the Group will be able to receive the CSCPL Preference Share redemption proceeds in full from CSCPL, the Directors are of the view that it is prudent not to write back in the year ended 31 March 2008 any of the impairment loss recognised in prior years.

(b) The carrying value of 7,500,000 CSCPL Ordinary Shares is estimated by the Directors at cost of HK$5,700,000 less impairment loss of HK$2,944,000 as at 31 March 2008 (2007: HK$2,944,000).

(c) No dividend on the CSCPL Preference Shares was accrued by the Directors as they are of the view that the chance of receiving the dividend is slim.

22. (REVERSAL OF)/CHARGE FOR PROVISION FOR DOUBTFUL DEBTS

	The Group	
	2008	2007
	HK$'000	HK$'000
Accounts receivable *(Note 23)*	**(199)**	181
Progress payment receivables *(Note 24)*	**–**	145
Other receivables, deposits and prepayments *(Note 25)*	**(500)**	1,358
	(699)	1,684

23. ACCOUNTS RECEIVABLE

	The Group	
	2008	2007
	HK$'000	HK$'000
Accounts receivable	**850**	1,260
Less: Provision for doubtful debts	**(551)**	(551)
	299	709
Accounts receivable from the business of dealing in securities:		
– Clearing houses and cash clients	**2,635**	4,645
– Secured margin loans *(Note (iii)(b))*	**7,420**	4,400
Less: Impairment allowance on accounts receivable from the business of dealing in securities		
– Secured margin loans	**(51)**	(250)
	10,004	8,795
	10,303	9,504

The settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date.

Notes to the financial statements

(Expressed in Hong Kong dollars)

23. ACCOUNTS RECEIVABLE (Continued)

i) The movement in the provision for doubtful debts for accounts receivable during the year, including both specific and collective loss components, is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 April	**801**	620
(Reversal of)/charge for provision for doubtful debts *(Note 22)*	**(199)**	181
At 31 March	**602**	801

The provision for doubtful debts has been made for the estimated irrecoverable amounts from the sale of goods and secured margin loans. These provisions have been determined by the Directors with reference to past default experience.

ii) The ageing analysis of the accounts receivable at the balance sheet date is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Current and up to 30 days	**1,730**	4,899
31 to 60 days	**38**	61
61 to 90 days	**123**	89
Over 90 days	**1,043**	305
	2,934	5,354

iii) The ageing analysis of accounts receivable which are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**1,824**	2,640
Less than 1 month past due	**14**	2,391
1 to 3 months past due	**56**	18
Over 3 months past due	**849**	–
	919	2,409
	2,743	5,049

23. ACCOUNTS RECEIVABLE (Continued)

(a) Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(b) Loans to margin clients are secured by clients' pledged securities, bear variable interest at commercial rates and repayable on demand. No ageing analysis is disclosed as in the opinion of the Directors of the Company, the ageing analysis does not give additional value in view of the nature of business of share margin financing.

As at 31 March 2008, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$48,506,000 (2007: HK$12,374,000), with no collateral pledged from other accounts receivable.

The Directors consider that the carrying amount of accounts receivable approximates their fair value.

24. PROGRESS PAYMENT RECEIVABLES

	The Group	
	2008	2007
	HK$'000	HK$'000
Current and up to 30 days	**1**	1,417
Over 90 days	**145**	145
	146	1,562
Less: Provision for doubtful debts *(Note 22)*	**(145)**	(145)
	1	1,417

i) The movement in the provision for doubtful debts for progress payments receivables during the year, including both specific and collective loss components, is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 April	**145**	–
Charge for provision for doubtful debts *(Note 22)*	**–**	145
At 31 March	**145**	145

24. PROGRESS PAYMENT RECEIVABLES (Continued)

The provision for doubtful debts has been made for the estimated irrecoverable amounts from value of contract work. These provisions have been determined by the Directors with reference to past default experience.

The Directors consider that the carrying amount of progress payment receivables approximates their fair value.

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other receivables	**–**	125	**–**	–
Deposits and prepayments	**515**	675	**16**	16
	515	800	**16**	16

At 31 March 2008 and 2007, certain of the Group's and the Company's other receivables and deposits and prepayments were determined to be impaired. The impaired receivables related to other receivables that the debtors were in financial difficulties and management assessed that only a portion of the receivables is expected to be recoverable. Consequently, a provision for doubtful debts was made. The Group and the Company do not hold any collateral over these balances.

	The Group Other receivables		The Group Deposits and prepayments	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Gross amounts	**10,614**	11,188	**515**	726
Less: Provision for doubtful debts	**(10,614)**	(11,063)	**–**	(51)
Net amounts	**–**	125	**515**	675

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The movement in the provision for doubtful debts for other receivables during the year, including both specific and collective loss components, is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 April	**11,114**	9,756
(Reversal of)/charge for impairment loss provision *(Note 22)*	**(500)**	1,358
At 31 March	**10,614**	11,114

The Directors consider that the carrying amounts of other receivables, deposits and prepayments approximate their fair values.

26. RETENTION MONEY RECEIVABLES

	The Group	
	2008	2007
	HK$'000	HK$'000
Retention money receivables, receivable within one year included in current assets	**375**	1,773

The amount represents monies retained by the clients on progress payments on contract work.

The Directors consider that the carrying amount of retention money receivables approximates their fair value.

27. LOANS RECEIVABLE

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest bearing loans receivable	**69,019**	69,019	**6,256**	–
Less: Impairment losses	**(69,019)**	(69,019)	**(6,256)**	–
	–	–	**–**	–

The Directors assessed that loan receivables are impaired as the amounts are irrecoverable. Consequently, a full provision for impairment was made.

In the opinion of the Directors, ageing analysis of loans receivable does not give additional value and is therefore not presented.

No interest receivable is accrued during the years ended 31 March 2008 and 2007 as the Directors consider that the chance of receiving the interest is slim.

28. INVESTMENT DEPOSITS

	The Group	
	2008	2007
	HK$'000	HK$'000
Deposit for formation of a joint venture *(Note (a))*	**5,000**	5,000
Earnest money for acquisition of an interest in a PRC company engaged in software development *(Note (b))*	**12,000**	20,000
	17,000	25,000
Less: Impairment losses *(Note (b))*	**(17,000)**	(25,000)
	–	–

28. INVESTMENT DEPOSITS (Continued)

Notes:

(a) A deposit of HK$10,000,000 was paid to a PRC party in May 2002 for the formation of a sino-foreign joint venture in the PRC in which the Group would own 49%. The joint venture was to be principally engaged in construction engineering consultancy and advisory services. The joint venture could not obtain the business licence and half of the deposit amounting to HK$5,000,000 was refunded to the Group on 18 July 2005. Based on the Directors' assessment, full provision was made in respect of the balance of HK$5,000,000.

(b) On 15 July 2005, the Group entered into a letter of intent with an independent third party and a guarantor in relation to the proposed acquisition of certain equity interests in a PRC company, which is principally engaged in the design and distribution of application software specifically for hospitals and clinics in the PRC. Pursuant to the terms of the letter of intent, the Group paid HK$20,000,000 as earnest money.

Pursuant to the termination agreement of the letter of intent dated 28 September 2007, the earnest money paid of HK$20,000,000 was agreed to be fully refunded by the end of July 2008. At 31 March 2008, part of the earnest money amounting to HK$8,000,000 was refunded. Accordingly, this amount of the provision for impairment was reversed and credited to profit or loss. The Directors are of the view that it would be prudent for the Group to continue to provide for the remaining deposit in full.

(Expressed in Hong Kong dollars)

29. AMOUNT DUE FROM A DIRECTOR

Amount due from a director, which is disclosed pursuant to section 161B of the Hong Kong Companies Ordinance, is as follows:–

Secured margin loan made by the Group

Name of borrower:	Yeung Kwok Leung
Position:	Executive Director
Terms of the loan:	
– Duration and repayment terms	Repayable on demand
– Interest rate	8.5% per annum
– Security	Pledged securities
Balance of the loan:	
– at 1 April 2006	HK$Nil
– at 31 March 2007	HK$Nil
– at 31 March 2008	HK$426,000
Maximum balance outstanding:	
– during year ended 31 March 2008	HK$2,255,759
– during year ended 31 March 2007	HK$Nil

There was no amount due but unpaid, nor any provision made against the principal or interest on this loan as at 31 March 2008 (2007: Nil).

As at 31 March 2008, the total market value of securities pledged as collateral in respect of the loan to a director were HK$1,683,300 (2007: Nil).

30. PLEDGED BANK DEPOSITS

At the balance sheet date, the Group had pledged bank deposits of HK$2,196,000 (2007: HK$2,134,000) to secure certain bank facilities granted to the Group.

(Expressed in Hong Kong dollars)

31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances and cash				
– trust *(Note (a))*	**11,140**	2,739	**–**	–
Bank balances and cash				
– general *(Note (b))*	**15,390**	4,545	**1,181**	3
	26,530	7,284	**1,181**	3

(a) The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its securities brokerage and financing business. The Group has classified the clients' monies as bank balances and cash – trust under the current assets section of the balance sheet and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

(b) Bank balances and cash – general earn interest at floating rates based on daily bank deposit rates.

(c) The Directors consider that the carrying amounts of cash and cash equivalents approximate their fair values.

32. BANK OVERDRAFT (SECURED)

	The Group	
	2008	2007
	HK$'000	HK$'000
At 31 March	**1,963**	1,926

The bank overdraft is denominated in Hong Kong dollars, repayable on demand and secured by the bank deposits of the Group *(Note 30)*.

The average interest rate paid on bank overdraft ranges from prime rate to prime rate less 1% (2007: prime rate less 1%).

The Directors consider that the carrying amount of bank overdraft approximates its fair value due to its short term nature.

(Expressed in Hong Kong dollars)

33. OTHER BORROWINGS (UNSECURED)

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 31 March	**29,735**	14,113	**10,618**	–

The Group has four unsecured loans:

(i) a loan of HK$10,000,000 (2007: Nil) which was raised on 25 May 2007. The loan was unsecured and borne interest at prime rate per annum. On 29 May 2008, the lender renewed the loan to the Group to be repaid in full on 25 May 2009. The new loan is unsecured and bears interest at prime rate plus 3% per annum.

(ii) a loan of HK$12,000,000 (2007: HK$20,000,000) which was raised on 15 June 2007. The loan was unsecured and borne interest at 24% per annum. On 13 June 2008, the lender renewed the loan to the Group to be repaid in full on 15 June 2009. The new loan is unsecured and bears interest at 24% per annum.

(iii) a loan of HK$4,000,000 (2007: Nil) which was raised on 4 July 2007. The loan was unsecured and borne interest at 4% per annum. The amount was fully repaid on 15 May 2008.

(iv) a loan of HK$5,000,000 (2007: Nil) which was raised on 7 November 2007. The loan was unsecured and borne interest at 4.5% per annum. The Group repaid part of the loan amounting to HK$2,000,000 on 7 March 2008. The amount was fully repaid on 11 April 2008.

The Directors consider that the carrying amounts of other borrowings approximate their fair values.

34. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accounts payable *(Note (a))*	**3,665**	3,705	**–**	–
Accounts payable from the business of dealing in securities: – Margin and cash clients *(Note (b))*	**12,051**	5,268	**–**	–
Other payables and accrued charges	**8,795**	6,901	**2,425**	1,281
	24,511	15,874	**2,425**	1,281

(a) The ageing analysis of accounts payable as at the balance sheet date is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Current and up to 30 days	**56**	477
31 to 60 days	**71**	38
61 to 90 days	**53**	62
Over 90 days	**3,485**	3,128
	3,665	3,705

34. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES (Continued)

(b) Included in accounts payable amounts of HK$12,051,000 and HK$5,268,000 as at 31 March 2008 and 2007 respectively were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Accounts payable to margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and repayable on demand subsequent to settlement date. No ageing analysis is presented as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of this business.

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date.

The Directors consider that the carrying amounts of accounts payable, other payables and accrued charges approximate their fair values.

35. RETENTION MONEY PAYABLES

	The Group	
	2008	2007
	HK$'000	HK$'000
Retention money payables, payable within one year included in current liabilities	**958**	1,252

The amount represents monies retained by the Group on payments to subcontractors on contract work.

The Directors consider that the carrying amount of retention money payables approximates their fair value.

36. OBLIGATIONS UNDER FINANCE LEASES

At the balance sheet date, the Group had obligations under finance leases repayable as follows:

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**324**	324	**290**	290
More than one year but not exceeding two years	**200**	324	**179**	290
More than two years but not exceeding five years	**–**	200	**–**	179
	524	848	**469**	759
Less: Future finance charges	**(55)**	(89)		
Present value of lease obligations	**469**	759		
Less: Amounts due for settlement within one year included in current liabilities			**(290)**	(290)
Amounts due for settlement after one year included in non-current liabilities			**179**	469

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is two to three years (2007: two to three years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

(Expressed in Hong Kong dollars)

37. DEFERRED TAXATION

The movements in deferred tax liabilities are as follows:

The Group

	Accelerated tax depreciation HK$'000
At 1 April 2006	2
Credit to profit and loss for the year ended 31 March 2007 *(Note 11)*	(2)
At 31 March 2007 and **31 March 2008**	–

At the balance sheet date, the Group had unused tax losses of approximately HK$185,957,000 (2007: HK$179,418,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

38. SHARE CAPITAL

	The Company	
	2008	2007
	HK$'000	HK$'000
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
464,070,000 ordinary shares of HK$0.10 each	**46,407**	46,407

39. SHARE OPTIONS

The Company had a share option scheme (the "2001 share option scheme") which was adopted on 3 April 2001. Pursuant to a shareholders' resolution dated 12 February 2003, the 2001 share option scheme enabling the Directors to grant options to employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares of the Company was terminated.

A new share option scheme (the "New Option Scheme") was approved and adopted by the shareholders of the Company on 12 February 2003. The New Option Scheme is valid and effective for a period of 10 years after the date of adoption.

Under the terms of the New Option Scheme, the Directors of the Company may, at their discretion, grant options to the full-time employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares of the Company for recognition of their contribution as incentives or rewards. Options granted must be taken up within 30 days of the date of grant. A nominal consideration of HK$1 is payable on acceptance of the grant of an option which will entitle the holders to subscribe for shares of the Company during a period of 5 years commencing on the date of acceptance of the option at a price not less than the higher of (i) the nominal value of the shares of the Company; (ii) the closing price of the shares of the Company on the Stock Exchange on the date of grant; and (iii) the average of the closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the grant of the option. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. Subject to the shareholders' approval, the maximum number of shares in respect of which options may be granted under the New Option Scheme shall not exceed 10% of the shares in issue as at the date of the approval, or the maximum number of shares in respect of which options may be granted to any employee may not exceed 1% of the shares in issue from time to time in a 12-month period. Except for the entitlements of dividends, bonus, rights declared before the exercise of options, any shares allotted and issued on the exercise of an option will rank pari passu with the other shares in issue at the date of exercise of the relevant option.

At 31 March 2008, 13,700,000 (2007: 13,700,000) options had been granted and remained outstanding under the New Option Scheme of the Company, representing approximately 2.95% (2007: approximately 2.95%) of the shares of the Company in issue at that date.

(Expressed in Hong Kong dollars)

39. SHARE OPTIONS (Continued)

The following table discloses details of the Company's share options held by employees, and movements in such holdings during the year:

For the year ended 31 March 2008

Option type	Outstanding at 1 April 2007	Lapsed during the year	Outstanding at 31 March 2008
2004B	**200,000**	**–**	**200,000**
2004C	**2,100,000**	**–**	**2,100,000**
2006A	**11,400,000**	**–**	**11,400,000**
Total	**13,700,000**	**–**	**13,700,000**

For the year ended 31 March 2007

Option type	Outstanding at 1 April 2006	Lapsed during the year	Outstanding at 31 March 2007
2004B	6,400,000	(6,200,000)	200,000
2004C	2,630,000	(530,000)	2,100,000
2005A	500,000	(500,000)	–
2006A	15,992,600	(4,592,600)	11,400,000
Total	25,522,600	(11,822,600)	13,700,000

At 31 March 2008 and 2007, no share options were held by the Directors.

39. SHARE OPTIONS (Continued)

Details of specific categories of share options are as follows:

Option type	Date of grant	Exercise period	Closing price immediately before/on the date of grant HK$	Exercise price per share HK$
2004B	27 August 2003	27 August 2003 to 26 August 2008	1.170	1.3060
2004C	16 January 2004	16 January 2004 to 15 January 2009	0.840	0.8520
2005A	1 April 2004	1 April 2004 to 31 March 2009	0.700	0.700
2006A	2 August 2005	2 August 2005 to 1 August 2010	0.340	0.3520

Options which lapsed or are cancelled prior to their exercise date have been deleted from the register of outstanding options.

40. RESERVES

The Company

	Share premium HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000 *(Note (a))*	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006	233,184	1,694	80,657	(321,886)	(6,351)
Profit for the year and total recognised income for the year	–	–	–	1,512	1,512
Share options lapsed	–	(486)	–	486	–
At 31 March 2007	233,184	1,208	80,657	(319,888)	(4,839)
Loss for the year and total recognised expenses for the year	–	–	–	(10,946)	(10,946)
At 31 March 2008	**233,184**	**1,208**	**80,657**	**(330,834)**	**(15,785)**

Notes to the financial statements

(Expressed in Hong Kong dollars)

40. RESERVES (Continued)

The Company did not have any reserves available for distribution to shareholders as at 31 March 2008 and 2007. The Company's share premium account may be distributed in the form of fully paid bonus shares.

Notes:

(a) The contributed surplus of the Company represents the difference between the fair value of the underlying net assets of the subsidiaries on the date they were acquired by the Company and the nominal amount of the Company's shares issued under the corporate reorganisation of the Group.

(b) Other reserves are dealt with in accordance with the relevant accounting policies set out in Note 3.

41. DISPOSAL OF SUBSIDIARIES

2008

On 19 February 2008, the Group disposed of its holding of 100% in the equity interest of Ever Ace Investment Limited and Wellink Shipping Limited for a consideration of HK$1,170,000 in cash.

The net assets of the subsidiaries disposed of at the date of disposal and the loss of disposal based on the audited financial information of the subsidiaries as at 19 February 2008 were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment *(Note 15)*	**832**
Other receivables, deposits and prepayments	**835**
Bank balances and cash	**35**
Accounts payable, other payables and accrued charges	**(270)**
	1,432
Loss on disposal of subsidiaries	**(262)**
Cash consideration received	**1,170**
Net inflow of cash and cash equivalents on disposal of subsidiaries:	
Bank balances and cash disposed of	**(35)**
Cash consideration received	**1,170**
	1,135

41. DISPOSAL OF SUBSIDIARIES (Continued)

2007

During the year ended 31 March 2007, the Group disposed of its holding of 60% in the equity interest of Cyber Touch Limited for a consideration of HK$1 in cash. Cyber Touch Limited in turn holds 100% in the equity interest in 北京易行商盟在線網絡技術有限公司.

The net assets of the subsidiaries disposed of at the date of disposal and the gain of disposal based on the unaudited financial information of the subsidiaries as at 31 December 2005 were as follows:

	HK$'000
Net assets disposed of:	
Accounts receivable	19
Other receivables and prepayments	812
Bank balances and cash	3
Trade and other payables	(10,067)
Translation reserve	37
	(9,196)
Gain on disposal of subsidiaries	9,196
Cash consideration received (HK$1)	–
Net outflow of cash and cash equivalents on disposal of subsidiaries:	
Bank balances and cash disposed of	(3)
Cash consideration received (HK$1)	–
	(3)

(Expressed in Hong Kong dollars)

42. CAPITAL AND OTHER COMMITMENTS

At the balance sheet date, the Group and the Company had the following commitments in respect of:–

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Contracted but not provided for:		
– acquisition of a subsidiary *(Note (a))*	**20,000**	–
– placing of Convertible Bonds *(Note (b))*	**50,000**	–
	70,000	–

Notes:

(a) On 27 February 2008, the Group entered into the Sale and Purchase Agreement (as amended on 30 May 2008) whereby the Group agreed to purchase a 51% of the issued share capital of a target company at a consideration of HK$20,000,000. The consideration shall be satisfied by the issue of the Consideration Convertible Bonds at a fair value of HK$21,600,000 by the Company upon completion. The acquisition is conditional on, among other things, the Stock Exchange having agreed in principle for the resumption of trading of the Company's shares on the Stock Exchange.

The acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Details of the acquisition are set out in the Company's circular dated 30 June 2008.

(b) On 27 February 2008, the Company entered into the Placing Agreement (as amended on 30 May 2008) with the Placing Agent in respect of the conditional placing of the Placing Convertible Bonds of principal amount of HK$50,000,000 with zero coupon rate due in three years from the date of issue. The Placing Agreement is conditional on, among other things, the Stock Exchange having agreed in principle for the resumption of trading of the Company's shares on the Stock Exchange. Details of the placement are set out in the Company's circular dated 30 June 2008.

43. OPERATING LEASE COMMITMENTS

The Group is the lessee in respect of its office premises held under operating leases, with leases negotiated for terms ranging from one to two years. None of the leases includes contingent rentals.

	The Group	
	2008	2007
	HK$'000	HK$'000
Minimum lease payments under operating leases charged as expenses for the year	**919**	1,310

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

	The Group	
	2008	2007
	HK$'000	HK$'000
Operating leases which expire:		
– within one year	**552**	742
– in the second to fifth year inclusive	**–**	295
	552	1,037

44. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company did not have any significant contingent liabilities except that the Company had the following contingent liabilities not provided for in the financial statements in respect of:

	The Company	
	2008	2007
	HK$'000	HK$'000
Guarantee given to a licensed money lender to secure a loan granted to a subsidiary	**12,000**	–

The Directors consider that the fair value of the above guarantee is not material to the Company.

(Expressed in Hong Kong dollars)

45. RELATED PARTY TRANSACTIONS

(a) At the balance sheet date, the Company had provided a guarantee to a lender of its subsidiary in the amount of HK$12,000,000 (2007: Nil).

(b) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(c) The amounts due from/(to) related companies are unsecured, interest free and have no fixed terms of repayment.

(d) During the year, the Group charged interest of HK$34,440 (2007: Nil) at 8.5% per annum to one of its Directors *(Note 29)*.

(e) The amount due to a Director is unsecured, interest free and has no fixed terms of repayment.

(f) Members of key management during the year comprised only of the Directors whose remuneration is set out in Note 10 to the financial statements.

46. PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation	Issued and fully paid share capital/ registered capital		Principal activities
		Ordinary/ registered	Deferred	
Brongham Park Limited	Hong Kong	HK$20	HK$1,000,000 *(Note (c))*	Trading in diesel generating sets
Charmview International Trading Limited	Hong Kong	HK$1	–	Inactive
China Legend International Limited	Hong Kong	HK$10,000	–	Investment holding
Country Super Limited	Hong Kong	HK$1,000,000	–	Investment holding

46. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation	Issued and fully paid share capital/ registered capital Ordinary/ registered	Deferred	Principal activities
Hong Tong Hai Capital Limited	Hong Kong	HK$10,000	–	Personal and commercial lending
Hong Tong Hai Consultants Limited	Hong Kong	HK$2	–	Investment holding
Hong Tong Hai Logistics Limited	The British Virgin Islands	US$100	–	Investment holding
Hong Tong Hai Securities Limited	Hong Kong	HK$21,000,000	–	Securities brokerage
Honsda (HK) Electronics Limited	Hong Kong	HK$1	–	Trading of electronic products
Jetcom Limited	The British Virgin Islands	US$1	–	Investment holding
MindGenius Secretarial Services Limited	Hong Kong	HK$10,000	–	Provision of company secretarial services
Oriental Overseas Group Limited	The British Virgin Islands	US$50,000	–	Investment holding
Sinogear Enterprises Limited	The British Virgin Islands	US$1	–	Investment holding
TopStar Enterprises (Holdings) Limited	The British Virgin Islands	US$1	–	Investment holding
Tribest Investments Limited	The British Virgin Islands	US$1	–	Investment holding

(Expressed in Hong Kong dollars)

46. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation	Issued and fully paid share capital/ registered capital: Ordinary/ registered	Issued and fully paid share capital/ registered capital: Deferred	Principal activities
Yew Sang Hong (China) Limited	The British Virgin Islands	US$1	–	Investment holding
Yew Sang Hong (BVI) Limited	The British Virgin Islands	US$1	–	Investment holding
Yew Sang Hong Trading (China) Limited	Hong Kong	HK$2	–	Trading in electrical equipment and materials
Yew Sang Hong Building Services (Maintenance) Engineering Limited	Hong Kong	HK$2	–	Building maintenance
Yew Sang Hong Investment Services Limited	The British Virgin Islands	US$1	–	Investment holding
Yew Sang Hong Limited	Hong Kong	HK$20	HK$12,524,000 *(Note (c))*	Electrical engineering contracting
Yew Sang Hong Trading Limited	Hong Kong	HK$2	HK$2 *(Note (c))*	Trading in electrical equipment and materials

Notes:

(a) Other than Yew Sang Hong (BVI) Limited, Yew Sang Hong (China) Limited, Yew Sang Hong Investment Services Limited, Hong Tong Hai Logistics Limited and Oriental Overseas Group Limited which are directly held by the Company, all other subsidiaries are indirectly held by the Company.

(b) Other than those subsidiaries incorporated in the British Virgin Islands, whose place of operations are basically in Hong Kong, the places of operations of all other subsidiaries are the same as their places of incorporation.

46. PRINCIPAL SUBSIDIARIES (Continued)

(c) The deferred shares are shares whose shareholders are neither entitled to receive notices, attend or vote at any general meetings nor to receive any dividend out of operating profit and have very limited rights on return of capital of the subsidiaries.

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

(e) 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 particular excessive length.

47. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debts are calculated as total borrowings including bank overdraft (secured), other borrowings (unsecured) and obligations under finance leases, as shown in the balance sheet. Total assets are calculated as total non-current assets, as shown in the balance sheet, plus total current assets.

During the years ended 31 March 2008 and 2007, the Group's strategy was to continue to maintain a gearing ratio of the range 27% to 40%.

47. CAPITAL RISK MANAGEMENT (Continued)

The gearing ratios of the Group as at 31 March 2008 and 2007 were as follows:

	2008 HK$'000	2007 HK$'000
Current liabilities		
Bank overdraft (secured)	**1,963**	1,926
Other borrowings (unsecured)	**29,735**	14,113
Obligations under finance leases	**290**	290
	31,988	16,329
Non-current liabilities		
Obligations under finance leases	**179**	469
Total debts	**32,167**	16,798
Non-current assets	**665**	1,159
Current assets	**79,155**	61,992
Total assets	**79,820**	63,151
Gearing ratio	**40%**	27%

48. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The main risks arising from the Groups' financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate and currency risk.

The Group does not consider it necessary to use derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

48. FINANCIAL RISK MANAGEMENT (Continued)

These risks are limited by the Group's financial management policies and practices described below:

(a) Credit risk

Accounts receivable, which include trade receivables, secured margin loans, clearing houses and cash receivables, other receivables and loans receivable represent the Group's major exposure to the credit risk arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated balance sheet. The Group's secured margin loans arising from the ordinary course of business of dealing in securities are secured by the underlying pledged securities. In addition, all receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise bank balances and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group has appointed authorised persons who are charged with the responsibility of approving credit limit of each margin customer. The Group is responsible for approval of stock acceptable for margin lending at a specified ratio. The approved stock list is updated regularly, and will be revised as and when deemed necessary by the Group. The Group will prescribe from time to time lending limit on individual stock or on any individual customer and his/her associates.

The authorised persons of the Group are responsible for making margin calls to customers whose trades exceed their respective limits. Any such excess is required to be made good with two days for securities. The deficiency report will be monitored daily by the Group's finance director and responsible officers.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

48. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

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

The Group

2008	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000
Bank overdraft (secured)	**1,963**	**1,963**	**1,963**	**–**
Other borrowings (unsecured)	**29,735**	**30,534**	**30,534**	**–**
Accounts payable, other payables and accrued charges	**24,511**	**24,511**	**24,511**	**–**
Retention money payables	**958**	**958**	**958**	**–**
Amount due to a related company	**890**	**890**	**890**	**–**
Obligations under finance leases	**469**	**524**	**324**	**200**
Taxation payable	**258**	**258**	**258**	**–**
	58,784	**59,638**	**59,438**	**200**

48. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

The Group (Continued)

2007	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years HK$'000
Bank overdraft (secured)	1,926	1,926	1,926	–	–
Other borrowings (unsecured)	14,113	14,624	14,624	–	–
Accounts payable, other payables and accrued charges	15,874	15,874	15,874	–	–
Retention money payables	1,252	1,252	1,252	–	–
Loans payable	687	687	687	–	–
Amount due to a related company	890	890	890	–	–
Amount due to a director	529	529	529	–	–
Obligations under finance leases	759	848	324	324	200
Taxation payable	258	258	258	–	–
	36,288	36,888	36,364	324	200

Notes to the financial statements

(Expressed in Hong Kong dollars)

48. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

The Company

2008	**Carrying amount HK$'000**	**Total contractual undiscounted cash flow HK$'000**	**Within 1 year or on demand HK$'000**
Other payables and accrued charges	**2,425**	**2,425**	**2,425**
Other borrowings (unsecured)	**10,618**	**10,711**	**10,711**
	13,043	**13,136**	**13,136**

2007	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
Other payables and accrued charges	1,281	1,281	1,281

48. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's borrowings have been disclosed in Notes 32 and 33. The Group's interest rate profile as monitored by management is set out below:

	The Group			
	2008		2007	
	Effective Interest Rate %	**HK$'000**	Effective Interest Rate %	HK$'000
Fixed rate borrowings:				
Other borrowings (unsecured)	**4% to 24%**	**19,117**	24%	14,113
Loans payable	**N/A**	**–**	N/A	687
Obligations under finance leases	**4.5%**	**469**	4.5%	759
		19,586		15,559
Variable rate borrowings:				
Bank overdraft (secured)	**4.5%**	**1,963**	7%	1,926
Other borrowings (unsecured)	**5.5%**	**10,618**	N/A	–
		12,581		1,926
Total borrowings		**32,167**		17,485
Fixed rate borrowings as a percentage of total borrowings		**61%**		89%

	The Company			
	2008		2007	
	Effective Interest Rate %	**HK$'000**	Effective Interest Rate %	HK$'000
Variable rate borrowings:				
Other borrowings (unsecured)	**5.5%**	**10,618**	N/A	–

48. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

At 31 March 2008, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would increase or decrease the Group's loss for the year and accumulated losses by approximately HK$263,000 (2007: HK$171,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(d) Currency risk

The Group mainly operates in Hong Kong with most of the transactions settled in Hong Kong dollars and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

(e) Fair values

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

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

49. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2008 and 2007 may be categorised as follows:

	2008	2007
	HK$'000	HK$'000
Financial assets		
At fair value through profit or loss – investments held for trading	**38,784**	38,816
Loans and receivables (including cash and bank balances)	**40,371**	22,963
	79,155	61,779
Financial liabilities		
Financial liabilities measured at amortised cost	**58,526**	36,030

50. POST BALANCE SHEET EVENTS

(a) On 15 April 2008, the Company submitted to the Stock Exchange a resumption proposal with a view to seeking resumption of trading in the ordinary shares of the Company. The Company is waiting to hear the outcome from the Stock Exchange and the conditions, if any, the Company will have to be fulfilled before trading of the Company's shares can be resumed.

(b) On 11 June 2008, the Company served a notice with CSCPL, the issuer of the Group's investments held for trading in the Preference Shares (Note 21 to the financial statements) that the Company will exercise the redemption right on 5 July 2008 to redeem the Preference Shares held by the Company.

Five Year Financial Summary

	For the year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**12,355**	6,504	29,690	102,427	166,243
Loss before taxation	**(5,827)**	(12,438)	(131,092)	(96,752)	(57,399)
Taxation	**–**	(792)	(159)	(36)	(86)
Loss before minority interests	**(5,827)**	(13,230)	(131,251)	(96,788)	(57,485)
Minority interests	**–**	–	–	2,412	287
Loss for the year attributable to equity holders of the Company	**(5,827)**	(13,230)	(131,251)	(94,376)	(57,198)
Loss per share (HK cents) Basic	**(1.3)**	(2.9)	(28.5)	(27.9)	(23.1)

	At 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**79,820**	63,151	92,750	244,723	283,818
Total liabilities	**(58,784)**	(36,288)	(52,694)	(55,624)	(64,171)
	21,036	26,863	40,056	189,099	219,647
Minority interests	**–**	–	–	(49,162)	(247)
Total equity	**21,036**	26,863	40,056	139,937	219,400