COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四海國際集團有限公司

(incorporated in the Cayman Islands with limited liability)
(stock code : 120)

annual report 2008

Contents

Corporate Information	2
Chairman's Report	4
Directors' Profile	8
Report of the Directors	11
Corporate Governance Report	22
Independent Auditor's Report	28
Consolidated Income Statement	30
Consolidated Balance Sheet	31
Consolidated Statement of Changes in Equity	33
Consolidated Cash Flow Statement	34
Notes to the Consolidated Financial Statements	36
Summary Financial Information	90

Corporate Information

DIRECTORS

Executive Directors:

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Cheng Sui Sang

Non-executive Directors:

Mr. Wang Baoning *(Vice Chairman)*
Mr. Bong Shu Ying, Francis
Mr. Ng Kwai Kai, Kenneth
Mr. Leung So Po, Kelvin

Independent Non-executive Directors:

Mr. Li Ka Fai, David
Mr. Lee Choy Sang
Ms. Ka Kit

AUDIT COMMITTEE

Mr. Li Ka Fai, David *(Chairman)*
Mr. Lee Choy Sang
Ms. Ka Kit

REMUNERATION COMMITTEE

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Lee Choy Sang
Mr. Li Ka Fai, David

SECRETARY

Mr. Cheng Sui Sang

AUDITORS

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room A, 18th Floor
211 Johnston Road
Wanchai
Hong Kong

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China (Asia) Limited
ABN AMRO Bank N.V.
Deutsche Bank A.G.

(I) FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the "Company") together with its subsidiaries (the "Group") achieved a consolidated profit of HK$76,805,000 for the year ended 31 March 2008, as compared with the comparative amount of HK$6,196,000 recorded last year. The consolidated profit for the year under review was attributed mainly to the following factors: -

(i) Satisfactory profits realised on securities trading.

(ii) Net increase in fair value of financial instruments marked to market closing prices as at 31 March 2008 amounting to HK$117,937,000.

(iii) Other income increased to HK$13,490,000 as compared to HK$1,500,000 last year.

The increase in fair value of financial instruments in item (ii) above includes the net increase in fair value of certain placement rights as at 31 March 2008 as compared with their fair value as at 31 March 2007, due to the rise in the market price of the Company's shares, both as valued by an independent professional appraiser. The placement rights relate to the two-year zero coupon convertible bonds due 2009 ("Convertible Bonds due 2009") in the principal amount of HK$56 million issued on 2 March 2007. The expiry date of the exercising period of the placement rights was extended for six months from 2 March 2008 to 2 September 2008. For further details of the Convertible Bonds due 2009, the relating placement rights and the extension of expiry date, please refer to the Company's announcements dated 10 January 2007 and 13 March 2008 respectively.

(II) BUSINESS REVIEW

General

The principal activities of the Group during the year under review continue to be investments in properties and securities. The Company has been adopting a strategy of expanding the Group's investment portfolios in properties, property developments and securities investments. Following a review of the prospect of the Group's business in information technology, the Group has suspended the business activities in this sector.

In April 2007, the Group completed the issue of zero coupon convertible bonds totaling HK$205 million with maturity date on 10 April 2010 ("Convertible Bonds due 2010"). The Convertible Bonds due 2010 entitle the holders to convert into the ordinary shares of the Company at the initial conversion price of HK$0.205 per ordinary share. During October 2007, certain holders of the Convertible Bonds due 2010 had converted the Convertible Bonds due 2010 in an aggregate principal amount of HK$61,500,000 into 300,000,000 new ordinary shares at the initial conversion price of HK$0.205 per ordinary share. Immediately after such conversion, the issued ordinary share capital of the Company was increased to HK$1,896,300 comprising 1,896,300,000 ordinary shares of HK$0.001 each. The outstanding principal amount of the Convertible Bonds due 2010 after such conversion was reduced to HK$143,500,000.

The Group completed in January 2008 (i) the issue of zero coupon convertible bonds due 2013 ("Convertible Bonds due 2013") in an aggregate principal amount of HK$200,000,000 and (ii) the grant of options to further subscribe for not more than HK$200,000,000 principal amount of the Convertible Bonds due 2013 on the same terms. The Convertible Bonds due 2013 entitle the holders to convert into ordinary shares of the Company at the initial conversion price of HK$0.60 per ordinary share. Please refer to the Company's announcement dated 7 December 2007 for further details and terms of such bond issue.

The issues of the convertible bonds above have provided funding for the Group's business expansion and will broaden the capital base of the Company.

The cash position of the Group continues to be strong. While the Group is actively reviewing various investment opportunities, especially in the People's Republic of China (the "PRC"), it has already committed and entered into two acquisition agreements in two PRC projects, namely "Chengdu Project" and "Xinjiang Project". It is the Group's intention that the investments in the securities, properties and property development in the PRC and Hong Kong will continue to be the main focus of the Group in the medium to long term.

The turnover of the Group for the year under review was HK$133,169,000 which was 6.7 times more than that of previous year. The increment was mainly attributed to the increase in securities trading activities during the year.

Administrative expenses of the Group showed a reduction of HK$945,000 from last year. Due to the expansion in investment and corporate activities of the Group, a large portion of the administrative expenses was incurred on professional and compliance expenses. The financial costs of HK$17,245,000 this year were mainly the issuance costs and the effective interest expense relating to the convertible bonds issued during the year under review. The increase in impairment loss recognised for the year was due to a write-off of goodwill of HK$11,608,000 relating to the information technology business which has been suspended during the year.

Property Investment

During the year, the Group has embarked on a number of property development projects in the PRC.

Chengdu Project

The Group entered into an agreement dated 14 November 2007 to acquire 50% interest in Faith Crown Group which, through a wholly owned subsidiary incorporated in the PRC, undertakes on the development project in Chengdu. The land of the project, acquired at a public auction at a price of HK$223,785,450 (RMB213,129,000), was located in Xindu District, Chengdu City, Sichuan Province, the PRC, and has an area of approximately 168 acres and is proposed to be developed for hotel, commercial, office and residential uses with a total gross floor area of approximately 500,000 square meters. The acquisition of the 50% interest in Faith Crown Group was completed in February 2008. Funding commitment of the Group (as a 50% joint venture partner) to this project was provided to be not more than HK$250,000,000 under the relevant shareholders' agreement. Faith Crown Group entered into an agreement with the relevant government authority in the PRC in respect of the acquisition of the land use rights of the land in June 2008 and settled the land consideration in full in July 2008. Please refer to the Company's announcement dated 14 November 2007 for further details of the acquisition.

Xinjiang Project

The Group entered into an agreement dated 26 November 2007 to acquire 60% interest in Advanced Industry Limited ("AIL") which, through a wholly owned PRC incorporated company, is involved in re-forestation and landscape project in Urumqi City, Xinjiang Province, the PRC. In return for the ecological improvement works performed, the PRC company will be granted land use rights for 30% of the land involved for development use, free of any payment of land premium. Assuming full and successful completion of the project, the total construction site area acquired under the 'swap' scheme of ecological improvement for land use rights would be expected to be not less than 8,000 acres. Following re-negotiation and modification of the initially agreed terms, the agreement for the acquisition of 60% interest in AIL was finally completed on 19 May 2008. Please refer to the Company's announcements dated 7 December 2007, 29 February 2008 and 21 May 2008 for further details.

Shanxi Project

On 16 May 2008, the Group announced that it had entered into a Letter of Intent with Shanxi Broadcasting and Culture Industry Development Limited Company on a joint development of a cultural-themed multi-use real estate development project located in the Jinyang Lake area, Taiyuan City, Shanxi Province, the PRC, entailing a total construction site area of approximately 8,000 acres and total gross floor area of approximately 5 million square meters. Please refer to the Company's announcement dated 16 May 2008 for further details. The Group is presently negotiating on the definitive agreement in the development of the above project.

Other Projects

In order to concentrate more resources in the above-mentioned projects, the Group has suspended the negotiations on the other two property development projects at Caozhong District and Qi Pan Shan District respectively in Shenyang City, Liaoning Province, the PRC, which were mentioned in our interim report 2007.

With a view to enhancing the value and marketability of the investment property of Rainbow Lodge, involving 10 duplex apartment units plus 14 carparks in Yuen Long, New Territories, the management is in the process of assessing the merits of renovating and redecorating such duplex apartments and improving the surrounding landscaping of the compound for sale purposes.

Securities and other Investments

The Group continues to maintain an active investment portfolio of listed and unlisted securities. Total financial assets at fair value stood at HK$268,704,000 as at 31 March 2008 in comparison with HK$126,534,000 as at 31 March 2007. Part of the increase was due to the increase in fair value of HK$142,309,000 relating to the placement rights of the Convertible Bonds due 2009 as mentioned above, which had a fair value balance of HK$185,000,000 as at 31 March 2008, as valued by the independent professional appraiser.

As at the date of this report, the placement rights of the Convertible Bonds due 2009 have not been exercised. Should the Group not be successful in procuring investors for such bonds covered under the placement rights before the extended expiry date, the carrying value of the placement rights at that time will be required to be written off by the Group, and a substantial loss might thereby be incurred and reflected in the coming financial year. In this regard, the Group is still actively reviewing various options for the possible placement of such bonds.

Information Technology

Management has reviewed the prospect of the information technology business in which the Group was engaged in and, having considered the loss incurred over the past years and the present focus of the Group's investment strategy, has taken steps to suspend such business activities.

(III) PROSPECTS

The Hong Kong economy generally continues to perform relatively well despite the effect of the sub-prime credit crisis as well as worldwide threat of inflation and high crude oil prices all affecting the global economies. The Group remains optimistic of the property development projects that are being undertaken in the PRC and intends to commit the necessary funding and resources to those projects. The Group at the same time is actively reviewing other potential investment and development projects in the PRC with a view to expanding the Group's property development and investment portfolio. Management believes that these projects will generate more asset growth and profitability to enhance the future prospect of the Group.

We are confident that with the resources available at present, the Group will be able to meet the challenges and create more value to the shareholders.

(IV) DIVIDENDS

The Board of Directors has resolved not to recommend the payment of a final dividend for the year ended 31 March 2008 (2007: Nil).

(V) DIRECTORS AND STAFF

Taking this opportunity, I would like to thank my fellow Directors on the Board for their contribution and advice and all the management and staff members for their efforts and dedication over the past year.

Bong Shu Yin, Daniel
Chairman

Hong Kong, 25 July 2008

EXECUTIVE DIRECTORS

1. Mr. Bong Shu Yin, Daniel

Mr. Bong Shu Yin, Daniel, aged 69, is a qualified architect and has extensive experience in the property and hotel fields, both in Hong Kong and overseas. Mr. Bong had been involved in the management of several public listed companies in Hong Kong for over 10 years, including Century City International Holdings Limited ("Century City") and Paliburg Holdings Limited ("Paliburg"). Mr. Bong was the deputy chairman and an executive director of Regal Hotels International Holdings Limited ("Regal Hotels") until 1999 when he resigned to pursue his personal interests and investments.

2. Mr. Cheng Sui Sang

Mr. Cheng Sui Sang, aged 64, has extensive experience in banking and finance fields and has held senior management positions in overseas companies, as well as several Hong Kong listed companies. He holds a Bachelor's degree in Economics and a Master's degree in Business Administration, and is also an associate member of the Hong Kong Institute of Certified Public Accountants. Immediately before joining the Company, Mr. Cheng was involved in private consulting work to a number of clients in the PRC and Hong Kong.

NON-EXECUTIVE DIRECTORS

1. Mr. Wang Baoning

Mr. Wang Baoning, aged 54, has extensive experience in the property development and electronics and software industries in the PRC. Mr. Wang is a director of a number of companies in the PRC, including 北京中軟恒通科技有限公司 (Beijing Zhongruan Hengtong Keji Co., Ltd), 湖南淺水灣湘雅溫泉花園有限公司 (Hunan Qianshuiwan Xiangya Wenquan Huayuan Co., Ltd), 珠海鋒盛拍賣有限公司 (Zhuhai Fengsheng Paimai Co., Ltd) and 珠海怡華通發展有限公司 (Zhuhai Yihuatong Fazhan Co. Ltd), which are engaged respectively in the businesses of software technology, property development, auction and investments.

2. Mr. Bong Shu Ying, Francis

Mr. Bong Shu Ying, Francis, OBE, JP, aged 66, is the brother of Mr. Bong Shu Yin, Daniel. Mr. Bong is a director of Aecom Technology Corporation (a company incorporated in the United States of America listed on the main board of the New York Stock Exchange, stock code: ACM) and is the director and chairman of Maunsell Consultants Asia Limited, which was founded in 1970 and engaged in a wide variety of civil engineering works in Hong Kong. Mr. Bong holds a Bachelor's degree of Science in Engineering from the University of Hong Kong and is the former president of the Hong Kong Institution of Engineers and a fellow member of the Institution of Civil Engineers and The Institution of Structural Engineers in the United Kingdom.

3. Mr. Ng Kwai Kai, Kenneth

Mr. Ng Kwai Kai, Kenneth, aged 53, is a Chartered Secretary. Mr. Ng is an executive director and the chief operating officer of Century City (together with its listed subsidiary and listed associate, the "Century City Group") and an executive director of Paliburg and Regal Hotels. Paliburg is a subsidiary of Century City and Regal Hotels is an associate of Century City and Paliburg. Century City, Paliburg, and Regal Hotels are companies listed on the main board of The Stock Exchange of Hong Kong Limited. Mr. Ng is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group.

4. Mr. Leung So Po, Kelvin

Mr. Leung So Po, Kelvin, aged 36, is a member of the Illinois CPA Society. Mr. Leung is the general manager of the corporate finance department of the Century City Group. Mr. Leung holds a Bachelor's degree in Business Administration from The Chinese University of Hong Kong. Mr. Leung has over 12 years of experience in accounting and corporate finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

1. Mr. Li Ka Fai, David

Mr. Li Ka Fai, David, aged 53, is currently the deputy managing partner of Li, Tang, Chen & Co., a part-time instructor of School of Continuing and Professional Studies, The Chinese University of Hong Kong and appointed member of Advisory Board on Accountancy in Lingnan University. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, UK as well as The Institute of Chartered Secretaries & Administrators, UK and an associate member of The Institute of Chartered Accountants in England and Wales. He is currently an independent director and chairman of audit committee of China Vanke Company Limited (a company listed on the Shenzhen Stock Exchange in the PRC), an independent non-executive director and chairman of audit committee of China-Hongkong Photo Products Holdings Limited (a company listed on the main board of the Stock Exchange, stock code 1123) and an independent non-executive director and member of audit committee of China Merchants Holdings (International) Company Limited (a company listed on the main board of the Stock Exchange, stock code 0144) and CATIC International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code 0232). He was also an independent non-executive director and chairman of audit committee of Nubrands Group Holdings Limited (formerly known as Wanji Pharmaceutical Holdings Limited, a company listed on the main board of the Stock Exchange, stock code 0835) in 2002 to 2005.

2. Mr. Lee Choy Sang

Mr. Lee Choy Sang, aged 71, has been involved in the construction industry for almost 40 years. Mr. Lee obtained his Bachelor of Architecture Degree in the University of Hong Kong. Mr. Lee was a member of the Royal Institute of British Architects, the Royal Australian Institute of Architects and the Hong Kong Institute of Architects. He was also a registered architect in Hong Kong. He has been appointed as a member of the Hong Kong Housing Society. Mr. Lee is currently a director of Silver Force (Consultants) Limited and Brilliant Force International China Heating Supply Holdings Company Limited, and is in charge of various projects in respect of the provision of services relating to energy supply and management in different regions, including Hong Kong and the PRC.

3. Ms. Ka Kit

Ms. Ka Kit, aged 56, has extensive experience in the telecommunication industry. Ms. Ka is a director of Sharp Wind Development Limited, Southcom Internet Technology Limited and Southcom Limited, which are principally engaged in telecommunication services.

The Directors have pleasure in presenting their report together with the consolidated financial statements of the Group for the year ended 31 March 2008.

(I) PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding Company. The principal activites of the subsidiaries are property investment, property development, investment in listed and unlisted securities and other investments. The principal activities of the principal subsidiaries are set out in note 38 to the consolidated financial statements.

(II) FINANCIAL RESULTS

The results and the state of affairs of the Group for the year ended 31 March 2008 are set out in the consolidated financial statements on pages 30 to 89.

(III) MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCING

Current assets and current liabilities of the Group as at 31 March 2008 were HK$618,836,000 and HK$130,607,000 respectively (31 March 2007: HK$164,565,000 and HK$18,374,000 respectively). Cash and bank balances stood at HK$304,513,000 as at 31 March 2008 in comparison with HK$36,349,000 as at 31 March 2007.

The Group's gearing ratio as at 31 March 2008 based on the net borrowings (represented by convertible bond borrowings net of cash and bank balances) as a percentage of the net assets after deducting goodwill and minority interests was 11% (31 March 2007: 9%).

CONTINGENT LIABILITIES

There are no contingent liabilities outstanding for the Group as at 31 March 2008.

CAPITAL STRUCTURE

The ordinary shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As a result of the conversion of certain Convertible Bonds due 2010 into 300,000,000 new ordinary shares of the Company during the year, the total number of outstanding issued and fully paid shares of the Company as at 31 March 2008 was 1,896,300,000 ordinary shares.

REMUNERATION POLICY

The Group has 8 full time employees (including executive directors) working in Hong Kong and the PRC. Management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed annually based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical insurance.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 90.

(IV) PROPERTY AND EQUIPMENT

The details of movements in the Group's property and equipment during the year are set out in note 16 to the consolidated financial statements.

(V) SHARE CAPITAL

The details of movements in the share capital of the Company during the year are set out in note 31 to the consolidated financial statements.

(VI) RESERVES

The details of movements in the reserves of the Group during the year are set out in the consolidated financial statements on page 33.

(VII) 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 its shareholders.

(VIII) PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

(IX) ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right.

(X) DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for distribution calculated in accordance with the laws of the Cayman Islands amounted to HK$194,946,000 (2007: HK$124,884,000).

(XI) SHARE OPTIONS

The details of the share option scheme ("Share Opiton Scheme") adopted by the Company on 20 August 2003 are set out in note 32 to the consolidated financial statements.

On 6 December 2007, the Company entered into three call option agreements for a total consideration of HK$3 million with three independent investors to grant an aggregate of 300,000,000 call options for a period of 12 months to these investors to subscribe for a total of 300,000,000 ordinary shares of the Company at an exercise price of HK$0.90 per share (subject to adjustment) if exercised within the period from the date of granting the options ending six-months from the date of signing such agreements. Any options exercised by these option holders after the aforesaid six-months period from the date of agreements and up to the end of the call options period will be at an exercise price of HK$6 per share (subject to adjustment). The delivery of such shares under the call option agreements could be made by the Company either through the issue of new ordinary shares of the Company or procurement of the existing issued ordinary shares. For further details of the terms of these call option agreements, please refer to the Company's announcement dated 7 December 2007.

Other than those mentioned above, there are no outstanding options granted over its shares by the Company.

(XII) JOINTLY CONTROLLED ENTITY

Particulars of the Group's interests in its jointly controlled entity are set out in note 20 to the consolidated financial statements.

(XIII) MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2008, the Group has suspended its business activities in information technology, and the turnover in this business segment was reduced to HK$69,000.

The Group's turnover during the financial year under review was mainly derived from securities trading, and most of the trading transactions were conducted on the Stock Exchange through securities brokers, and thus the disclosure of customers and suppliers information would not be meaningful.

(XIV) DIRECTORS

The Directors of the Company are: -

Executive Directors:

Bong Shu Yin, Daniel *(Chairman)*
Cheng Sui Sang

Non-executive Directors:

Wang Baoning *(Vice-Chairman)*
Bong Shu Ying, Francis
Ng Kwai Kai, Kenneth *(appointed on 12 June 2008)*
Leung So Po, Kelvin *(appointed on 12 June 2008)*

Independent Non-executive Directors:

Li Ka Fai, David
Lee Choy Sang
Ka Kit

Pursuant to Article 99 of the articles of association of the Company, Mr. Ng Kwai Kai, Kenneth and Mr. Leung So Po, Kelvin will retire as Directors of the Company at the close of the Annual General Meeting ("AGM"), and being eligible, they offer themselves for re-election.

In addition, pursuant to the Article 116 of the articles of association of the Company, Mr. Bong Shu Yin, Daniel, Mr. Cheng Sui Sang and Mr. Bong Shu Ying, Francis will retire as Directors by rotation at the AGM, and being eligible, they offer themselves for re-election.

All of the above retiring Directors of the Company, being eligible, have offered themselves for re-election at the AGM. Details of these retiring Directors, which are required to be disclosed pursuant to Rules 13.51(2) and 13.74 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are set out in the circular of the Company sent to the shareholders together with the 2008 Annual Report, relating to, inter alia, re-election of the retiring Directors.

(XV) DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had any beneficial interests, whether direct or indirect, in any significant contract to which the Company, or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

None of the Directors had any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiaries during the year.

Save for the Share Option Scheme under which no options have been granted, at no time during the year was the Company or any of its subsidiaries a party to any arrangement, whose objects are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

(XVI) DIRECTORS' INTERESTS IN SHARE CAPITAL

According to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), as at 31 March 2008, none of the Directors nor their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SFO.

(XVII) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31 March 2008, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Name	Number of shares held	Percentage of the Company's share capital
Giant Sino Group Limited *(Note 1)*	872,415,218	46.01%
Prosperity Investment Holdings Limited *(Note 2)*	112,531,078	5.93%
Winart Investments Limited *(Note 3)*	180,000,000	9.49%
Fountain Sky Limited *(Note 3)*	66,800,000	3.52%
United Gold Investments Limited *(Note 4)*	175,000,000	9.23%
Prosperluck Investments Limited *(Note 5)*	125,000,000	6.59%

Save as disclosed herein, there was no other person who, as at 31 March 2008, had an interest or share position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

Notes:-

1. Giant Sino Group Limited is a wholly owned subsidiary of Space Capital Investments Limited, which in turn is owned as to 28% by Mr. Bong Shu Yin, Daniel (being the Chairman of the Company and an Executive Director) and as to 28% by Mr. Wang Baoning (being the Vice-Chairman of the Company and a Non-executive Director). Space Capital Investments Limited was deemed to be interested in the 872,415,218 shares held by Giant Sino Group Limited.

2. Prosperity Investment Holdings Limited is a company whose shares are listed on the main board of the stock exchange (stock code : 310) which is owned as to 54.64% by Favor Hero Investments Limited, which is in turn wholly owned by Mr. Lam Kwing Wai, Alvin Leslie. Each of Favor Hero Investments Limited and Mr. Lam Kwing Wai, Alvin Leslie was deemed to be interested in the 112,531,078 shares held by Prosperity Investments Holdings Limited under Part XV of the SFO.

3. Winart Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg.

   Fountain Sky Limited is a wholly owned subsidiary of Regal Hotels (Holdings) Limited, which is in turn a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels was the listed associate of, owned as to 45.90% as at 31 March 2008 by Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg.

   Paliburg is the listed subsidiary of, owned as to 52.74% as at 31 March 2008 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which was a listed company controlled by, and owned as to 53.65% as at 31 March 2008 by Mr. Lo Yuk Sui.

   Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the shares held by Winart Investments Limited and Fountain Sky Limited under Part XV of the SFO.

4. United Gold Investments Limited is a wholly owned subsidiary of Yield High Investments Limited, which is in turn wholly owned by Mr. Luk Yan. Each of Yield High Investments Limited and Mr. Luk Yan was deemed to be interested in the 175,000,000 shares held by United Gold Investments Limited under Part XV of the SFO.

5. Prosperluck Investments Limited is a wholly owned subsidiary of South Joint Investments Limited, which is in turn wholly owned by Mr. Wang Yichuan. Each of South Joint Invesmtents Limited and Mr. Wang Yichuan was deemed to be interested in the 125,000,000 shares held by Prosperluck Investments Limited under Part XV of the SFO.

Interests in underlying shares of the Company pursuant to the Convertible Bonds due 2009

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2009 issued	Conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Lendas Investments Limited *(Notes 1 and 2)*	800,000,000	HK$0.07	16 March 2007 to 15 February 2009	42.19%

Notes:

1. Lendas Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg was the listed subsidiary of, owned as to 52.74% as at 31 March 2008 by Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which was a listed company controlled by, and owned as to 53.65% as at 31 March 2008 by Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the Convertible Bonds due 2009 under Part XV of the SFO.

2. Lendas Investments Limited has undertaken with the Company that it would not exercise the conversion rights attached to the Convertible Bonds due 2009 during the period from 2 March 2007 to 2 March 2008 (the "Lock-up Period") and would not sell or transfer the Convertible Bonds due 2009 to other parties during the Lock-up Period. Pursuant to the supplementary agreement dated 29 February 2008, the Lock-up Period had been extended to 2 September 2008.

Interests in underlying shares of the Company pursuant to the Convertible Bonds due 2010

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2010 issued	Conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Valuegood International Limited *(Note 1)*	690,000,000	HK$0.205	16 July 2007 to 2 May 2010	36.39%
United Gold Investments Limited *(Note 2)*	10,000,000	HK$0.205	16 July 2007 to 2 May 2010	0.53%

Notes:

1. Valuegood International Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels was the listed associate of, owned as at 45.90% as at 31 March 2008 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg was the listed subsidiary of, owned as to 52.74% as at 31 March 2008 by Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which was a listed company controlled by, and owned as to 53.65% as at 31 March 2008 by Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the Convertible Bonds due 2010 held by Valuegood International Limited under Part XV of the SFO.

2. United Gold Investments Limited is a wholly owned subsidiary of Yield High Investments Limited, which is in turn wholly owned by Mr. Luk Yan. Each of Yield High Investments Limited and Mr. Luk Yan was deemed to be interested in the underlying shares of the Company pursuant to Convertible Bonds due 2010 held by United Gold Investments Limited under Part XV of the SFO.

Interests in underlying shares of the Company pursuant to the call options

Name	**Underlying shares of the Company pursuant to call options**	**Exercise price per share (subject to adjustment)**	**Exercise period**	**Approximate % of issued share capital of the Company**
Cheung Chun Sek	150,000,000 *(Note 2)*	*(Note 1)*	3 January 2008 to 2 January 2009	7.91% *(Note 2)*
Poon Kwan Yin, Queenie	100,000,000 *(Note 2)*	*(Note 1)*	3 January 2008 to 2 January 2009	5.27% *(Note 2)*

Notes:

1. If the call options are exercised within the period commencing from the date of grant of the call options and ending the first six-month period after the date of the call option agreements (the "First Option Period"), the exercise price shall be HK$0.90 per share (subject to adjustment).

   If the call options are exercised immediately after the First Option Period and up to the end of the call option period, the exercise price shall be HK$6.00 per share (subject to adjustment).

2. The underlying shares of the Company pursuant to the call options are based on the exercise price of HK$0.90 per share in the First Option Period. Should the call options be exercised after the First Option Period and up to the end of the call option period, the interests in underlying shares of the Company in respect of Cheung Chun Sek and Poon Kwan Yin, Queenie would be adjusted to 22,500,000 shares and 15,000,000 shares respectively, representing approximately 1.19% and 0.79% of the issued share capital of the Company as at 31 March 2008.

Interests in underlying shares of the Company pursuant to the Convertible Bonds due 2013

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2013 issued	Conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Time Crest Investments Limited *(Note 1)*	166,666,666	HK$0.60	29 February 2008 to 31 January 2013	8.79%
Well Mount Investments Limited *(Note 1)*	166,666,666	HK$0.60	14 days after the date of issue *(Note 3)* to 31 January 2013	8.79%
Jumbo Pearl Investments Limited *(Note 2)*	166,666,666	HK$0.60	29 February 2008 to 31 January 2013	8.79%
Sun Joyous Investments Limited *(Note 2)*	166,666,666	HK$0.60	14 days after the date of issue *(Note 3)* to 31 January 2013	8.79%

Notes:

1. Each of Time Crest Investments Limited and Well Mount Investments Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels was the listed associate of, owned as to 45.90% as at 31 March 2008 by Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg was the listed subsidiary of, owned as to 52.74% as at 31 March 2008 by Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which was a listed company controlled by, and owned as to 53.65% by Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the Convertible Bonds due 2013 held by Time Crest Investments Limited and Well Mount Investments Limited under Part XV of the SFO.

2. Each of Jumbo Pearl Investments Limited and Sun Joyous Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg was the listed subsidiary of, owned as to 52.74% as at 31 March 2008 by Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which was a listed company controlled by, and owned as to 53.65% as at 31 March 2008 by Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the Convertible Bonds due 2013 held by Jumbo Pearl Investments Limited and Sun Joyous Investments Limited under Part XV of the SFO.

3. As at 31 March 2008, Well Mount Investments Limited and Sun Joyous Investments Limited had not exercised their options to subscribe for the relevant Convertible Bonds due 2013.

(XVIII) SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

(XIX) AUDITORS

SHINEWING (HK) CPA Limited retire, and being eligible, offer themselves for re-appointment.

(XX) POST BALANCE SHEET EVENT

Details of significant event which occurred subsequent to the balance sheet date are set out in note 39 to the consolidated financial statements.

On behalf of the Board

Bong Shu Yin, Daniel
Chairman

Hong Kong, 25 July 2008

(I) CORPORATE GOVERNANCE PRACTICES

Following the issue of the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 to the Listing Rules, the Company has carefully reviewed and considered the Code, and carried out a detailed analysis on the corporate governance practices of the Company against the requirement of the Code.

Throughout the financial year ended 31 March 2008, except for the requirement that (i) the role of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual and (ii) the Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms, the Company has complied with all code provisions. The deviation in item (i) above is due to the practical necessity and effective management on account of the Group's corporate operating structure.

Although the Non-executive Directors and the Independent Non-executive Directors of the Company were not appointed for specific terms, arrangements have been put in place such that all Directors would retire, and are subject to re-election, either in accordance with the articles of association of the Company or in a voluntary basis, at least once every three years.

(II) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by Directors. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year under review.

(III) BOARD OF DIRECTORS

Composition and role

The Board of Directors of the Company currently comprises the following members:–

Executive Directors:

Bong Shu Yin, Daniel (Chairman)
Cheng Sui Sang

Non-executive Directors:

Wang Baoning (Vice Chairman)
Bong Shu Ying, Francis
Ng Kwai Kai, Kenneth (appointed on 12 June 2008)
Leung So Po, Kelvin (appointed on 12 June 2008)

Independent Non-executive Directors:

Li Ka Fai, David
Lee Choy Sang
Ka Kit

The biographical details of the Directors and the relationships among them are disclosed in the preceding section headed "Directors' Profiles" contained in this Annual Report.

During the year ended 31 March 2008, the Company has fully complied with Rules 3.10(1) and (2) of the Listing Rules regarding the number of Independent Non-executive Directors and the requirement that at least one of these Independent Non-executive Directors must have appropriate professional qualifications.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

The Board conducts regular meetings to discuss and decide on major corporate strategic, business and operational issues. Appropriate and sufficient information is provided to Board members in a timely manner in order to enable them to make informed decisions.

During the year under review, the attendance rates of individual Board members of the Company were as follows: -

Name of Directors	Attendance
Executive Directors	
Bong Shu Yin, Daniel (Chairman)	20/20
Cheng Sui Sang	20/20
Non-executive Directors	
Wang Baoning (Vice Chairman)	17/20
Bong Shu Ying, Francis	16/20
Ng Kwai Kai, Kenneth (appointed on 12 June 2008)	N/A
Leung So Po, Kelvin (appointed on 12 June 2008)	N/A
Independent Non-executive Directors	
Li Ka Fai, David	17/20
Lee Choy Sang	17/20
Ka Kit	16/20

(IV) AUDIT COMMITTEE

The Audit Committee was established with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee currently comprises the following members :-

Independent Non-executive Directors :-
Mr. Li Ka Fai, David *(Chairman)*
Mr. Lee Choy Sang *(Member)*
Ms. Ka Kit *(Member)*

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim and final consolidated financial statements.

As both the Board and the Audit Committee recommended to re-appoint the current external Auditors, SHINEWING (HK) CPA Limited, no circumstances exist as would require an explanation from the Audit Committee as to why the Board has taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external Auditors.

During the year under review, the Audit Committee met twice and the meetings were attended by the external Auditors of the Company. The attendance rates of individual Audit Committee members of the Company were as follows:-

Name of Audit Committee members	**Attendance**
Mr. Li Ka Fai, David *(Chairman)*	2/2
Mr. Lee Choy Sang *(Member)*	2/2
Ms. Ka Kit *(Member)*	1/2

(V) REMUNERATION COMMITTEE

The Company has formed the Remuneration Committee with specific written terms of reference that deal with its authority and duties. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's remuneration policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy.

The Remuneration Committee currently comprises the following members :-

Executive Director :-
Mr. Bong Shu Yin, Daniel *(Chairman)*

Independent Non-executive Directors :-
Mr. Li Ka Fai, David *(Member)*
Mr. Lee Choy Sang *(Member)*

During the year under review, the Remuneration Committee met twice. The attendance rates of individual Remuneration Committee members of the Company were as follows :-

Name of Remuneration Committee members	**Attendance**
Mr. Bong Shu Yin, Daniel *(Chairman)*	2/2
Mr. Li Ka Fai, David *(Member)*	2/2
Mr. Lee Choy Sang *(Member)*	2/2

(VI) NOMINATION OF DIRECTORS

The Company does not have a Nomination Committee. The Board is responsible for the procedure of selecting and appointing Directors.

Those Directors appointed by the Board during the year shall hold office until the next AGM, and being eligible, they offer themselves for re-election.

(VII) INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the system of internal controls of the Group during the year under review, including financial, operational and compliance controls and risk management functions with a view to safeguarding the shareholders' investment and the Group's assets.

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Accordingly, management of the Company had been provided with clear instructions that any material issues relating to the internal control system, particularly in any incidence of significant control failings or weaknesses that has had, or might have, a material impact on the business of the Group are to be reported to the Board and the Audit Committee of the Company on a timely basis.

(VIII) DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company acknowledge their responsibility for preparing the consolidated financial statements of the Group, which give a true and fair review of the state of affairs of the Group, and ensure that appropriate accounting policies are selected and applied consistently and the consolidated financial statements are prepared in accordance with the relevant statutory requirements and applicable accounting standards. The Directors also ensure the consolidated financial statements are published in a timely manner.

The consolidated financial statements were audited by the external Auditors, SHINEWING (HK) CPA Limited and their reporting responsibilities are set out in the Independent Auditor's Report contained in this Annual Report.

The consolidated financial statements are prepared on a going concern basis. The Directors confirm that, to the best of their knowledge, they are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going conern.

(IX) INVESTOR RELATIONS

The Company is committed to ensure shareholders' interest. To this end, the general meeting of the Company serves as a communication channel between Directors and shareholders. During the general meeting, Chairman of the Board and its committee members will be present to answer the queries that any individual shareholders may have, and separate resolutions are proposed on each substantial issue, including the re-election of retiring Directors.

The notice of AGM shall be sent to all shareholders at least 21 days prior to the date of meeting. Details of each proposed resolution, voting procedures and other relevant information are set out in the notice of AGM and the circular containing such detailed information will be sent to the shareholders in due course.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	2834-2833
Fax number:	2893-1312
By post:	Room A, 18th Floor, 211 Johnston Road, Wanchai, Hong Kong
Attention:	Company Secretarial Department
By email:	info@cosmoholdings.com

Independent Auditor's Report

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

四海國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Cosmopolitan International Holdings Limited (the "Company") and its subsidiaries (collectively referred as the "Group") set out on pages 30 to 89, which comprise the consolidated balance sheet as at 31 March 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

Independent Auditor's Report

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

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

Opinion

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

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising Certificate Number: P03289

Hong Kong
25 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008	2007
		HK$'000	*HK$'000*
Turnover	(7)	**133,169**	17,294
Direct cost		**(120,564)**	(9,875)
Gross profit		**12,605**	7,419
Other income	(8)	**13,490**	1,500
Excess of net assets acquired over cost of investment		**—**	2,190
Distribution expenses		**—**	(238)
Administration expenses		**(13,961)**	(14,906)
Impairment loss recognised in respect of goodwill		**(11,608)**	(238)
Changes in fair value of financial instruments, net		**117,937**	10,949
Share of profit of an associate		**—**	537
Share of results of jointly controlled entities		**(2,148)**	—
Finance costs	(10)	**(17,245)**	(1,017)
Profit before taxation	(11)	**99,070**	6,196
Income tax expense	(13)	**(22,265)**	—
Profit for the year		**76,805**	6,196
Attributable to:			
Equity holders of the Company		**77,048**	7,108
Minority interests		**(243)**	(912)
		76,805	6,196
Earnings per share	(14)		
– Basic		**4.47HKcents**	0.94HKcents
– Diluted		**2.79HKcents**	0.48HKcents

Consolidated Balance Sheet

At 31 March 2008

	Notes	2008	2007
		HK$'000	*HK$'000*
Non-current assets			
Property and equipment	(16)	**574**	1,030
Investment properties	(17)	**75,000**	72,000
Goodwill	(18)	**—**	11,608
Available-for-sale investments	(19)	**—**	14,000
Club membership		**360**	360
Interests in jointly controlled entities	(20)	**84,069**	—
		160,003	98,998
Current assets			
Accounts receivable	(21)	**—**	1,040
Prepayments, deposits and other receivables	(22)	**5,568**	642
Held-for-trading investments	(23)	**55,630**	83,843
Derivative financial assets	(24)	**213,074**	42,691
Available-for-sale investments	(19)	**40,051**	—
Cash and bank balances	(25)	**304,513**	36,349
		618,836	164,565
Current liabilities			
Accounts payable	(26)	**1,444**	681
Accrued liabilities and other payables		**2,812**	14,377
Derivative financial liabilities	(27)	**45,000**	—
Income tax payable		**22,265**	—
Amounts due to minority shareholders	(28)	**3,378**	3,316
Convertible bonds	(30)	**55,708**	—
		130,607	18,374
Net current assets		**488,229**	146,191
Total assets less current liabilities		**648,232**	245,189
Non-current liability			
Convertible bonds	(30)	**288,953**	52,035
		359,279	193,154

Consolidated Balance Sheet

At 31 March 2008

	Notes	**2008**	2007
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	(31)	**1,896**	1,596
Reserves		**356,564**	190,496
Equity attributable to equity holders of the Company		**358,460**	192,092
Minority interests		**819**	1,062
		359,279	193,154

The consolidated financial statements on pages 30 to 89 were approved and authorised for issue by the Board of Directors on 25 July 2008 and are signed on its behalf by:

Bong Shu Yin, Daniel	**Cheng Sui Sang**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Exchange fluctuation reserve	Contributed surplus (Note)	Convertible bonds reserve	Retained profits	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	532	—	209	28,309	409	26,801	—	17,878	74,138	1,933	76,071
Exchange difference arising on translation of overseas operation	—	—	—	—	(47)	—	—	—	(47)	(2)	(49)
Acquisition of additional interest in subsidiaries	—	—	—	—	—	—	—	—	—	43	43
Issue of new shares upon an open offer	1,064	52,146	—	—	—	—	—	—	53,210	—	53,210
Shares issuance costs	—	(4,229)	—	—	—	—	—	—	(4,229)	—	(4,229)
Recognition of equity component of the convertible bonds	—	—	—	—	—	—	61,912	—	61,912	—	61,912
Profit (loss) for the year	—	—	—	—	—	—	—	7,108	7,108	(912)	6,196
At 31 March 2007 and 1 April 2007	1,596	47,917	209	28,309	362	26,801	61,912	24,986	192,092	1,062	193,154
Exchange difference arising on translation of overseas operation	—	—	—	—	(85)	—	—	—	(85)	—	(85)
Exchange difference arising on share of exchange reserve of jointly controlled entities	—	—	—	—	1,095	—	—	—	1,095	—	1,095
Recognition of equity component of the convertible bonds	—	—	—	—	—	—	28,962	—	28,962	—	28,962
Conversion of convertible bonds	300	63,134	—	—	—	—	(4,086)	—	59,348	—	59,348
Profit (loss) for the year	—	—	—	—	—	—	—	77,048	77,048	(243)	76,805
At 31 March 2008	1,896	111,051	209	28,309	1,372	26,801	86,788	102,034	358,460	819	359,279

Note: The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group reorganisation in 1991, net of subsequent distributions therefor. Under the Companies Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	2008	2007
	HK$'000	*HK$'000*
Operating activities		
Profit before taxation	**99,070**	6,196
Adjustments for:		
Share of profit of an associate	**—**	(537)
Share of results of jointly controlled entities	**2,148**	—
Interest income	**(8,641)**	(1,257)
Dividend income	**(1,387)**	—
Depreciation of property and equipment	**535**	477
Allowance for bad and doubtful debts	**1,251**	—
Write off of government lease regrant premium	**—**	(38)
Impairment loss recognised in respect of goodwill	**11,608**	238
Increase in fair value of derivative financial instruments, net	**(117,937)**	(10,949)
Increase in fair value of investment properties	**(3,000)**	—
Excess of net assets acquired over cost of investment	**—**	(2,190)
Finance costs	**17,245**	1,017
Loss on disposal of property and equipment	**9**	—
Operating cashflows before movements in working capital	**901**	(7,043)
Increase in accounts receivable	**—**	(529)
(Increase) decrease in prepayments, deposits and other receivables	**(5,087)**	3,779
Increase in trading financial instruments	**(22,813)**	(37,715)
Increase in accounts payable	**763**	681
(Decrease) increase in accrued liabilities and other payables	**(11,565)**	12,641
Increase in amounts due to minority shareholders	**62**	128
Net cash used in operating activities	**(37,739)**	(28,058)
Investing activities		
Advance to jointly controlled entities	**(85,121)**	—
Increase in available-for-sale investments	**(40,051)**	—
Purchase of property and equipment	**(28)**	(439)
Acquisition of jointly controlled entities	**(1)**	—
Proceeds on disposal of available-for-sale investments	**14,000**	—
Interest received	**8,641**	1,257
Dividend received	**1,387**	—
Proceeds on disposal of property and equipment	**10**	—
Refund of deposit paid for acquisition of a subsidiary	**—**	19,110
Acquisition of additional interests in subsidiaries	**—**	(3,000)
Net cash outflow from acquisition of subsidiaries	**—**	(14,000)
Net cash (used in) from investing activities	**(101,163)**	2,928

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	2008	2007
	HK$'000	*HK$'000*
Financing activities		
Proceeds from issues of convertible bonds	**405,000**	—
Short-term bank loan borrowed	**39,517**	—
Proceeds from issue of share options	**3,000**	—
Short-term bank loan repayment	**(39,517)**	—
Convertible bonds issuance costs	**(413)**	(683)
Interest paid	**(316)**	—
Proceeds from issue of ordinary shares	**—**	53,210
Shares issuance costs	**—**	(4,229)
Net cash generated from financing activities	**407,271**	48,298
Net increase in cash and cash equivalents	**268,369**	23,168
Cash and cash equivalents at beginning of year	**36,349**	13,144
Effect of foreign exchange rate changes	**(205)**	37
Cash and cash equivalents at end of year, represented by cash and bank balances	**304,513**	36,349

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

1. GENERAL

The Company is an exempted limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "corporate information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollar, which is also the functional currency of the Company.

The principal activity of the Company is that of a holding company. The principal activities of the subsidiaries are property investment, property development, investment in listed and unlisted securities and other investments. The principal activities of the principal subsidiaries are set out in note 38.

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

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are effective for the Group's financial year beginning on 1 April 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Interpretation ("Int") 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

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

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective as at 31 March 2008. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Share-based Payments – Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

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

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

3 Effective for annual periods beginning on or after 1 January 2008.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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

Business combinations

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

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

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

Goodwill

Goodwill arising on an acquisition of associates, jointly controlled entities or subsidiaries for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant associates, jointly controlled entities or subsidiaries at the date of acquisition.

For previously capitalised goodwill, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

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

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

On subsequent disposal of subsidiaries, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Interest in an associate

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest in jointly controlled entities

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

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

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Property and equipment

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

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

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

Club membership

Club membership is stated at cost less impairment losses.

Revenue recognition

Income from securities trading is recognised when the related bought and sold notes are executed.

Service income is recognised when services are provided to customers.

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

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

Leasing

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

Financial assets

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

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

Interest income is recognised on an effective interest basis for debt instrument other than those financial assets designated as at fair value through profit or loss, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss have two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making; or
- it is derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

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

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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 financial assets have been impacted.

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

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as accounts receivable, deposits and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets (continued)

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

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis for other than those financial liability designated as at fair value through profit or loss, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

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

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the year in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including accounts payable, other payables and amounts due to minority shareholders are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Convertible bonds

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

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

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

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

Equity instruments

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

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives of the Group do not qualify for hedge accounting thus they are deemed as derivative financial assets or derivative financial liabilities. Changes in fair values of such derivatives are recognised directly in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

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

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

Retirement benefits costs

Payments to state-managed retirement benefits scheme and defined contribution retirement benefit schemes are charged as expenses when employees have rendered service entitling them to the contributions.

Foreign currencies

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

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

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

Borrowing costs

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

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, an associate and jointly controlled entities, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

Impairment (other than goodwill – see the accounting policies in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as expense immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Allowances for bad and doubtful debts

The policy for allowances of bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

Estimated impairment of goodwill

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

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes convertible bonds in note 30, cash and cash equivalent and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits. The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the associated risks, and the appropriate actions to adjust the Group's capital structure.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Non-current asset		
Available-for-sale financial assets:		
Available-for-sale investments	—	14,000
Current assets		
Loan and receivables:		
Accounts receivable	—	1,040
Deposits and other receivables	5,320	379
Cash and bank balances	304,513	36,349
	309,833	37,768
Available-for-sale financial assets:		
Available-for-sale investments	40,051	—
Financial assets at fair value through profit or loss:		
Held-for-trading investments	55,630	83,843
Derivative financial assets	213,074	42,691
	268,704	126,534
Current liabilities		
Financial liabilities measured at amortised cost:		
Accounts payable	1,444	681
Other payables	1,752	13,904
Amounts due to minority shareholders	3,378	3,316
Convertible bonds	55,708	—
	62,282	17,901
Financial liabilities at fair value through profit or loss:		
Derivative financial liabilities	45,000	—
Non-current liability		
Financial liabilities measured at amortised cost:		
Convertible bonds	288,953	52,035

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable, deposits and other receivables, held-for-trading investments, derivative financial assets and liabilities, pledged bank deposits, cash equivalent, accounts payable, other payables and amounts due to minority shareholders. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Currency risk

The Group is exposed to foreign currency risk primarily through monetary assets that are denominated in a currency other than the functional currency of the Group to which they relate. The currency giving rise to this risk is United States dollars. The Group does not hedge its foreign currency risks, as the rate of exchange between Hong Kong dollars and the United States dollars is controlled within a tight range. The management determined that there is insignificant effect to the profit and equity of the Group. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

Price risk arises mainly from the volatility of prices of listed equity securities in Hong Kong held by the Group. Prices of equity securities are determined by market forces. The Group is subject to increased market risk largely because the stock market of Hong Kong is relatively volatile.

The Group manages price risk by holding an appropriately diversified investment portfolio to reduce the risk of concentration in any one specific industry or issuer.

At 31 March 2008, if all the Group's equity securities' prices had increased/decreased by 10% with all other variables held constant, pre-tax profit for the year would have been HK$5,563,000 (2007: HK$8,384,000) higher/lower, mainly as a result of an increase/decrease in fair value of equity securities.

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objectives and policies *(continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual accounts receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The credit risk on liquid funds is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-ratings agencies.

None of the Group's financial assets are secured by collateral or other credit enhancements.

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

	Effective interest rates	**Within 1 year**	**1-5 years**	**Total undiscounted cash flows**	**Carrying amounts at 31 March 2008**
	%	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2008					
Non-derivative financial liabilities					
Accounts payables	**—**	**1,444**	**—**	**1,444**	**1,444**
Other payables	**—**	**2,812**	**—**	**2,812**	**2,812**
Amounts due to minority shareholders	**—**	**3,378**	**—**	**3,378**	**3,378**
Convertible bonds	**7.5 - 12.19**	**56,000**	**343,500**	**399,500**	**344,661**
		63,634	**343,500**	**407,134**	**352,295**

	Effective interest rate	Within 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts at 31 March 2007
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007					
Non-derivative financial liabilities					
Accounts payables	—	681	—	681	681
Other payables	—	14,377	—	14,377	14,377
Amounts due to minority shareholders	—	3,316	—	3,316	3,316
Convertible bonds	7.75	—	56,000	56,000	52,035
		18,374	56,000	74,374	70,409

6. FINANCIAL INSTRUMENTS *(continued)*

6b. Financial risk management objective and policies *(continued)*

Fair value

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

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

- The fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing model based on discounted cash flow analysis using prices, or rates from observable current market transactions as input.

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

7. TURNOVER

Turnover represents revenue arising on securities trading, and providing information technology services for the years. An analysis of the Group's turnover for the years is as follows:

	2008	2007
	HK$'000	*HK$'000*
Securities trading	**133,100**	13,951
Service income from providing information technology	**69**	3,343
	133,169	17,294

8. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Interest income	**8,641**	1,257
Dividend income	**1,387**	—
Increase in fair value of investment properties	**3,000**	—
Exchange gain, net	**430**	—
Sundry income	**32**	243
	13,490	1,500

9. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

(a) Securities trading - invest in listed and unlisted securities;

(b) Property investment and development - invest in properties for their rental income potential and property development; and

(c) Information technology - provide information technology service.

Segment information about these businesses is presented below.

	Securities trading		Property investment and development		Information Technology		Consolidated	
For the year ended 31 March	**2008** **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000
Segment turnover	**133,100**	13,951	**–**	–	**69**	3,343	**133,169**	17,294
Segment results	**(9,584)**	30,356	**3,000**	–	**(2,858)**	(1,789)	**(9,442)**	28,567
Unallocated corporate income							**7,711**	1,500
Excess of net assets acquired over cost of investment	**–**	–	**–**	2,190	**–**	–	**–**	2,190
Unallocated corporate expenses							**(10,507)**	(10,421)
Change in fair value of derivative financial instruments							**142,309**	(14,922)
Impairment loss recognised in respect of goodwill	**–**	–	**–**	–	**(11,608)**	(238)	**(11,608)**	(238)
Finance costs							**(17,245)**	(1,017)
Share of results of jointly controlled entities	**–**	–	**(2,148)**	–	**–**	–	**(2,148)**	–
Share of profit of an associate (note)	**–**	537	**–**	–	**–**	–	**–**	537
Profit before taxation							**99,070**	6,196
Income tax expense							**(22,265)**	–
Profit for the year							**76,805**	6,196

Note: The Group had disposed of the interest in an associate in the year ended 31 March 2007.

9. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

Consolidated balance sheet	Securities trading		Property investment and development		Information technology		Unallocated		Consolidated	
As at 31 March	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**124,115**	125,192	**75,000**	72,000	**746**	2,351	**—**	—	**199,861**	199,543
Interest in jointly controlled entities	**—**	—	**84,069**	—	**—**	—	**—**	—	**84,069**	—
Goodwill	**—**	—	**—**	—	**—**	11,608	**—**	—	**—**	11,608
Unallocated corporate assets	**—**	—	**—**	—	**—**	—	**494,909**	52,412	**494,909**	52,412
Total assets									**778,839**	263,563
Segment liabilities	**4,414**	12,573	**—**	—	**2,843**	1,649	**40,586**	—	**47,843**	14,222
Unallocated corporate liabilities	**—**	—	**—**	—	**—**	—	**371,717**	56,187	**371,717**	56,187
Total liabilities									**419,560**	70,409
Other segment information:										
For the year ended 31 March										
Depreciation	**—**	—	**—**	—	**484**	460	**51**	17	**535**	477
Capital expenditure	**—**	211	**—**	—	**6**	228	**22**	—	**28**	439
Allowance for bad and doubtful debts	**—**	—	**—**	—	**1,090**	—	**161**	—	**1,251**	—
Impairment loss recognised in respect of goodwill	**—**	—	**—**	—	**11,608**	238	**—**	—	**11,608**	238
Loss on disposal of property and equipment	**—**	—	**—**	—	**9**	—	**—**	—	**9**	—
Excess of net assets acquired over cost of investment	**—**	—	**—**	2,190	**—**	—	**—**	—	**—**	2,190
Change in fair value of derivative financial instrument, net	**(24,372)**	10,949	**—**	—	**—**	—	**142,309**	—	**117,937**	10,949

9. SEGMENT INFORMATION *(continued)*

Geographical Segments

In determining the Group's geographical segments, turnover is attributed to the segments based on the location of the stock exchange and customers, and assets are attributed to the segments based on the location of the assets.

The following table presents certain turnover, assets and expenditure information for the geographical segments of the Group.

	Hong Kong ("HK")		The People's Republic of China ("PRC") (excluding HK)		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover	**133,100**	13,951	**69**	3,343	**133,169**	17,294
Carrying amount of segment assets	**778,093**	261,212	**746**	2,351	**778,839**	263,563
Other segment information:						
Capital expenditure	**22**	211	**6**	228	**28**	439

10. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on other borrowings repayable within five years	**316**	—
Convertible bonds issuance costs	**413**	683
Imputed interest expense on convertible bonds	**16,516**	334
	17,245	1,017

11. PROFIT BEFORE TAXATION

	2008	2007
Profit before taxation has been arrived at after charging:	HK$'000	HK$'000
Staff costs (excluding directors' emoluments in *note 12(a)*)		
Wages and salaries	1,271	1,164
Retirement benefits scheme contributions	64	40
	1,335	1,204
Auditors' remuneration		
– current year	510	358
– under-provision in previous year	42	—
Depreciation on property and equipment	535	477
Operating lease charges on rented premises	805	501
Loss on disposal of property and equipment	9	—
Allowance for bad and doubtful debts	1,251	—
Foreign exchange losses, net	—	48
Decrease in fair value of financial assets	27,597	14,922
Increase in fair value of financial liabilities	6	—
and after crediting:		
Write off of government lease regrant premium	—	38
Increase in fair value of financial assets	142,540	25,871
Decrease in fair value of financial liabilities	3,000	—

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the seven (2007: thirteen) directors were as follows:

		Other emoluments		
	Directors' fees	Basic salaries, allowance and benefits in kind	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cheng Sui Sang[1]	**99**	**806**	**12**	**917**
Bong Shu Yin, Daniel[2]	**99**	**2,045**	**12**	**2,156**
Bong Shu Ying, Francis[2]	**99**	**—**	**—**	**99**
Li Ka Fai, David[2]	**112**	**—**	**—**	**112**
Lee Choy Sang[2]	**99**	**—**	**—**	**99**
Wang Boaning[3]	**99**	**—**	**—**	**99**
Ka Kit[3]	**99**	**—**	**—**	**99**
Total for 2008	**706**	**2,851**	**24**	**3,581**
Yu Tat Chi, Michael[4]	—	70	4	74
Tang Ping Sum[4]	70	—	—	70
Chan Cheong Yee[4]	70	—	—	70
Lo Kwok Chee, Johnny[4]	70	—	—	70
Lam Williamson[5]	—	78	3	81
Leung Man Kit[6]	—	244	7	251
Cheng Sui Sang[1]	28	467	7	502
Bong Shu Yin, Daniel[2]	28	500	4	532
Bong Shu Ying, Francis[2]	28	—	—	28
Li Ka Fai, David[2]	34	—	—	34
Lee Choy Sang[2]	28	—	—	28
Wang Boaning[3]	28	—	—	28
Ka Kit[3]	28	—	—	28
Total for 2007	412	1,359	25	1,796

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

[1] Appointed on 31 August 2006
[2] Appointed on 8 December 2006
[3] Appointed on 20 December 2006
[4] Resigned on 27 December 2006
[5] Resigned on 2 June 2006
[6] Appointed on 2 June 2006 and resigned on 27 December 2006

There was no arrangement under which a director waived or agreed to waive any remuneration in both years.

During the years ended 31 March 2008 and 2007, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Employees' emoluments

Of the five highest emoluments paid individuals in the Group, two (2007: three) were directors whose emoluments are set out in note12(a) above. Details of the emoluments of the remaining three (2007: two) highest paid, non-director employees are as follows:

	2008	2007
	HK$'000	*HK$'000*
Basic salaries, housing benefits, other allowances and benefits in kind	**739**	200
Retirement benefit scheme contributions	**33**	31
	772	231

Their emoluments were within the following band:

	No. of employee	
	2008	2007
Nil – HK$1,000,000	**3**	2

During the years ended 31 March 2008 and 2007, no emoluments were paid by the Group to the highest paid, non-director employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits for the year ended 31 March 2008.

Hong Kong profits tax is calculated at 17.5% on the estimated assessable profits, however, Hong Kong profits tax has not been provided for the year ended 31 March 2007 as all group entities did not derive any assessable profits for the year.

Income tax expense arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No tax is payable for other jurisdictions as the subsidiaries did not derive any such assessable profits for both years.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before taxation	**99,070**	6,196
Tax at the Hong Kong profits tax rate of 17.5%	**17,337**	1,084
Tax effect of expenses not deductible for tax purpose	**9,500**	69
Tax effect of income not taxable for tax purpose	**(3,914)**	(5,332)
Utilised tax loss not recognised in prior years	**(2,612)**	—
Deferred tax asset in respect of tax losses not recognised	**1,954**	4,179
Income tax expense for the year	**22,265**	—

Details of the potential deferred tax asset not recognised in the year are set out in note 29.

14. EARNINGS PER SHARE

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

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share		
(profit for the year attributable to equity holders of the Company)	**77,048**	7,108
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of tax)	**14,351**	334
Earnings for the purpose of diluted earnings per share	**91,399**	7,442

	2008	2007
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares		
for the purpose of basic earnings per share	**1,721,968**	756,142
Effect of dilutive potential ordinary shares: Convertible bonds	**1,549,041**	800,000
Weighted average number of ordinary shares for		
the purpose of dilutive earnings per share	**3,271,009**	1,556,142

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options and certain convertible bonds as their exercise/conversion prices are higher than the average market price of the ordinary shares of the Company for the year.

15. DIVIDENDS

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

16. PROPERTY AND EQUIPMENT

	Leasehold improvement	Furniture, equipment, and computer software	Total
	HK$'000	HK$'000	HK$'000
COST			
At 1 April 2006	—	1,862	1,862
Additions	130	309	439
Exchange adjustment	—	258	258
At 31 March 2007 and 1 April 2007	130	2,429	2,559
Additions	—	28	28
Disposals	—	(31)	(31)
Exchange adjustment	—	265	265
At 31 March 2008	**130**	**2,691**	**2,821**
ACCUMULATED DEPRECIATION			
At 1 April 2006	—	708	708
Charge for the year	9	468	477
Exchange adjustment	—	344	344
At 31 March 2007 and 1 April 2007	9	1,520	1,529
Charge for the year	26	509	535
Elimination on disposals	—	(12)	(12)
Exchange adjustment	—	195	195
At 31 March 2008	**35**	**2,212**	**2,247**
CARRYING VALUES			
At 31 March 2008	**95**	**479**	**574**
At 31 March 2007	121	909	1,030

The above item of property and equipment is depreciated on a straight-line basis at 20% - 30% per annum.

17. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2006	—
Acquired through acquisition of subsidiaries	72,000
At 31 March 2007 and 1 April 2007	72,000
Increase in fair value recognised in the consolidated income statement	3,000
At 31 March 2008	**75,000**

The investment properties are located in Hong Kong and held under medium lease terms.

The fair value of the Group's investment properties at 31 March 2008 have been arrived at on the basis of a valuation carried out on that date by Landscope Surveyors Limited, an independent qualified professional valuer not connected with the Group. Landscope Surveyors Limited is the member of the Hong Kong Institute of Surveyors ("HKIS") and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

18. GOODWILL

	HK$'000
COST	
At 1 April 2006	11,303
Acquisition of additional interests in subsidiaries	3,043
At 31 March 2007 and 31 March 2008	**14,346**
IMPAIRMENT	
At 1 April 2006	2,500
Impairment loss recognised for the year	238
At 31 March 2007 and 1 April 2007	2,738
Impairment loss recognised for the year	11,608
At 31 March 2008	**14,346**
CARRYING VALUES	
At 31 March 2008	**—**
At 31 March 2007	11,608

The goodwill was arisen from the acquisition of subsidiaries operating information technology business. For the purpose of impairment test, goodwill is allotted to the relevant cash generating units of business segment as follows:

	2008	2007
	HK$'000	*HK$'000*
Information technology business	**—**	11,608

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period, and discount rate of 7.5%. All items in the budget are kept constant with the results of this year. Such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this unit to exceed the aggregate recoverable amount of it.

A provision for an impairment loss of HK$11,608,000 (2007: HK$238,000) was identified and recognised in the consolidated income statement for the year based on the estimated recoverable amount, taking into account the past performance and future expectation of the information technology business.

19. AVAILABLE-FOR-SALE INVESTMENTS

	2008 HK$'000	2007 HK$'000
Unlisted investments:		
– equity securities (note a)	—	14,000
– Foreign currency fund (note b)	40,051	—
Total	40,051	14,000
Analysed for reporting purposes as:		
Non-current assets	—	14,000
Current assets	40,051	—
	40,051	14,000

Notes:

a. The above unlisted equity securities were issued by private entities incorporated in British Virgin Islands ("BVI"). They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. The equity securities were disposed of with no gain or loss in the current year.

b. The average interest rate of the foreign currency fund for the year was 2.86%.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2008 HK$'000	2007 HK$'000
Unlisted investment		
Cost of investment	1	—
Share of post-acquisition losses	(1)	—
	—	—
Advance to jointly controlled entities	85,121	—
Less: Share of further loss in excess of cost of investment	(1,052)	—
	84,069	—

The advance to jointly controlled entities is unsecured, non-interest bearing and is not repayable within one year.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

Details of the Group's jointly controlled entities at 31 March 2008 are as follows:

Name of entity	Form of business structure	Country of registration and operations	Nominal value of registered/ issued capital	Principal activities
Faith Crown Holdings Limited	Incorporated	British virgin Islands ("BVI")	US$100	Investment holdings
Joyous Unity Investments Limited	Incorporated	BVI	US$1	Investment holdings
Farah Investments Limited	Incorporated	HK	HK$2	Investment holdings
置富投資開發（成都）有限公司	Incorporated	PRC	RMB137,175,896	Property development

The Group holds 50% equity interests in these jointly controlled entities. Under the relevant joint venture agreement, all the operating and financial decisions have to be jointly approved by the Group and the joint venture partner. Accordingly, these entities are classified as jointly controlled entities of the Group.

The summarised financial information in respect of the Group's jointly controlled entities which are accounted for using the equity method is set out below:

Consolidated financial information at 31 March:

	2008	2007
	HK$'000	*HK$'000*
Current assets	**161,729**	—
Non-current assets	**144,683**	—
Current liabilities	**3,392**	—
Non-current liabilities	**305,125**	—
Income	**204**	—
Expenses	**4,499**	—

21. ACCOUNTS RECEIVABLE

The Group normally allows an average credit period of 30 to 60 days to its trade customers. The Group extends the normal credit term to 120 days to certain major and reputable customers.

The following is an aged analysis of the Group's accounts receivable at the balance sheet date:

	2008	2007
	HK$'000	HK$'000
0 to 30 days	—	118
31 to 60 days	—	61
61 to 120 days	—	42
Over 120 days	1,090	819
	1,090	1,040
Less: Allowance for bad and doubtful debts	(1,090)	—
	—	1,040

Movement in the allowance for bad and doubtful debts

	2008	2007
	HK$'000	HK$'000
Balance at beginning of the year	—	—
Allowance for bad and doubtful debts	1,040	—
Exchange difference	50	
Impairment loss reversed	—	—
Balance at end of the year	1,090	—

Included in the Group's accounts receivable balance at 31 March 2007 are debtors with aggregate amount of HK$861,000 which are past due at 31 March 2007 for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

21. ACCOUNTS RECEIVABLE *(continued)*

Aging of accounts receivables which are past due but not impaired

	2008 HK$'000	2007 HK$'000
61 to 120 days	—	42
Over 120 days	—	819
Total	—	861

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2008 HK$'000	2007 HK$'000
Prepayments, deposits and other receivables	5,729	642
Less: Allowance for bad and doubtful debts	(161)	—
	5,568	642

Movement in the allowance for bad and doubtful debts

	2008 HK$'000	2007 HK$'000
Balance at beginning of the year	—	—
Allowance for bad and double debts	161	—
Balance at end of the year	161	—

23. HELD-FOR-TRADING INVESTMENTS

	2008 HK$'000	2007 HK$'000
Equity securities listed in Hong Kong	55,630	83,843

24. DERIVATIVE FINANCIAL ASSETS

The derivative financial assets of the Group are not for the hedging purpose. Derivative financial assets as at 31 March 2008 and 2007 comprise:

	2008	2007
	HK$'000	*HK$'000*
Equity linked notes *(a)*	**24,493**	—
Range accrual notes *(b)*	**3,581**	—
Placement rights in respect of convertible bonds *(c)*	**185,000**	42,691
	213,074	42,691

(a) Major terms of the equity linked notes outstanding at 31 March 2008:

Notional amount	**Maturity**	**Coupon rates**
HK$5,000,000	11 April 2008	0%
HK$5,000,000	16 April 2008	0%
HK$5,000,000	17 April 2008	0%
HK$5,000,000	17 April 2008	0%
HK$5,000,000	29 April 2008	0%

The equity linked notes were purchased at a discount to face value and will be redeemed by either delivering the relevant number of underlying shares or the amounts of the face value as set out in the relevant notes.

(b) Major terms of the range accrual notes outstanding at 31 March 2008:

Notional amount	**Maturity**	**Range of coupon rates**
US$300,000 (HK$2,326,650)	27 April 2009	0% to 3.183%
US$300,000 (HK$2,330,400)	16 November 2009	0% to 2.670%

(c) The placement rights are attached with the convertible bonds of HK$56,000,000 issued by the Group on 2 March 2007. The details of such rights are set out in note 30(a).

The fair value of the placement rights was valued by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. The valuation was made by using the Black-Scholes-Merton Option Pricing Model.

24. DERIVATIVE FINANCIAL ASSETS *(continued)*

The input into the model were as follows:

	At 31 March 2008
Spot price	HK$0.475
Conversion price of the underlying convertible bonds	HK$0.07
Risk free rate	0.801%
Expected life	155 Days
Expected volatility	99.87%
Expected dividend yield	Nil

25. CASH AND BANK BALANCES

	2008	2007
	HK$'000	*HK$'000*
Cash and bank balances denominated in:		
Chinese Renminbi	**64**	126
United States dollar	**188**	12
Canadian dollar	**1**	1
Hong Kong dollar	**304,260**	36,210
	304,513	36,349

The Group's cash and bank balances are denominated in original currencies that are set forth in below:

	Chinese Renminbi	**United States Dollar**	**Canadian Dollar**
In 2008	52,939	24,205	88
In 2007	140,000	1,584	82

The effective interest rates on bank balances are ranged from 0.03% to 6.15% (2007: from 0.02% to 4.08%).

26. ACCOUNTS PAYABLE

The following is an aging analysis of the Group's accounts payable at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	**—**	257
31 to 60 days	**—**	83
61 to 120 days	**—**	150
Over 120 days	**1,444**	191
	1,444	681

The average credit period on providing of services is 120 days.

27. DERIVATIVE FINANCIAL LIABILITIES

The derivative financial liabilities of the Group are not for the hedging purpose. Derivative financial liabilities as at 31 March 2008 and 2007 comprise:

	2008	2007
	HK$'000	HK$'000
Forward contracts on listed equity securities in Hong Kong (a)	4,414	—
Share call options (b)	—	—
Options to subscribe for convertible bonds (c)	40,586	—
	45,000	—

(a) The major terms of forward contracts on listed equity securities in Hong Kong outstanding at 31 March 2008:

Notional amount	Underlying securities	Maturity	Forward price
HK$5,045,000	Industrial and Commercial Bank of China	5 November 2008	HK$6.1154
HK$9,525,000	China Coal Energy Co Ltd.	14 October 2008	HK$22.6784

(b) The major terms of the share call options outstanding at 31 March 2008:

Pursuant to three separate independent call option agreements ("Agreements") with three independent third parties (the "Grantees") dated 6 December 2007, an aggregate of 300 million call options (the "Options") at the total option fee of HK$3,000,000 for the subscription of 300,000,000 ordinary shares of the Company ("Option Shares") were granted at an initial exercise price of HK$0.90 per share. The Grantees have the rights to exercise the Options to acquire Option Shares at any time during the period within twelve months from the date of grant of the Options. The Group has sole discretion to procure the delivery of the Option Shares upon exercise of the Options, either by the way of issuance and allotment of the new shares or by way of transfer of shares in issue.

If the Options are exercised at any time during the period commencing the date of the grant of the Options and ending on six months after the date of the Agreements, the exercise price is HK$0.90 per Option Share (subject to adjustment). If the Options are exercised at any time during the period commencing on the date on which the period above expires and ending on twelve months after the date of grant of the Options, the exercise price is HK$6.00 per Option Share (subject to adjustment). Should the Options be exercised at the exercise price of HK$6.00 per Option Share, the total number of Option Shares would be adjusted to 45,000,000 ordinary shares of the Company.

27. DERIVATIVE FINANCIAL LIABILITIES *(continued)*

The following table discloses movements of the Company's share options held by the Grantees during the year:

Outstanding at 1 April 2007	Granted during year	Exercised during year	Expired and lapsed during year	Outstanding at 31 March 2008
—	300,000,000	—	—	300,000,000

The option fee of HK$3,000,000 received was recognised as fair value of the derivative financial liabilities at date of issue.

The fair value of the share call options at 31 March 2008 was nil. The fair value was valued by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. The fair value was calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	At 31 March 2008
Spot price	HK$0.475
Exercise price up to 5 May 2008	HK$0.9
Exercise price from 6 May 2008 to 5 December 2008	HK$6.0
Risk free rate	0.835%
Expected life	248 Days
Expected volatility	71.04%
Expected dividend yield	Nil

(c) Options to subscribe for additional convertible bonds were granted in conjunction with the issue of the convertible bonds in the principal amount of HK$200,000,000 by the Group on 15 February 2008. The details of such options are set out in note 30(c).

The fair value of the option to subscribe for convertible bonds was valued by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. The valuation was made by using the Binomial Option Pricing Model and considering the present value of the stream of future cash flows discounted at the interest rate of 12.039%.

The inputs into the model were as follows:

	At 31 March 2008
Spot price	HK$202,942,000
Exercise price	HK$200,000,000
Risk free rate	2.039%
Expected life	approximate 5 years
Expected volatility	27.94%
Expected dividend yield	Nil

28. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts due to minority shareholders are unsecured, non-interest bearing and repayable on demand.

29. DEFERRED TAXATION

At the balance sheet date, the Group has estimated unrecognised tax losses of approximately HK$120,502,000 (2007: HK$124,262,000) available to set off against future taxable income. No deferred tax asset has been recognised for such tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

30. CONVERTIBLE BONDS

At 31 March 2008, the Group had 3 series (2007: 1 series) outstanding convertible bonds.

(a) On 2 March 2007, the Company's wholly owned subsidiary, Sinofair Investment Limited ("Sinofair") issued convertible bonds in the principal amount of HK$56,000,000 ("CB 2009") with maturity date on 1 March 2009. The CB 2009 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 7.75%.

The principal terms of the CB 2009 are as follows:

— Conversion rights are exercisable at any time from 16 March 2007 to 15 February 2009.

— The holders of the CB 2009 are entitled to convert the CB 2009 into ordinary shares of the Company at an initial conversion price of HK$0.07 per ordinary share (subject to adjustment).

— If any of the CB 2009 has not been converted, it will be redeemed on the maturity date at 107.19% of the outstanding principal amount of the CB 2009.

— The subscriber of the CB 2009 undertook with the Company that it would not exercise the conversion rights attached to the CB 2009 during the period from 2 March 2007 to 2 March 2008 (the "Lock-up Period") and would not sell or transfer to other parties during the Lock-up Period. Pursuant to the supplementary agreement dated 29 February 2008, the Lock-up Period had been extended to 2 September 2008.

— Sinofair is entitled for placement rights (the "Placement Rights") under which at any time during the Lock-up Period, Sinofair has the rights to procure potential investors to purchase all or part of the CB 2009 held by the subscriber (the "Sold Bonds").

— If the subscriber sells the Sold Bonds to the new buyer, the subscriber is obliged to pay 70% of the profit arising from the sales of the Sold Bonds. The profit is determined as the difference of the proposed purchase price of the Sold Bonds and the redemption amount of the Sold Bonds on the maturity date (the "Profit").

— If the subscriber confirms not to sell the Sold Bonds, the subscriber is obliged to pay the 70% of the Profit to the Sinofair.

30. CONVERTIBLE BONDS *(continued)*

CB 2009 contains three components: liability component, equity component and derivative component.

The Placement Rights is presented in the consolidated balance sheet as "Derivative financial assets" and is measured at fair value with changes in fair value recognised in profit or loss.

(b) On 17 May 2007, the Company's wholly owned subsidiary, Fancy Gold Limited issued convertible bonds in the principal amount of HK$205,000,000 ("CB 2010") with maturity date on 16 May 2010. The CB 2010 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 7.5%.

The principal terms of the CB 2010 are as follows:

— Conversion rights are exercisable at any time from 16 July 2007 to 2 May 2010.

— The holders of the CB 2010 are entitled to convert the CB 2010 into ordinary shares of the Company at an initial conversion price of HK$0.205 per share.

— If any of the CB 2010 has not been converted, it will be redeemed on the maturity date at 115.97% of the outstanding principal amount of the CB 2010.

On 30 October 2007, certain holders of the CB 2010 converted the CB 2010 in the principal amount of HK$61,500,000 into 300,000,000 new ordinary shares of the Company at the initial conversion price of HK$0.205 per share.

The CB 2010 contains two components: liability component and equity component.

(c) On 15 February 2008, the Company's wholly owned subsidiary, Apex Team Limited issued convertible bonds in the principal amount of HK$200,000,000 ("CB 2013") with maturity date on 14 February 2013. The CB 2013 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 12.19%.

The principal terms of the CB 2013 are as follows:

— Conversion rights are exercisable at any time from 29 February 2008 to 31 January 2013.

— The holders of the CB 2013 are entitled to convert the CB 2013 into ordinary shares of the Company at an initial conversion price of HK$0.60 per share (subject to adjustment).

— If any of the CB 2013 has not been converted, it will be redeemed on the maturity date at 128.01% of the outstanding principal amount of the CB 2013.

Options are granted to subscribe for the CB 2013 in the principal amount of up to HK$200 million ("Optional Bonds").

30. CONVERTIBLE BONDS *(continued)*

The CB 2013 contains three components: liability component, equity component and embedded derivative financial liabilities for the Optional Bonds.

The options granted to subscribe for the Optional Bonds is presented in the consolidated balance sheet as "Derivative financial liabilities" and is measured at fair value with changes in fair value recognised in profit or loss.

The liability component of the above-mentioned convertible bonds represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rates for an equivalent non-convertible loan.

The equity component is presented in equity heading "Convertible bonds reserve".

The movement of the liability component of the above-mentioned convertible bonds for the year is set out below:

	2008	2007
	HK$'000	*HK$'000*
Carrying amount of the liability component at the beginning of year	**52,035**	—
Face value of issues of convertible bonds	**405,000**	56,000
Conversion of convertible bonds	**(59,348)**	—
Equity component	**(28,962)**	(61,912)
Derivative financial (liabilities) assets component	**(40,580)**	57,613
	328,145	51,701
Imputed interest expense	**16,516**	334
Carrying amount of the liability component at end of year	**344,661**	52,035
Representing by:		
Amounts due within one year shown under current liabilities	**55,708**	—
Amounts due after one year shown under non-current liability	**288,953**	52,035
	344,661	52,035

31. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Ordinary shares of HK$0.001 each		
Authorised:		
At 1 April 2006 and 31 March 2007 and 2008	250,000,000	250,000
Issued and fully paid:		
At 1 April 2006	532,100	532
Issue of new shares under an open offer	1,064,200	1,064
At 31 March 2007	1,596,300	1,596
Issue of new shares upon conversion of convertible bonds *(Note 30(b))*	300,000	300
At 31 March 2008	1,896,300	1,896

On 10 November 2006, the Company made an open offer to issue 1,064,200,000 ordinary shares of HK$0.001 each (the "Open Offer Shares") on the basis of two new shares of each outstanding share held by the shareholders. The subscription price was HK$0.05 per Open Offer Share. On 30 November 2006, the Open Offer Shares were fully subscribed and duly issued.

All the new ordinary shares issued in years ended 31 March 2008 and 2007 rank pari passu in all respects with the existing shares.

32. SHARE OPTION SCHEME

On 20 August 2003, at the annual general meeting, the Company adopted a share option scheme (the "Scheme") under which the board of directors may, at their discretion, invite any full time and part time employees, directors, suppliers, customers, consultants, advisors or shareholders of any of the companies within the Group to take up options to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption of the Scheme.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other schemes of the Group must not in aggregate exceed 10% of the number of shares in issue as at the date of approval of the Scheme (the "10% Limit"). The Company may obtain approval from the shareholders of the Company to refresh the 10% Limit, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other schemes of the Group under the limit as refreshed must not exceed 10% of the number of shares in issue at the date of approval of the refresher mandate.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The total number of shares issued and may be issued upon exercise of the options granted to each eligible person under the Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the proposed date of grant for such options must not exceed 1% of the then number of issued shares of the Company, without prior approval from the Company's shareholders.

Option granted under the Scheme must be accepted within 6 months from the date of grant and in any event no later than the last date of the period of ten years from the date of adoption of the Scheme. Upon acceptance, the grantee shall pay HK$10.00 to the Company as consideration for the grant.

The subscription price for the shares under the Scheme shall be a price determined by the board of directors of the Company and notified to an eligible participant and shall be at least the higher of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant, which shall be a business day; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

No share option has been granted since the date when the Scheme becomes effective.

33. ACQUISITION OF SUBSIDIARIES

There was no acquisition of subsidiary for the year ended 31 March 2008.

On 2 March 2007, the Group acquired 100% of the issue share capital of Kola Glory Limited and its subsidiary (the "Kola Group") at a consideration of HK$70,000,000.

The net assets acquired in the transaction are as follows:

	Kola Group's carrying amount before acquisition	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Investment properties	34,549	37,451	72,000
Deposit paid	190	—	190
	34,739	37,451	72,190
Consideration			70,000
Excess of the net assets acquired over cost of acquisition			2,190
Total consideration satisfied by:			
Cash			14,000
Issue of CB 2009			56,000
			70,000

	HK$'000
Net cash outflow arising on acquisition:	
Cash consideration paid	14,000

The fair value of the investment properties had been revalued by Landscope Surveyors Limited, an independent professional surveyor not connected with the Group, on an open-market basis.

The excess of net assets acquired over the cost of acquisition of approximately HK$2,190,000 was recognised in the consolidated income statement for the year ended 31 March 2007.

34. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company's subsidiaries operating in the PRC are required to participate in a central pension scheme (the "Central Scheme") operated by the local municipal government in the PRC. The respective local municipal government in the PRC, undertakes to assume the retirement benefits obligations of all existing and future retired staff of these subsidiaries. The only obligation of these subsidiaries with respect to the Central Scheme is to meet the required contributions under the Central Scheme. The contributions, which are calculated based on 23% of the monthly salaries of the current employees, are charged to the consolidated income statement as they become payable in accordance with the rules of the Central Scheme. The total contribution to the retirement benefits scheme charged to the consolidated income statement for the year was HK$64,000 (2007: HK$65,000).

35. LITIGATIONS

A summons dated 18 October 2007 issued in the Supreme Court of the State of New York, County of New York has been sent to Cosmopolitan Properties and Securities Limited ("CPSL"), a wholly owned subsidiary of the Company, requiring CPSL to answer a complaint lodged by Eric Edward Hotung, C.B.E. ("Eric Hotung") in which CPSL was named as a joint defendant with Sean Eric Mclean Hotung ("Sean Hotung") and Gabrielle Hotung-Davidsen, which related to two properties in the Osborne apartment block in New York that are currently registered in the name of CPSL holding in trust for Eric Hotung. CPSL has filed defence against the said complaint and denied allegation of any wrongdoings therein in its capacity as a trustee and is prepared and willing to abide by the Order of the Supreme Court of the State of New York with respect to the declaratory relief sought by the plaintiff relating to the two properties under the aforesaid litigation. In conjunction with this litigation, there were unrelated cross-claims filed by Sean Hotung, a defendant in this litigation, against CPSL and the Company (which is not a party to this litigation) for some specified amount of US$10.8 million and other claims on account and inquiry related to certain events alleged to have occurred in Hong Kong many years ago. The Company has sought initial legal advice and considers that such cross-claims were not supported by valid legal grounds. On 17 July 2008, the Supreme Court of the State of New York had also ruled that Eric Hotung has the sole and unencumbered right to transfer ownership/title of the apartments in question. Having considered the legal advice obtained, the Company's management considers that the aforesaid litigation (including the cross-claims referred to above) should have no material adverse impact on the financial position of the Group.

36. OPERATING LEASE COMMITMENT

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

	2008	2007
	HK$'000	*HK$'000*
Within one year	**510**	766
In the second to fifth year inclusive	**—**	337
	510	1,103

Operating lease payments represent rentals payable by the Group for certain of its office premises. The leases were negotiated for a term of one year and with fixed rentals.

37. OTHER COMMITMENT

The Group is contracted with Regal Hotels to establish jointly controlled entities in which the Group had committed to provide financing to the jointly controlled entities with maximum amount of HK$250,000,000 for property development in Chengdu City, Sichuan Province, the PRC. Approximately HK$85,121,000 had been paid as at 31 March 2008. The capital expenditures in respect of investment in jointly controlled entities contracted for but not provided in the consolidated financial statements are approximately HK$164,879,000 (2007: Nil).

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries held by the Company as at 31 March 2008 are as follows:

Name of company	Place of incorporation / operation	Nominal value of issued ordinary share capital / paid up registered capital	Effective percentage of ownership interest		Principal activities
			Directly %	Indirectly %	
Cosmopolitan Properties and Securities Limited	HK	HK$1,000	100	—	Securities trading and properties investment
Kola Glory Limited	BVI	US$1	100	—	Investment holdings
Hope Bright Holdings Limited	BVI	US$1	100	—	Investment holdings
Cosmopolitan International (China) Limited	BVI	US$1	100	—	Investment holdings
Cosmopolitan International Finance Limited	HK	HK$1	100	—	Securities investments and treasury
Cosmopolitan International Management Services Limited	HK	HK$1	100	—	Provision of management services
Lead Fortune Development Limited	HK	HK$1	—	100	Property investment
Sinofair Investment Limited	HK	HK$1	—	100	Provision of inter-company treasury services
Fancy Gold Limited	HK	HK$1	—	100	Provision of inter-company treasury services
Apex Team Limited	HK	HK$1	—	100	Provision of inter-company treasury services

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation / operation	Nominal value of issued ordinary share capital / paid up registered capital	Effective percentage of ownership interest		Principal activities
			Directly %	Indirectly %	
Groupsource Investments Limited	BVI	US$1	—	100	Investment holdings
Village Properties Limited	HK	HK$20	—	100	Investment holdings
Speed Gain Investments Limited	BVI	US$1	—	100	Investment holdings
Century Shenyang Investments Limited	BVI	US$1	—	100	Investment holdings
Shing Hing International Limited	BVI	US$1	—	100	Investment holdings
Greencity Investments Limited	BVI	US$1	—	100	Investment holdings
Cecil Investments Limited	BVI	US$1	—	100	Investment holdings
Winluck International Limited	BVI	US$1	—	100	Investment holdings
Will Bright International Limited	BVI	US$1	—	100	Investment holdings
Speed Concord Limited	HK	HK$1	—	100	Investment holdings
Mass Surplus International Limited	BVI	US$1	—	100	Investment holdings
Grand More International Limited	BVI	US$1	—	100	Investment holdings
Wise Bridge Investments Limited	BVI	US$1	—	100	Investment holdings

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation / operation	Nominal value of issued ordinary share capital / paid up registered capital	Effective percentage of ownership interest		Principal activities
			Directly %	Indirectly %	
Readyway Holdings Limited	BVI	US$1	—	100	Investment holdings
Core Success Limited	Samoa	US$1	—	100	Securities trading
Cyberlogistic International Holdings Limited	BVI	US$400	—	53	Investment holdings
Cyberlogistic Technologies Limited*	BVI	US$500	—	39.22	Information technology
Power2Roam Company Limited*	HK	HK$1,000	—	52.92	Provision of wireless internet access technology
Wish Technologies Limited*	HK	HK$100	—	38.82	Investment holdings

* Cyberlogistic International Holdings Limited ("Cyberlogistic") owns over 50% of the equity shares of these companies. The Group therefore has control on these companies.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Save as disclosed in note 30, none of the subsidiaries had issued any debt securities subsisting at the end of the year or at any time during the year.

39. POST BALANCE SHEET EVENT

Subsequent to 31 March 2008, the Group completed its negotiations with Global Luck Investments Limited ("Global Luck") for the acquisition of 60% interest in Advanced Industry Limited ("AIL") (the "Acquisition").

On 19 May 2008, the Group entered into a sale and purchase agreement pursuant to which the Group has agreed to acquire from Global Luck 60% interest in AIL at a cash consideration of up to HK$65 million.

AIL is an investment holding company whose only asset is the investment in a company incorporated in the PRC (the "PRC Company"). The PRC Company is a wholly foreign owned enterprise established in the PRC for the purposes of ecological improvement and acquisition of the land use rights of certain land with an aggregate construction site area of not less than 8,000 acres in Urumqi City, Xinjiang Province, the PRC upon completion of all the government requirements of reforestation and ecological improvement as contracted.

The acquisition and the financial assistance of up to HK$160 million which may be provided (but not obliged) by the Group to AIL which had been disclosed in the announcement of the Company dated 11 June 2008.

40. RELATED PARTY TRANSACTION

The key management members of the Group were the directors. The remunerations of directors were disclosed in note 12(a).

The remunerations of the key management members are determined by the remuneration committee having regarded to the performance of individuals and market prices.

Summary Financial Information

For the year ended 31 March 2008

Summary Financial Information

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

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(restated)	*(restated)*
Turnover	**133,169**	17,294	11,468	2,763	2,158
Administrative expenses	**(13,961)**	(14,906)	(9,270)	(9,362)	(7,449)
Other operating expenses	**—**	—	(25)	(7,610)	(1,816)
Profit/(Loss)before taxation	**99,070**	6,196	(19,552)	15,477	56,332
Income tax expense	**(22,265)**	—	—	—	—
Profit/(Loss) before minority interests	**76,805**	6,196	(19,552)	15,477	56,332
Minority interests	**243**	912	(1,151)	(586)	—
Net profit/(loss) attributable to shareholders	**77,048**	7,108	(20,703)	14,891	56,332
Earnings/(Loss) per share (in HK cents)	**4.47**	0.94	(3.89)	2.80	12.59

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(restated)	*(restated)*
Non-current assets	**160,003**	98,998	40,255	44,384	63,588
Current assets	**618,836**	164,565	40,778	55,588	55,238
Current liabilities	**(130,607)**	(18,374)	(4,924)	(4,337)	(12,915)
Net current assets	**488,229**	146,191	35,854	51,251	42,323
Total assets less current liabilities	**648,232**	245,189	76,109	95,635	105,911
Non-current liabilities	**(288,953)**	(52,035)	(38)	(38)	(38)
Net assets	**359,279**	193,154	76,071	95,597	105,873
Minority interests	**(819)**	(1,062)	(1,933)	(781)	(195)