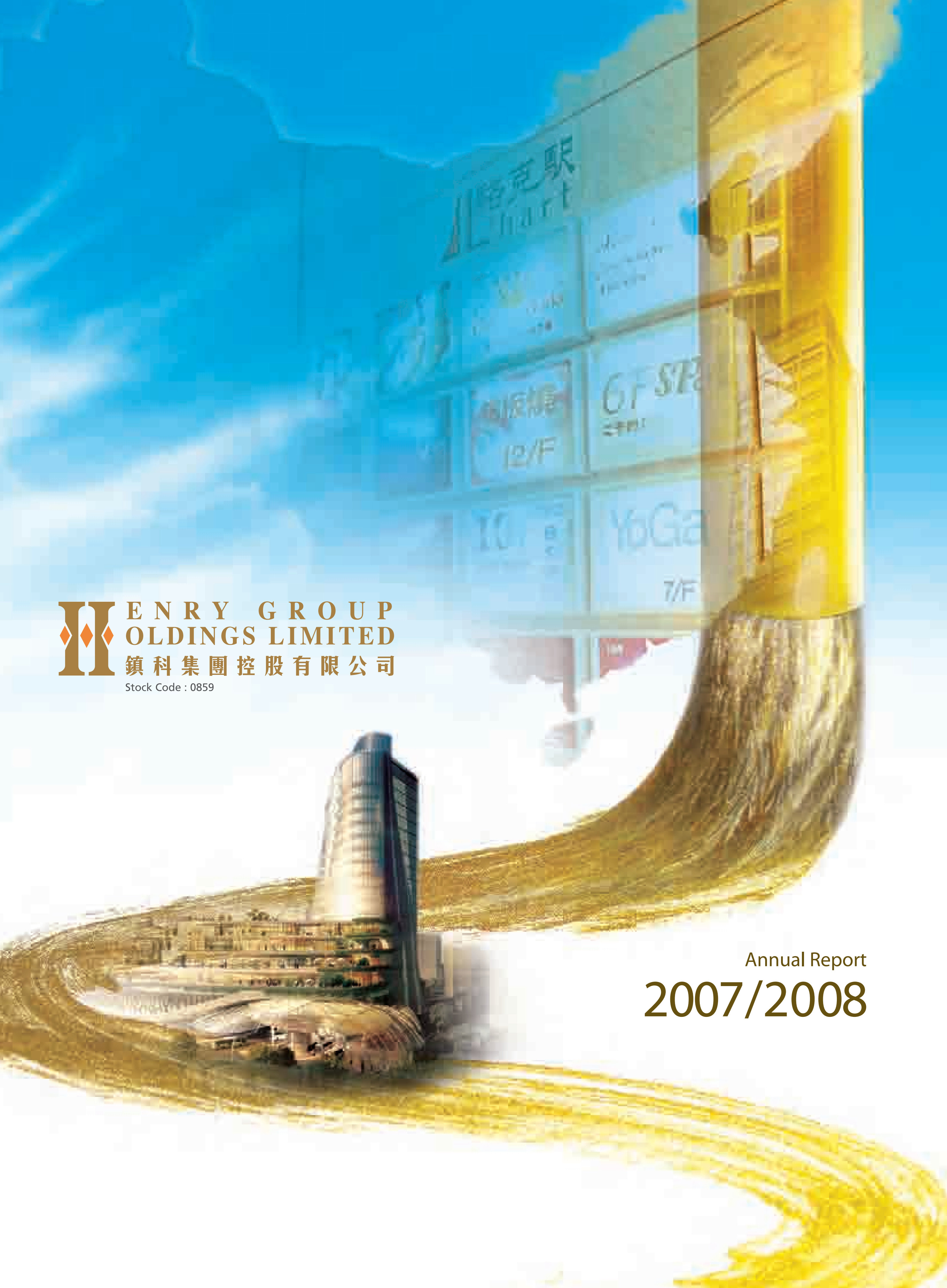


HENRY GROUP HOLDINGS LIMITED
鎮科集團控股有限公司

Stock Code : 0859

Annual Report

2007/2008

Contents

Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Ng Chun For, Henry *(Chairman)*
Mr. Ng Ian *(Deputy Chairman and Chief Executive Officer)*
Mr. Chan Kwai Ping, Albert
Mr. Li Man Hin *(appointed on 1 November 2007)*

Non-executive directors

Mr. Cheng Yuk Wo *(appointed as Vice Chairman and re-designated as non-executive director on 4 April 2007)*
Mr. Mak Wah Chi

Independent non-executive directors

Mr. Ng Hoi Yue
Mr. Tsang Kwok Ming, Rock
Mr. Li Kit Chee *(appointed on 4 April 2007)*

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Lee Pui Lam

AUTHORISED REPRESENTATIVES

Mr. Ng Ian
Mr. Chan Kwai Ping, Albert

AUDIT COMMITTEE

Mr. Li Kit Chee *(Committee Chairman)*
Mr. Mak Wah Chi
Mr. Ng Hoi Yue

REMUNERATION COMMITTEE

Mr. Li Kit Chee *(Committee Chairman)*
Mr. Mak Wah Chi
Mr. Tsang Kwok Ming, Rock

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

AUDITOR

Shu Lun Pan Horwath Hong Kong CPA Limited

PRINCIPAL PLACE OF BUSINESS

22/F., Jardine Center
50 Jardine's Bazaar
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited

LEGAL ADVISORS

as to Hong Kong law:
Cheung, Tong & Rosa

as to Bermuda law:
Conyers Dill & Pearman

FINANCIAL ADVISORS

Optima Capital Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.henrygroup.hk

INVESTOR AND MEDIA RELATIONS

Strategic Financial Relations Limited

STOCK CODE

859

April 2007 Mr. Li Kit Chee was appointed as an Independent non-executive Director of the Company

June 2007 The acquisition of a 100% interest in Jardine Center, Causeway Bay was completed

July 2007 The Company entered into a HK$53.9 million placing agreement with Kingsway Financial Services Group Limited

August 2007 Annual general meeting

September 2007 The disposal of the loss-making IT-related operation was completed

November 2007 The acquisition of a 100% interest in No. 487–489 Lockhart Road, Causeway Bay was completed;
Mr. Li Man Hin was appointed as an Executive Director of the Company; and the Company entered into a HK$77.5 million placing agreement with Taiwan Securities (Hong Kong) Company Limited

December 2007 Interim results announcement

March 2008 Special general meeting approved the acquisition of a 100% interest in Uptodate Management Limited which indirectly controlled the interest in two parcels of adjoining land at No. 49–65 Yuyuan Road, Jingan District, Shanghai

July 2008 The acquisition of a 50% interest in 8 Hau Fook Street, Tsim Sha Tsui was completed; and Final results announcement

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of Henry Group Holdings Limited and its subsidiaries (hereinafter referred to as the "Group") for the financial year ended 31 March 2008. During the year under review, the Group had made enormous progress with its business.

DIVESTMENT IN LOSS-INCURRING IT-RELATED BUSINESS

In September 2007, the Company disposed of its entire equity interest in Zida International Holding Limited ("Zida") for a cash consideration of approximately HK$4.3 million and exited the loss-incurring IT-related business ("Disposal"). The Disposal provided an exit opportunity for the Group to one-off remove all liabilities in relation to Zida and its subsidiaries and to free resources to focus on the new property related core business. The Disposal recorded an exceptional profit of approximately HK$8.7 million for the Group. Details of the Disposal was disclosed in a circular dated 6 September 2007. The Disposal was duly approved by independent shareholders of the Company at the special general meeting held on 21 September 2007 and was completed on the same day.

TRANSFORMATION TO A FULLY-FLEDGED GINZA-STYLE PROPERTY OPERATOR

Jardine Center, Causeway Bay (100% interest)

In June 2007, the Group completed its inaugural acquisition of a quality en-block Jardine Center by way of the purchase of the entire equity interest in Max Act Enterprises Limited ("Max Act"). The total consideration was approximately HK$246 million, of which approximately HK$117 million was satisfied by way of issue of new shares of the Company and approximately HK$129 million was satisfied by way of issue of a 5-year convertible note.

Jardine Center, in the heart of Causeway Bay with a total gross floor area of approximately 52,836 square feet, generates a steady recurrent revenue for the Group. During the year under review, Jardine Center, virtually fully occupied, reported a 9-month rental contribution of approximately HK$14.0 million. It accounted for approximately 59.5 percentage of the Group's turnover for the year. The full-year operational rental contribution will be reflected in the results of 2008/2009. Details of the acquisition of Max Act was disclosed in a circular dated 30 May 2007. The acquisition of Max Act was duly approved by independent shareholders of the Company at the special general meeting held on 14 June 2007 and was completed on 25 June 2007. Thereafter Max Act becomes an indirect wholly-owned subsidiary of the Company.

Following the accounting standards, Jardine Center was measured at its fair value and an exceptional increase in fair value of approximately HK$38.9 million was recorded for the year.

BUILDING FOR THE FUTURE — SELECTIVELY ACQUIRED A NUMBER OF QUALITY DEVELOPMENT PROJECTS

No. 487–489 Lockhart Road, Causeway Bay (100% interest)

In November 2007, the Group completed another acquisition of a development project situated at No. 487–489 Lockhart Road, Causeway Bay by way of the purchase of the entire equity interest in Seedtime International Limited ("Seedtime") and the shareholders' loan. The total consideration of approximately HK$193 million was satisfied by a combination of issue and allotment of approximately HK$150 million new shares of the Company and a 5-year convertible note with a principal amount of approximately HK$43 million.

The project with a total gross floor area of approximately 32,675 square feet has been earmarked for the re-development of the first in Hong Kong to pioneer the concept of duplex-ginza retail property. Construction and renovation works of the project are close to completion, pre-lease has begun and been progressing well. It is expected to be ready for move in by the third quarter of 2008 and is poised to bring rental contribution to the Group soon after that. Details of the acquisition of Seedtime was disclosed in a circular dated 5 October 2007. The acquisition of Seedtime was duly approved by independent shareholders of the Company at the special general meeting held on 22 October 2007 and was completed on 14 November 2007. Thereafter Seedtime becomes an indirect wholly-owned subsidiary of the Company.

No. 49–65 Yuyuan Road, Jingan District, Shanghai (30% interest)

In March 2008, the Group announced another acquisition of premium project in the traditional prime shopping and business districts in Shanghai by way of the purchase of the entire equity interest in Uptodate Management Limited ("Uptodate"). The total consideration was approximately HK$321.5 million, of which HK$70 million has been satisfied in cash as a refundable deposit and the balance will be satisfied upon completion by way of a combination of approximately HK$44.9 million in cash, approximately HK$170.9 million in new shares of the Company and approximately HK$35.7 million in convertible notes.

Uptodate indirectly owns a 30% interest in two parcels of adjoining land with a site area of approximately 10,837 square meters (116,649 square feet) at No. 49–65 Yuyuan Road, Jingan District, Shanghai with market value of RMB2,200 million (after clearance of structures and evacuation) as at 14 September 2007 as appraised by Savills Valuation and Professional Services Limited. The site nestled within Grade 'A' office complexes, 5-star hotel as well as famed shopping malls, which has been earmarked for the development of Ginza-style shopping avenue with a gross floor area of approximately 70,846 square meters (762,586 square feet) (including 3 level basements), is scheduled to be completed in the first quarter of 2012 ("Ginza Shopping Avenue"). As part of the Jingan district government bureau city planning, the Ginza Shopping Avenue will accommodate certain areas for building an integrated transportation hub that will be well connected by a number of new metro and bus lines and is scheduled to be completed in 2009 and ready for the advent of the 2010 Shanghai World Expo. In addition, the Ginza Shopping Avenue will have distinctive feature, designed by renowned architectural firm Benoy Limited, hence is set to become an iconic landmark in Jiangan District upon completion. Currently, relocation and evacuation is underway and in smooth progress.

Having garnered the support of 100% of the independent shareholders at the special general meeting held on 26 March 2008, the management has been working hard to fulfil the conditions precedent to the completion of the acquisition of Uptodate which is expected to be accomplished in the second half of 2008. By then, the Group will have a forceful presence in mainland China for capturing the fast-growing PRC retail market and lucrative property market. Details of the acquisition of Uptodate was disclosed in a circular dated 11 March 2008. Upon completion, Uptodate will become an indirect wholly-owned subsidiary of the Company.

8 Hau Fook Street, Tsim Sha Tsui (50% interest)

Subsequent to the balance sheet date, the Group enriches yet again its premium ginza-style property portfolio by way of acquisition of the entire equity interest in Honeyguide Investments Limited ("Honeyguide") and the shareholders' loan for a total consideration of approximately HK$82 million. It was partial satisfied in cash of approximately HK$35 million and the balance by way of issue of new shares of the Company.

Honeyguide indirectly holds 50% interest in a prime development site on 8 Hau Fook Street, Tsimshatsui. The project, accommodating a total gross floor area of about 40,311 square feet, has been earmarked for the development of a composite building with a ginza-style shopping mall and serviced apartments, which is located in the most prosperous commercial and shopping district in Kowloon. Currently the structure erected on the site had almost been demolished and construction is expected to start in the second half of 2008. It is scheduled to be completed in 2010.

The acquisition has allowed the Group to enlarge its asset base, extending it to cover properties at hot spots on both sides of the Victoria harbour. Details of the acquisition of Honeyguide was disclosed in a circular dated 2 June 2008. The acquisition of Honeyguide was duly approved by the independent shareholders of the Company at the special general meeting held on 23 June 2008 and was completed on 15 July 2008. Thereafter Honeyguide becomes an indirect wholly-owned subsidiary of the Company.

Property Agency Business — Uni-land

Uni-Land's retail property agency business was the second major revenue generator of the Group for the year under review. Uni-Land reported an operating profit of approximately HK$0.58 million for the year.

Reinforcing Capital Structure

The Company placed 44,960,000 and 64,600,000 new shares at HK$1.2 each by way of top-up placings in July and November 2007 respectively. The net proceeds raised are used for general working capital purpose.

After the placement in November 2007, Asset Managers (Asia) Company Limited and Atom Capital Management Pte Limited became new strategic shareholders of the Company. The Directors are pleased to have investors showing strong confidence in the Group's transformation into a successful ginza-property operator.

Architecture — Enrich Unique Business Model

In November 2007, the Board welcomed seasoned architect Mr. Li Man Hin to join the Company as executive director. Mr. Li has substantial experience in developing sizeable landmark buildings in Hong Kong and the Greater China region. The solid experience and knowledge of Mr. Li in the real estate sector is expected to enable the Group to extend its investment and replicate the unique ginza-property business model in the major cities in the Greater China region.

PROSPECTS

The year 2007 was a fruitful year for retailers in Greater China. Rapid economic growth in China especially in the last few years has brought strong real per capita income growth and bred a middle class with growing spending power in the country. As for Hong Kong, the population of high net worth individuals has kept increasing and spending sentiment has improved to the benefit of the retail market. With retail spaces constantly in short supply in the city, retailers have been moving their business "upstairs", a phenomenon bracing the Group's optimism about the demand for retail spaces, especially in ginza-style buildings, in Hong Kong and mainland China in the foreseeable future.

Holding expertise of the ginza-style retail space development and rental niche, the Group is advancing in confident and fruitful strides to become a leading operator in the ginza-style commercial property sector in the Greater China region. As the PRC economy continues to boom, the Renminbi gains value and the Chinese Government pushing urban construction at full steam, demand for quality retail properties in China will continue to grow.

Going forward, we will continue to look for attractive opportunities and acquire new sites or properties suitable for replicating our successful business model to bring attractive returns to shareholders of the Company.

Lastly, on behalf of the Board of directors, I would like to express my deepest gratitude to our shareholders, investors, principal banks and professional advisors for their continuous support to the Group, and to sincerely thank my fellow directors and all staff for their hard work and dedication.

Ng Chun For, Henry
Chairman
Hong Kong, 24 July 2008

Management Discussion and Analysis

OUR BUSINESS

Henry Group Holdings Limited is principally engaged in investment holding activities. The principal activities of its subsidiaries are property investment, the provision of property agency and securities investment.

FINANCIAL REVIEW

Turnover from Continuing Operations

The Group's turnover from continuing operations was approximately HK$23.6 million (2007: HK$6.3 million), representing a substantial increase of approximately 274.6% as compared to last year. The increase in turnover was mainly attributable to the inclusion of stable and recurring rental income derived from the newly acquired investment properties.

Finance Costs

Finance costs, comprising mainly bank loans interest and imputed interest attributable to convertible notes, increased from approximately HK$0.06 million of last year to approximately HK$18.1 million. This was primarily due to the inclusion of bank borrowings being acquired for financing of the investment properties and property under development as well as imputed interest attributable to convertible notes issued during the year for financing of the acquisitions.

Profit Attributable to Shareholders of the Company

For the year ended 31 March 2008, the Group recorded a turnaround profit of approximately HK$9.4 million from a net loss of approximately HK$19.3 million in the previous year. The improvement in results for the year was primarily attributable to the inclusion of exceptional gains derived from fair value changes of investment properties and a one-off gain on the strategic disposal of the loss-making subsidiaries.

Liquidity and Financial Resources

The Company placed 44,960,000 and 64,600,000 new shares at HK$1.2 each by way of top-up placings in July and November 2007 respectively. The net proceeds raised are used for general working capital purpose.

Operations of the Group are generally financed through internal resources and bank facilities provided by its principal banks. The standby revolving credit facility together with healthy operating cashflow will provide sufficient financial resources to satisfy its commitments and working capital requirements. The current ratio at 31 March 2008 remained healthy at 3.89 times as compared with 0.89 times at 31 March 2007.

The Group's bank borrowings were denominated in Hong Kong dollars and were on a floating rate basis at short-term inter-bank offer rates. The Group's bank borrowings were mainly secured by its investment properties and properties under development with a total carrying value of approximately HK$974 million and with maturity profile set out as follows:

Repayable	**As at 31 March 2008** HK$'000
Within 1 year	2,423
After 1 year but within 2 years	6,800
After 2 years but within 5 years	24,900
Over 5 years	371,950

The Group's gearing ratio, calculated as total liabilities over total assets, was approximately 56.8% (2007: 130%) as at 31 March 2008.

Capital Structure

As of financial year end, our substantial and controlling shareholder, Mr. Ng Chun For, Henry through his controlled corporations, being Henry Jewellery Holdings Limited and Jumbo Step International Limited, was in aggregate beneficially interested in 63.62% of the issued share capital of the Company.

In the year, the Company granted 11,000,000 and 4,000,000 share options to the directors and employees at their respective exercise prices of HK$0.686 per share and HK$1.156 per share in April and August 2007 respectively. In the year, 1,140,000 options were exercised.

In the year, the Company issued and allotted 44,960,000 and 64,600,000 new shares at HK$1.2 per share by way of top up placings in July and November 2007 respectively, raising a total of net proceeds of approximately HK$127.6 million to finance the general working capital of the Group.

In the year, the Company had issued convertible notes with their respective principal amounts of approximately HK$129.1 million and HK$42.6 million at initial conversion prices of HK$0.98 and HK$1.25 per conversion share (subject to adjustments) in June and November 2007 for the acquisitions of Max Act and Seedtime respectively.

As of financial year end, the Company's number of issued ordinary shares was 502,708,000.

TREASURY POLICIES

Most of the business transactions, assets and liabilities of the Group are denominated in Hong Kong dollars. The Group adopted relatively prudent financial policy and closely monitored its cashflow and did not enter into any derivative products for hedging purposes during the year under review.

CHARGES ON GROUP ASSETS

As at 31 March 2008, the Group's investment properties and properties under development in Hong Kong with a combined carrying amount of approximately HK$974 million (31 March 2007: leasehold properties of HK$2.8 million) were pledged to banks to secure banking facilities granted to the Group.

GUARANTEES

Save for the Company has given several corporate guarantees in favour of banks for banking facilities to its subsidiaries to the extent of approximately HK$427 million (31 March 2007: HK$0.95 million), the Company and the Group had no significant contingent liabilities or outstanding litigation as at 31 March 2008.

CAPITAL COMMITMENTS

The Group has capital commitments of approximately HK$15.5 million (31 March 2007: Nil) in relation to the construction cost of properties under development as at 31 March 2008.

Save as aforesaid, the Group did not have any material commitments at the end of the year.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Apart from the acquisitions and disposal as set out in notes 27 and 28 to the consolidated financial statements, the Group did not have any significant investments, material acquisitions and disposals during the year under review.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2008, the Group had about 31 employees based in Hong Kong. The remuneration of each staff member was determined on the basis of his qualification, performance and experience. The Group also provides other benefits including medical cover and a Mandatory Provident Fund. Details of staff costs for the year ended 31 March 2008 are disclosed in note 8. A share option scheme was adopted by the Company on 3 September 2003 to enable the Directors to grant share options to staff and Directors as incentive.

The directors of the Company ("Directors") are pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements on page 92 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2008 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 32 to 92 of this annual report.

No interim dividend was declared for the year and the Directors do not recommend the payment of final dividend for the year.

RESERVES

Movements in reserves of the Group and the Company during the year are set out on pages 35 and 76 to 77 of this annual report respectively.

INVESTMENT PROPERTIES

The Group's investment properties at 31 March 2008 were revalued by an independent firm of professional property valuers on an open market value basis. Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

INTEREST CAPITALISED

Interest of approximately HK$2.16 million was capitalised during the year in respect of the Group's property under development project.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year together with the reasons therefore are set out in note 25 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 93 of this annual report.

DIRECTORS

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

Executive Directors

Mr. Ng Chun For, Henry *(Chairman)*
Mr. Ng Ian *(Deputy Chairman and Chief Executive Officer)*
Mr. Chan Kwai Ping, Albert
Mr. Li Man Hin *(appointed on 1 November 2007)*

Non-executive Directors

Mr. Cheng Yuk Wo *(appointed as Vice Chairman and re-designated as non-executive director on 4 April 2007)*
Mr. Mak Wah Chi

Independent non-executive Directors

Mr. Li Kit Chee *(appointed on 4 April 2007)*
Mr. Ng Hoi Yue
Mr. Tsang Kwok Ming, Rock

In accordance with the Company's Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Mr. Cheng Yuk Wo has notified the Company that he will retire from office at the forthcoming annual general meeting and will not offer himself for re-election; the other directors to retire from office at the forthcoming annual general meeting are Mr. Li Man Hin, Mr. Ng Hoi Yue, Mr. Li Kit Chee and Mr. Tsang Kwok Ming, Rock, who being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management as at the date of this report are set out on pages 22 to 24 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Details of the connected transactions are set out on pages 14 to 15 of this annual report.

Save for the above, no contract of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following Directors (not being the Independent Non-Executive Directors) are considered to have interests in the business which compete or are likely to compete with the business of the Group ("Competing Business") pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as set out below:

Name/Entity	Investing Entity	Nature of Interest	Competing Business
Mr. Ng Chun For, Henry, Director ("Mr. Ng") and his associates	Certain private companies owned by Mr. Ng and his family	shareholder/director	Commercial property development and investment
Mr. Ng Ian, Director and his associates	Certain private companies owned by Mr. Ian Ng and his family	shareholder/director	Commercial property development and investment
Mr. Chan Kwai Ping, Albert, Director ("Mr. Chan")	Certain private companies owned by Mr. Chan	shareholder/director	Commercial property investment

As the Board of the Group operates independently of the boards of the investing entities owned by Mr. Ng, Mr. Ng Ian and Mr. Chan and the independent non-executive Directors of the Company would assist in monitoring the operation of the Group, the Group is therefore capable of carrying on its business independently of, and at an arm's length from the Competing Business.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group's five largest customers was approximately 37.1% of the Group's total turnover and the Group's largest customer accounted for approximately 17.7% of the Group's total turnover.

The Group had no major suppliers due to the nature of the principal activities of Group.

None of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in major customers noted above.

VERY SUBSTANTIAL ACQUISITIONS ("VSA") AND CONNECTED TRANSACTIONS

(I) Acquisition of Max Act Enterprises Limited ("Max Act") which indirectly owns a 100% interest in Jardine Center

On 30 April 2007, Rose City Group Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Jumbo Step International Limited ("Jumbo Step"), a company wholly-owned by Mr. Ng Chun For, Henry ("Mr. Ng"), being a director and one of the beneficial owners of Henry Jewellery Holdings Limited, a substantial shareholder of the Company, hence a connected person of the Company in relation to the acquisition of Max Act for a consideration of approximately HK$246 million which was satisfied by a combination of issue and allotment of 61,296,333 consideration shares amounted to approximately HK$117 million and an issue of a 5-year convertible note with the principal amount of approximately HK$129 million. The VSA and connected transaction was approved by independent shareholders of the Company at the special general meeting held on 14 June 2007 and completed on 25 June 2007. Further details of the acquisition of Max Act were set out in the Company's announcements dated 9 May 2007 and 14 June 2007 and the circular dated 30 May 2007.

(II) Acquisition of Seedtime International Limited ("Seedtime") which indirectly owns a 100% interest in No. 487–489 Lockhart Road

On 10 September 2007, Rose City Group Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Jumbo Step, a company wholly owned by Mr. Ng, hence a connected person of the Company, in relation to the acquisition of entire equity interest in Seedtime and shareholder's loan for a consideration of approximately HK$193 million which was satisfied by a combination of issue and allotment of approximately HK$150 million consideration shares of the Company and a 5 year convertible note with a principal amount of approximately HK$43 million. The VSA and connected transaction was approved by independent shareholders of the Company at the special general meeting held on 22 October 2007 and completed on 14 November 2007. Further details of the acquisition of Seedtime were set out in the Company's announcement dated 14 September 2007 and the circular dated 5 October 2007.

(III) Acquisition of Uptodate Management Limited ("Uptodate") which indirectly owns a 30% interest in Two Parcels of Adjoining Land at No. 49–65 Yuyuan Road, Jingan District, Shanghai

On 4 February 2008, Maxwing Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with (i) Mr. Ng Chun For, Henry ("Mr. Ng"), the Chairman, (ii) Mr. Ng Ian and Mr. Chan Kwai Ping, Albert, executive Directors and (iii) Mr. Ng Eric, a son of Mr. Ng in relation to the acquisition of entire equity interest in Uptodate for a consideration of approximately HK$321.5 million, of which HK$70 million was satisfied in cash as a refundable deposit and the balance will be satisfied upon completion by a combination of cash of approximately HK$44.9 million, issue and allotment of approximately HK$170.9 million consideration shares of the Company and a 5 year convertible note with principal amount of approximately HK$35.7 million. The VSA and connected transaction was approved by independent shareholders of the Company at the special general meeting held on 26 March 2008. Further details of the acquisition of Uptodate were set out in the Company's announcement dated 19 February 2008 and the circular dated 11 March 2008.

VERY SUBSTANTIAL DISPOSAL ("VSD") AND CONNECTED TRANSACTION

On 7 August 2007, the Company entered into a conditional sale and purchase agreement with GIGAFLASH INC, wholly-owned by Mr. Chang Chung Wa, Eddie, being the former chairman and former controlling shareholders of the Company prior to 11 April 2005, hence a connected person of the Company, in relation to the disposal of the entire equity interest in Zida International Holding Limited ("Zida") which carried out all of the Group's IT-related business for a cash consideration of HK$4.3 million.

The directors anticipated the volatile information technology industry continuing to pose challenges to the Group's IT-related business, in particular, Zida's sustained net loss position for the past two financial years, as well as its audited net liabilities as at 31 March 2007, the Board has to dispose of Zida. As a result of the disposal, the Group would no longer be exposed to the business and financial risk in the volatile IT industry. The VSD and connected transaction was approved by independent shareholders at the special general meeting held on 21 September 2007 and was completed on the same day.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected transactions under Rule 14A.65 of the Listing Rules and are thus exempt from reporting, announcement and independent shareholders approval.

(a) The Company has given a corporate guarantee in favour of a bank for banking facilities granted to Uni-Land Property Consultants Limited, a non-wholly owned subsidiary of the Company ("Uni-Land") of approximately HK$950,000 (31 March 2007: HK$950,000) of which approximately HK$423,000 was utilised as at 31 March 2008 (31 March 2007: HK$948,000).

(b) Uni-Land Property Group Limited, a minority shareholder of Uni-Land, has provided advances to Uni-Land with a year-end fair value of approximately HK$698,000 (31 March 2007: HK$649,000) for its general working capital purpose. The advances are unsecured, non-interest bearing and repayable on 30 April 2009.

During the year, the Group had the following connected transaction which is exempted from independent shareholders' approval requirements under Rule 14A.66(2) of the Listing Rules.

(c) On 28 September 2007, Henry Group Management Limited ("HGML"), a wholly-owned subsidiary of the company, entered into a loan agreement ("Loan Agreement") with Uni-Land whereby HGML agreed to lend HK$3 million to Uni-Land bearing an interest rate of 7.3% per annum and repayable on demand with 7 days prior written notice.

    The Loan Agreement constituted a connected transaction of financial assistance for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules and is exempted from independent shareholders' approval requirement under the Rule 14A.66(2) of the Listing Rules but is subject to the reporting and announcement requirements as set out in Rules 14A.47 of the Listing Rules. For details of the connected transaction, please refer to the Company's announcement dated 2 October 2007.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 March 2008, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

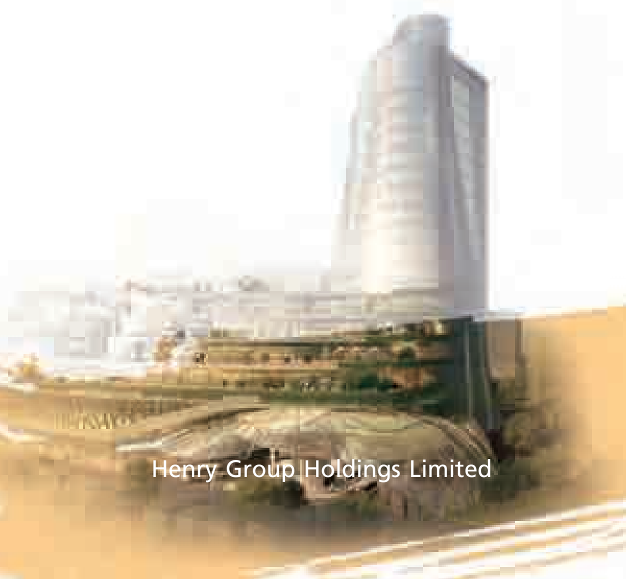
(I) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

(a) Long positions in ordinary shares of HK$0.1 each of the Company

Name of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Chun For, Henry ("Mr. Ng")	Interest of controlled corporations	319,814,333 *(Notes 1 and 2)*	63.62%

Note 1: Henry Jewellery Holdings Limited ("HJHL"), a company incorporated in the British Virgin Islands, owned 152,618,000 shares of the Company. Mr. Ng is entitled to exercise or control the exercise of 70%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

Note 2: Jumbo Step International Limited ("Jumbo Step"), a company incorporated in the British Virgin Islands, owned 167,196,333 shares of the Company, is wholly-owned by Mr. Ng. Mr. Ng is entitled to exercise or control the exercise of 100% of the voting rights of Jumbo Step.



(b) Long positions in underlying shares of the Company

As at 31 March 2008, the Directors had personal interests in share options of the Company granted under the share option scheme adopted on 3 September 2003 as follows:

Name of Director	Option grant date	Exercise period	Exercise price *HK$*	Number of share options outstanding	Approximate percentage of interest in issued share capital
Mr. Ng	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.40%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.40%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.19%
Mr. Ng Ian	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.40%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.40%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.19%
Mr. Chan Kwai Ping, Albert	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.40%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.40%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.19%
Mr. Cheng Yuk Wo	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.40%
Mr. Mak Wah Chi	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.40%
Mr. Tsang Kwok Ming, Rock	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.19%
				20,000,000	3.96%

(II) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Associated Corporations of the Company

Long positions in the shares of the associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of issued ordinary shares held	Approximately percentage of issued share capital of the associated corporation
Mr. Ng	HJHL *(Note 1)*	Personal beneficial owner	70	70%
Mr. Ng Ian	HJHL *(Note 1)*	Personal beneficial owner	10	10%
Mr. Chan Kwai Ping, Albert	HJHL *(Note 1)*	Personal beneficial owner	10	10%
Mr. Ng	Jumbo Step *(Note 2)*	Personal beneficial owner	1	100%

Save as disclosed above, as at 31 March 2008, none of the Directors or chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 31 March 2008, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of HK$0.1 each of the Company

Name of shareholder	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Interest of controlled corporations *(Notes 1 and 2)*	319,814,333	63.62%
HJHL	Beneficial owner *(Note 1)*	152,618,000	30.36%
Jumbo Step	Beneficial owner *(Note 2)*	167,196,333	33.26%
Euphoria Limited	Beneficial owner	51,600,000	10.26%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	51,600,000	10.26%
Asset Managers Co., Ltd.	Interest of controlled corporation	51,600,000	10.26%

Save as disclosed above, as at 31 March 2008, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 32 to the consolidated financial statements.

The following table discloses details of share options outstanding under the Company's 2003 share option scheme adopted on 3 September 2003 and movement during the year:

				Number of share options				
	Note	**Date of grant of share options**	**Exercise price**	**Outstanding at beginning of the year**	**Granted during the year**	**Lapsed/ cancelled during the year**	**Exercised during the year**	**Outstanding at end of the year**
			HK$					
Name of Grantee								
Mr. Ng Chun For, Henry *(Director)*	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
	(2)	2 April 2007	0.686	—	2,000,000	—	—	2,000,000
	(3)	31 August 2007	1.156		1,000,000	—	—	1,000,000
Mr. Ng Ian *(Director)*	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
	(2)	2 April 2007	0.686	—	2,000,000	—	—	2,000,000
	(3)	31 August 2007	1.156	—	1,000,000	—	—	1,000,000
Mr. Chan Kwai Ping, Albert *(Director)*	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
	(2)	2 April 2007	0.686	—	2,000,000	—	—	2,000,000
	(3)	31 August 2007	1.156	—	1,000,000	—	—	1,000,000
Mr. Cheng Yuk Wo *(Director)*	(2)	2 April 2007	0.686	—	2,000,000	—	—	2,000,000
Mr. Mak Wah Chi *(Director)*	(2)	2 April 2007	0.686	—	2,000,000	—	—	2,000,000
Mr. Tsang Kwok Ming, Rock *(Director)*	(3)	31 August 2007	1.156	—	1,000,000	—	—	1,000,000
Eligible person	(1)	28 October 2005	0.676	1,280,000	—	—	(640,000)	640,000
Employee	(2)	2 April 2007	0.686	—	1,000,000	—	(500,000)	500,000
				7,280,000	15,000,000	—	(1,140,000)	21,140,000

Notes:

(1) The exercise period is from 28 October 2005 to 27 October 2015 (both dates inclusive).

(2) The exercise period is from 2 April 2007 to 1 April 2017 (both dates inclusive).

(3) The exercise period is from 31 August 2007 to 30 August 2017 (both dates inclusive).

Apart from the foregoing, at no time during the year was the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SHARE

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would obligate the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules during the year.

POST BALANCE SHEET EVENTS

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

AUDITOR

On 7 October 2007, Horwath Hong Kong CPA Limited changed its name to Shu Lun Pan Horwath Hong Kong CPA Limited. The financial statements for the year ended 31 March 2008 have been audited by Shu Lun Pan Horwath Hong Kong CPA Limited who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. There have been no other changes of auditors in the past three years.

On behalf of the Board
Ng Ian
Deputy Chairman and Chief Executive Officer
Hong Kong, 24 July 2008

Directors and Senior Management Profile

DIRECTORS

Executive Directors

Ng Chun For, Henry (Aged 71)
Mr. Henry Ng has been appointed as an executive Director of the Company since 30 April 2005 and became the Chairman on 21 May 2005. Mr. Henry Ng founded a high-end jeweler in Hong Kong under the brand name of "Henry Jewelry" in 1976. In 1992, Mr. Henry Ng joined force with his son, Mr. Ian Ng, and founded Just Gold Company Limited which subsequently built the brand names now known as "Just Gold" and "Just Diamond" to venture into the contemporary jewelry market. The "Just Gold" and "Just Diamond" brands now operate in aggregate about 60 retail shops in Hong Kong, Taiwan and the PRC. Mr. Henry Ng has made investments in the real estate market in Hong Kong and Macau Special Administrative Region of the PRC and included sale and purchase and development of real estate properties. Mr. Henry Ng is responsible for the overall strategic planning of the Group.

Ng Ian (Aged 42)
Mr. Ian Ng has been appointed as an executive Director of the Company since 30 April 2005 and became the Chief Executive Officer and Deputy Chairman on 21 May 2005 and 11 July 2005 respectively. Mr. Ian Ng graduated from University of California, Los Angeles in the United States of America with a Bachelor of Arts Degree in Psychology with a specialisation in Business Administration and is a member of American Institute of Certified Public Accountant. With a vision to revolutionise the traditional golden jewelry retail market, Mr. Ian Ng joined force with his father, Mr. Henry Ng, and founded Just Gold Company Limited and later became its President. In about 1994, Mr. Ian Ng diversified the business of Just Gold Company Limited and launched a new brand name known as "Just Diamond" which focuses on diamond jewelry. Mr. Ian Ng was honored one of the Ten Outstanding Young Persons in 1997 for his personal achievement in the jewelry industry. Mr. Ian Ng is currently a voting member of Diamond Federation of Hong Kong, a voting member of Hong Kong Diamond Importers Association, a Friends Committee Member of Hong Kong Design Centre and a member of Ten Outstanding Young Persons Association. Mr. Ian Ng is responsible for the supervision of the operation of the Group with focus on the accounting affairs and financial control of the Group.

Chan Kwai Ping, Albert (Aged 50)
Mr. Chan has been appointed as an executive Director of the Company since 30 April 2005. Mr. Chan has been engaged in the legal field for over 20 years and is a legal executive of Cheung, Tong & Rosa, Solicitors in Hong Kong. Mr. Chan holds a Higher Certificate in Legal Executives Studies from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) and a Diploma in Chinese Professional Laws from Chinese University of Political Science and Law in the PRC. Mr. Chan has extensive experience in real estate development and investments in Hong Kong and Macau Special Administrative Region of the PRC. Mr. Chan is responsible for implementation of business plans of the Group.

Li Man Hin (aged 56)
Mr. Li Man Hin has been appointed as an executive Director of the Company since 1 November 2007. Mr. Li is a registered Architect in Hong Kong under the provisions of the Architects Registration Ordinance, has been engaged as an Architect for about 30 years. Mr. Li holds a Bachelor of Architecture degree from The University of Hong Kong. He is also a fellow member of the Hong Kong Institute of Architects and Class 1 Registered Architect qualification of the People's Republic of China. Mr. Li was in charge of many large scale development project in China and Hong Kong, including construction of China and Hong Kong government projects, commercial buildings and large-scale residence area, such as Loong Wu Hotel in Shantau, Dong Jun Plaza in Guangzhou, Shenzhen Plaza in Shenzhen, Centre Plaza commercial development in Tianjin, Grand Millennium Plaza in Central and Silvercord in Tim Sha Tsui. Mr. Li is responsible for the implementation of business plans of the Group.

Non-executive Directors

Cheng Yuk Wo (Aged 47)

Mr. Cheng has been appointed as an independent non-executive Director of the Company since 1 May 2005 and re-designated as a non-executive Director and became Vice Chairman on 4 April 2007. Prior to his joining of the Company, Mr. Cheng worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and Swiss Bank Corporation (now known as UBS AG) in Toronto. He held senior management positions in a number of Hong Kong listed companies and is a co-founder of a Hong Kong merchant banking firm. He is the proprietor of a certified public accountant practice firm in Hong Kong. He is currently an independent non-executive director of Capital Strategic Investment Limited, HKC (Holdings) Limited, Chia Tai Enterprises International Limited, Chong Hing Bank Limited, South China Land Limited, Goldbond Group Holdings Limited and GFT Holdings Limited, all being public companies listed in Hong Kong. Mr. Cheng holds a Master of Science (Economics) Degree in Accounting and Finance and a Bachelor of Arts (Honours) Degree in Accounting.

Mak Wah Chi (Aged 54)

Mr. Mak has been appointed as a non-executive Director of the Company since 1 May 2005. Mr. Mak is currently in full time practice as Certified Public Accountant in Hong Kong. Mr. Mak is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants and has over 25 years of experience in accounting and finance.

Independent non-executive Directors

Li Kit Chee (Aged 53)

Mr. Li has been appointed as an independent non-executive Director of the Company since 4 April 2007. Mr. Li is a certified public accountant and has been practising in Hong Kong since 1989. Mr. Li is a fellow member of both the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Li is currently the managing director of Arthur Li, Yau & Lee C.P.A. Limited.

Ng Hoi Yue (Aged 44)

Mr. Ng has been appointed as an independent non-executive Director of the Company since 1 May 2005. Mr. Ng is a certified public accountant and has been practising in Hong Kong since 1989. Mr. Ng is an associate member of the Institute of Chartered Accountants in England and Wales and is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Ng is currently the sole proprietor of Herman H.Y. Ng & Co. and a director of NCN CPA Limited, both are firms of Certified Public Accountants (Practising). Mr. Ng is also an independent non-executive Director of See Corporation Limited whose shares are listed on the Stock Exchange.

Tsang Kwok Ming, Rock (Aged 49)

Mr. Tsang has been appointed as an independent non-executive Director of the Company since 1 May 2005. Mr. Tsang holds Higher Diploma in Surveying and Advanced Higher Diploma in General Practice Surveying from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). Mr. Tsang is a Director of Lanbase Surveyors Limited. Mr. Tsang is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. Mr. Tsang is a Registered Professional Surveyor (General Practice). Mr. Tsang has more than 15 years of experience in the property market of Hong Kong.

SENIOR MANAGEMENT

Chan Kwok Hung (Aged 44)

Mr. Chan has over 20 years of property agency experience and is currently the managing director of Uni-Land Property Consultants Limited, being a non-wholly owned subsidiary of the Company. Prior to joining the Group, Mr. Chan held senior management position in Hong Kong listed property agency firm.

Lee Pui Lam (Aged 37)

Mr. Lee has been the Financial Controller, Company Secretary and Qualified Accountant of the Company since 1 January 2006. Mr. Lee holds a Master Degree in Professional Accounting from The Hong Kong Polytechnic University and is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr. Lee worked for a number of main board and GEM board listed companies in Hong Kong and has extensive professional experience in auditing, accounting and financial management.

Heung Chi Cheung (Aged 39)

Mr. Heung has been appointed Assistant Financial Controller of the Company since February 2008. Mr. Heung is associate member of Hong Kong Institute of Certified Public Accountants and associate member of Certified Practising Accountants of Australia. Mr. Heung has more than 15 years experience of accounting and financial management in property and finance sectors.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company ("Board") is committed to maintaining and achieving the highest standards of corporate governance practices with an emphasis on a quality board, better transparency and effective accountability system in order to safeguard the interests of the shareholders and enhance the performance of the Group.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code and has complied with the Code throughout the year ended 31 March 2008, with deviations from Code Provision A.4.1. as mentioned under "Non-executive Directors' Term of Office" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standards as set out in the Model Code throughout the year ended 31 March 2008.

BOARD OF DIRECTORS

The Board currently comprises nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The Company has three independent non-executive Directors, representing one-third of the Board. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out on pages 22 to 23 of this annual report.

The principal duty of the Board is to ensure that the Company is properly managed in the interest of the shareholders. The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management team is responsible for the day-to-day operations of the Group under the leadership of the executive Directors.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

The Board held 32 meetings during the financial year ended 31 March 2008. The record of attendance of each Director is as follows:

Name of Director	Regular Board Meeting(5) Attended/Eligible to Attend	Special Board Meeting(6) Attended/Eligible to Attend
Executive Directors		
Mr. Ng Chun For, Henry *(Chairman)*	4/4	2/28
Mr. Ng Ian *(Deputy Chairman and Chief Executive Officer)*(1)(2)	4/4	11/28
Mr. Chan Kwai Ping, Albert	4/4	17/28
Mr. Li Man Hin(7)	1/1	0/6
Non-executive Directors		
Mr. Cheng Yuk Wo *(Vice Chairman)*(3)	4/4	5/28
Mr. Mak Wah Chi	4/4	21/28
Independent non-executive Directors		
Mr. Li Kit Chee(4)	4/4	6/28
Mr. Ng Hoi Yue	4/4	10/28
Mr. Tsang Kwok Ming, Rock	4/4	8/28

Notes:

(1) Appointed as Deputy Chairman on 11 July 2005.

(2) Save as Mr. Ng Ian being son of Mr. Ng Chun For, Henry, there is no relationship, including financial, business, family or other material relevant relationship, among the members of the Board.

(3) Appointed as an Vice Chairman and re-designated as non-executive Director on 4 April 2007.

(4) Appointed as independent non-executive Director on 4 April 2007.

(5) Regular Board Meetings are attended by a majority of the Directors in person or through other electronic means of communication.

(6) Special Board Meetings are convened from time to time for the Board to discuss major matters that require the Board's timely attention. Since the Special Board Meetings are concerned with the day-to-day management of the Company which often requires prompt decisions, usually only the executive Directors attend.

(7) Appointed as executive Director on 1 November 2007.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the year under review, Mr. Henry Ng and Mr. Ian Ng continued to hold the positions as the Group's Chairman and Chief Executive Officer respectively, with a view to maintaining an effective segregation of duties in respect of the management of the Board and the day-to-day management of the Group's business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules. The Company considers all of the independent non-executive Directors are independent. No independent non-executive Director has served the Group for more than nine years.

NON-EXECUTIVE DIRECTORS' TERM OF OFFICE

Code provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. At the annual general meeting of the Company held on 25 August 2006 ("AGM06"), the non-executive Director Mr. Mak Wah Chi was re-elected to hold office until the conclusion of the 2009 annual general meeting of the Company. Pursuant to the ordinary resolution passed by shareholders of the Company at the special general meeting held on 14 June 2007 ("SGM"), Mr. Li Kit Chee appointed by the Board on 4 April 2007 was re-elected as an independent non-executive Director and to hold office until the conclusion of the next annual general meeting. The three independent non-executive Directors, Mr. Li Kit Chee, Mr. Ng Hoi Yue and Mr. Tsang Kwok Ming, Rock and a non-executive director Mr. Cheng Yuk Wo, at the annual general meeting held on 21 August 2007 ("AGM07"), were re-elected to hold office until the conclusion of the next annual general meeting of the Company. As such, since the conclusion of the AGM06, AGM07 and the SGM, all non-executive Directors and independent non-executive Directors have been appointed for a specific term, and accordingly the Company has been in compliance with the code provision A.4.1.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 May 2005 with written terms of reference. For the year under review, the Remuneration Committee comprised Mr. Li Kit Chee (appointed as Committee Chairman on 4 April 2007), Mr. Mak Wah Chi and Mr. Tsang Kwok Ming, Rock.

Pursuant to re-designation of Mr. Cheng Yuk Wo as a non-executive Director on 4 April 2007 and the appointment of Mr. Li Kit Chee as a Remuneration Committee member with effect from 4 April 2007, the Remuneration Committee now comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Tsang Kwok Ming, Rock.

The Remuneration Committee will assist the Board to develop and administer fair and transparent procedures for setting policies on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and it is also responsible for the administration of the share option schemes adopted by the Company. The terms of reference of the Remuneration Committee are disclosed on the website of the Company (www.henrygroup.hk).

Details of Directors' emoluments on named basis for the year ended 31 March 2008 are set out in note 10 to the consolidated financial statements.

The Remuneration Committee held two meetings during the year under review and the record of attendance of its members is as follows:

Name of member	Attended/ Eligible to Attend
Mr. Li Kit Chee *(Independent Non-executive Director and appointed as the Chairman of Remuneration Committee on 4 April 2007)*	2/2
Mr. Mak Wah Chi *(Non-executive Director)*	2/2
Mr. Tsang Kwok Ming, Rock *(Independent Non-executive Director)*	1/2

NOMINATION OF DIRECTORS

The Board has not established a nomination committee for the time being. According to the Bye-laws of the Company, the Board is empowered from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Board reviews the structure, size and composition of the Board from time to time and makes recommendation on the appointment of Directors based on the background, experience and other business interests of the candidate (independence status in the case of an independent non-executive Director). During the year under review, Mr. Li Kit Chee was appointed as an independent non-executive Director and Mr. Li Man Hin was appointed as an executive director with effect from 4 April 2007 and 1 November 2007 respectively.

AUDITOR'S REMUNERATION

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. For the year under review, the remuneration paid for audit services and non-audit services provided by the auditor amounted to approximately HK$530,000 and HK$1,285,000 respectively.

AUDIT COMMITTEE

The Company has established the Audit Committee and adopted written terms of reference on 23 May 2000. For the year under review, the Audit Committee comprised Mr. Li Kit Chee (appointed as Committee Chairman on 4 April 2007), Mr. Mak Wah Chi and Mr. Ng Hoi Yue.

Pursuant to re-designation of Mr. Cheng Yuk Wo as non-executive Director on 4 April 2007 and the appointment of Mr. Li Kit Chee as Audit Committee member with effect from 4 April 2007, the Audit Committee now comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Ng Hoi Yue.

The terms of reference of the Audit Committee are disclosed on the Company's website (www.henrygroup.hk). The principal duties of the Audit Committee include, among other things, oversight of the relationship with external auditor, review of the Group's financial information and oversight of the Group's financial reporting system, review of connected transactions of the Company as defined in the Listing Rules, if any and monitoring of the internal control system.

The Audit Committee held two committee meetings during the year under review and the record of attendance of its members is as follows:

Name of member	**Attendance/ Number of meetings**
Mr. Li Kit Chee *(Independent Non-executive Director and appointed as Chairman of Audit Committee on 4 April 2007)*	2/2
Mr. Mak Wah Chi *(Non-executive Director)*	2/2
Mr. Ng Hoi Yue *(Independent Non-executive Director)*	2/2

INTERNAL CONTROL

Internal control system, being an integral part of the Group's operations, is a process effected by the Board and management team to provide reasonable assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding assets of the Group, enabling reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible for making appropriate recommendations on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee, it regularly reviews the effectiveness of the system.

DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group.

AUDITOR'S REPORTING RESPONSIBILITIES

The reporting responsibilities of Shu Lun Pan Horwath Hong Kong CPA Limited, the Auditor, are stated in the Independent Auditor's Report on page 30 of the annual report.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, special general meeting, the annual and interim reports, notices, announcements and circulars, the Company's website (www.henrygroup.hk) and meetings with investors and analysts.

Shu Lun Pan Horwath Hong Kong CPA Limited

Certified Public Accountants
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18 Harbour Road
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Telephone : (852) 2526 2191
Facsimile : (852) 2810 0502
horwath@horwath.com.hk
www.horwath.com.hk

TO THE MEMBERS OF HENRY GROUP HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the financial statements of Henry Group Holdings Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") set out on pages 32 to 92, which comprise the consolidated and Company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

SHU LUN PAN HORWATH HONG KONG CPA LIMITED
Certified Public Accountants
20th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Hong Kong, 24 July 2008

Shiu Hong Ng
Practising Certificate number P03752

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$	2007 HK$ (Restated)
CONTINUING OPERATIONS			
Turnover	5	**23,591,850**	6,318,081
Other income and gain	7	**833,785**	626,006
Increase in fair value of investment properties		**38,900,000**	—
Goodwill on acquisition written off	27	**(18,633,751)**	(3,882,918)
Staff costs		**(13,857,015)**	(8,891,369)
Depreciation of property, plant and equipment		**(284,295)**	(92,577)
Other operating expenses		**(6,171,411)**	(6,105,091)
Profit/(loss) from operations	8	**24,379,163**	(12,027,868)
Finance costs	9	**(18,079,097)**	(59,926)
Profit/(loss) before taxation		**6,300,066**	(12,087,794)
Taxation	12	**(3,631,564)**	—
Net profit/(loss) for the year from continuing operations		**2,668,502**	(12,087,794)
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations	11	**6,687,916**	(7,179,456)
Profit/(loss) for the year attributable to equity holders of the Company		**9,356,418**	(19,267,250)
Dividend		**—**	—
EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS	13		
— Basic		**2.53 cents**	(8.57) cents
— Diluted		**2.47 cents**	N/A
FROM CONTINUING OPERATIONS	13		
— Basic		**0.72 cents**	(5.38) cents
— Diluted		**0.71 cents**	N/A

Consolidated Balance Sheet

At 31 March 2008

	Notes	2008 HK$	2007 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	14	**1,262,210**	5,402,161
Investment properties	15	**590,000,000**	—
Properties under development	16	**384,061,779**	—
Deposit paid for acquisition	17	**70,000,000**	—
		1,045,323,989	5,402,161
CURRENT ASSETS			
Inventories — finished goods		**—**	20,657
Trade and other receivables	19	**8,924,746**	3,484,366
Cash and bank balances	29	**55,727,697**	3,663,092
		64,652,443	7,168,115
CURRENT LIABILITIES			
Trade and other payables, rental deposits received and accruals	20	**13,652,014**	5,335,587
Obligations under a finance lease	21	**—**	210,265
Bank borrowings — current portion (secured)	22	**2,423,091**	1,983,295
Tax payable		**557,697**	545,815
		16,632,802	8,074,962
NET CURRENT ASSETS/(LIABILITIES)		**48,019,641**	(906,847)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,093,343,630**	4,495,314
NON-CURRENT LIABILITIES			
Bank borrowings — non-current portion (secured)	22	**403,650,000**	—
Convertible notes	23	**114,845,477**	—
Amount due to a related company	34(a)	**—**	4,336,867
Advances from a director	34(a)	**—**	2,706,271
Advances from a minority shareholder	34(b)	**697,766**	649,413
Obligations under a finance lease	21	**—**	621,961
Deferred tax liabilities	24	**94,907,927**	—
		614,101,170	8,314,512
NET ASSETS/(LIABILITIES)		**479,242,460**	(3,819,198)
EQUITY			
Share capital	25	**50,270,800**	22,481,167
Reserves		**428,971,659**	(26,300,365)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**479,242,459**	(3,819,198)
Minority interest		**1**	—
TOTAL EQUITY		**479,242,460**	(3,819,198)

The financial statements on pages 32 to 92 were approved and authorised for issue by the Board of Directors on 24 July 2008 and are signed on its behalf by:

Ng Ian
DIRECTOR

Ng Chun For, Henry
DIRECTOR

Balance Sheet

At 31 March 2008

	Notes	2008 HK$	2007 HK$
NON-CURRENT ASSET			
Interests in subsidiaries	18	586,026,430	4,830,133
CURRENT ASSETS			
Other receivables	19	258,149	471,718
Cash and bank balances		39,972,199	1,960,523
		40,230,348	2,432,241
CURRENT LIABILITIES			
Other payables	20	1,049,691	696,450
Amount due to a subsidiary	18	54,823,984	—
		55,873,675	696,450
NET CURRENT (LIABILITIES)/ASSETS		(15,643,327)	1,735,791
TOTAL ASSETS LESS CURRENT LIABILITIES		570,383,103	6,565,924
NON-CURRENT LIABILITY			
Convertible notes	23	(114,845,477)	—
NET ASSETS		455,537,626	6,565,924
EQUITY			
Share capital	25	50,270,800	22,481,167
Reserves	26	405,266,826	(15,915,243)
TOTAL EQUITY		455,537,626	6,565,924

Ng Ian
DIRECTOR

Ng Chun For, Henry
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Share capital HK$	Share premium HK$	Convertible note reserve HK$ (note 26(b))	Special reserve HK$ (note 26(b))	Capital reserve HK$ (note 26(b))	Contribution from shareholders HK$ (note 27(ii))	Share-based payment reserve HK$ (note 26(b))	Exchange reserve HK$ (note 26(b))	Accumu-lated losses HK$	Minority interest HK$	Total HK$
At 31 March 2006	22,414,500	32,881,833	—	9,628,000	—	—	726,274	186,423	(53,878,196)	—	11,958,834
Net income recognised directly in equity:											
Exchange difference arising from translation of financial statements of overseas subsidiaries	—	—	—	—	—	—	—	1,349,761	—	—	1,349,761
Net loss for the year	—	—	—	—	—	—	—	—	(19,267,250)	—	(19,267,250)
Total recognised income/(expenses) for the year	—	—	—	—	—	—	—	1,349,761	(19,267,250)	—	(17,917,489)
Movement in equity arising from capital transactions:											
Shares issued at a premium, net of expenses	66,667	553,333	—	—	—	—	—	—	—	—	620,000
Capital portion of loans from related parties	—	—	—	—	1,519,457	—	—	—	—	—	1,519,457
	66,667	553,333	—	—	1,519,457	—	—	—	—	—	2,139,457
At 31 March 2007	22,481,167	33,435,166	—	9,628,000	1,519,457	—	726,274	1,536,184	(73,145,446)	—	(3,819,198)
Net income recognised directly in equity:											
Discount arising on acquisition of subsidiaries (note 27(ii))						11,854,776					11,854,776
Net profit for the year	—	—	—	—	—	—	—	—	9,356,418	—	9,356,418
Disposal of subsidiaries (note 28)	—	—	—	—	—	—	—	(1,536,184)	—	—	(1,536,184)
Total recognised income/(expenses) for the year	—	—	—	—	—	11,854,776	—	(1,536,184)	9,356,418	—	19,675,010
Movement in equity arising from capital transactions:											
Shares issued at a premium, net of expenses	10,956,000	116,714,415	—	—	—	—	—	—	—	—	127,670,415
Recognition of share-based payment	—	—	—	—	—	—	4,474,891	—	—	—	4,474,891
Exercise of share options	114,000	775,370	—	—	—	—	(113,730)	—	—	—	775,640
Shares issued as part of the consideration for acquisition of subsidiaries	16,719,633	249,062,399	—	—	—	—	—	—	—	—	265,782,032
Recognition of equity components of convertible notes (note 23)	—	—	65,277,398	—	—	—	—	—	—	—	65,277,398
Release of capital portion of advances from related parties	—	—	—	—	(593,729)	—	—	—	—	—	(593,729)
Attributable to minority interest	—	—	—	—	—	—	—	—	—	1	1
	27,789,633	366,552,184	65,277,398	—	(593,729)	—	4,361,161	—	—	1	463,386,648
At 31 March 2008	50,270,800	399,987,350	65,277,398	9,628,000	925,728	11,854,776	5,087,435	—	(63,789,028)	1	479,242,460

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 HK$	2007 HK$ (Restated)
OPERATING ACTIVITIES			
Profit/(loss) before taxation:			
From continuing operations		**6,300,066**	(12,087,794)
From discontinued operations		**6,687,916**	(7,179,456)
Adjustments for:			
Goodwill on acquisition written off		**18,633,751**	3,882,918
Impairment loss on property, plant and equipment		**—**	1,669,591
Depreciation of property, plant and equipment		**652,652**	1,893,921
Impairment loss on trade receivables		**6,337**	163,298
Bad debts written off		**—**	851,419
Write back of provision for slow-moving and obsolete inventories		**—**	(554,920)
Increase in fair value of investment properties		**(38,900,000)**	—
Revaluation surplus of property, plant and equipment		**—**	(87,500)
Gain on disposal of subsidiaries		**(8,651,582)**	—
Write off/loss on disposal of property, plant and equipment		**131,209**	1,383,025
Share-based payment expenses		**4,474,891**	—
Gain on disposal of available-for-sale financial assets		**(37,566)**	(25,000)
Interest income		**(786,554)**	(115,891)
Interest expenses		**18,406,780**	459,285
Operating profit/(loss) before working capital changes		**6,917,900**	(9,747,104)
(Increase)/decrease in inventories		**(289,012)**	3,417,165
(Increase)/decrease in trade and other receivables		**(4,388,590)**	448,955
Decrease in trade and other payables, rental deposits received and accruals		**(488,046)**	(6,272,029)
CASH GENERATED FROM/(USED IN) OPERATIONS		**1,752,252**	(12,153,013)
Interest paid		**(11,841,150)**	(421,986)
Income tax paid		**(1,045,985)**	—
NET CASH USED IN OPERATING ACTIVITIES		**(11,134,883)**	(12,574,999)
INVESTING ACTIVITIES			
Net cash flow arising from acquisitions of subsidiaries	27	**1,066,852**	(2,454,511)
Net cash flow arising from disposal of subsidiaries	28	**6,614,062**	—
Purchase of property, plant and equipment		**(293,878)**	(444,933)
Addition to properties under development		**(19,558,050)**	—
Purchase of available-for-sale financial assets		**(9,981,178)**	—
Deposit paid for acquisition of a subsidiary		**(70,000,000)**	—
Interest received		**786,554**	115,891
Proceeds on disposal of property, plant and equipment		**1,780,798**	1,626,700
Proceeds on disposal of available-for-sale financial assets		**10,018,744**	270,000
NET CASH USED IN INVESTING ACTIVITIES		**(79,566,096)**	(886,853)

	2008 HK$	2007 HK$ (Restated)
FINANCING ACTIVITIES		
Repayment of bank loans	**(1,500,000)**	(1,295,167)
Repayment of finance leases	**(125,831)**	(67,774)
Advances from a director	**—**	3,300,000
Advances from a minority shareholder	**—**	2,534,709
Repayment of amount due to a related company	**(3,177,000)**	—
Repayment of advance from a director	**(3,300,000)**	—
Repayment of advance from a minority shareholder	**(17,436)**	(1,740,000)
New bank loans raised	**24,000,000**	—
Net proceeds from issue of shares	**128,446,055**	—
NET CASH GENERATED FROM FINANCING ACTIVITIES	**144,325,788**	2,731,768
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**53,624,809**	(10,730,084)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,679,797**	11,228,360
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**—**	1,181,521
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**55,304,606**	1,679,797

1. GENERAL

The Company was incorporated in Bermuda on 16 on December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). As at 31 March 2008, in the opinion of directors, its ultimate holding company is Jumbo Step International Limited ("Jumbo Step").

The Company acts as an investment holding company and the principal activities of the Group are property leasing and development, provision of property agency and consultancy services and securities investment. During the year, the Company had disposed of the business operation in manufacture, marketing and research and development of computer motherboards, network products and related components and mobile storage and related products. Details of the disposal are set out in note 11.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

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

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

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

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

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKFRS 2 (Amendment)	Share-Based Payment — Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(ii) Basis of preparation of financial statements

The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties which are carried at fair value.

(iii) Basis of consolidation

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

The results of 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.

All significant inter-company transactions, balances and unrealised gains on transactions between Group entities are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

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

Minority interests in the net assets excluding goodwill of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests 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.

(iv) Subsidiaries

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Business combinations

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

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

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.

(vi) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Leasehold land and buildings are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of assets is credited in equity to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

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

Leasehold land and buildings	2.5% or over the terms of the leases, if higher
Leasehold improvements	50% or over the terms of the leases
Plant and machinery	10% to 25%
Furniture, fixtures and equipment	20% to 25%
Motor vehicles	25%

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(vii) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss for the period in which they arise.

(viii) Goodwill

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

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

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

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

(ix) Impairment of assets excluding goodwill

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ix) Impairment of assets excluding goodwill *(continued)*

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

(x) Financial instruments

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

(a) Financial assets

The Group's financial assets are classified into two categories: 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Financial instruments *(continued)*

(a) Financial assets (continued)

Available-for-sale financial assets *(continued)*

Dividends on available-for-sale financial assets are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

Impairment of financial assets

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

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

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

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

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

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

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

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Financial instruments *(continued)*

(a) Financial assets (continued)

Impairment of financial assets *(continued)*

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

— For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

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

Effective interest method

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

Income or expense is recognised on an effective interest basis for debt instruments other than those financial assets or liability designated as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Financial instruments *(continued)*

(a) Financial assets (continued)

Derecognition of financial assets

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

(b) Financial liabilities and equity instrument

Classification as debt or equity

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

Equity instruments

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

Convertible notes

Convertible note issued by the Company that contains both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the note into equity, is included in equity (convertible note reserve).

In subsequent periods, the liability component of the convertible note is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible note reserve until the embedded option is exercised (in which case the balance stated in convertible note reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible note reserve will be released to the accumulated 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 note are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible note using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Financial instruments *(continued)*

(b) Financial liabilities and equity instrument (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. All financial liabilities of the Group are classified as other financial liabilities.

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

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

(xi) Cash and cash equivalents

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

(xii) Leases

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

(xiii) Employees' benefits

(a) Short term benefits

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xiii) Employees' benefits *(continued)*

(b) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

(c) Share based payments

The Group issues equity settled share-based payments to certain directors, employees and other parties. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in a capital reserve within equity, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

Fair value is measured using the Black-Scholes-Merton Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(xiv) Foreign currencies

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

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

Exchange differences are recognised in profit or loss in the period in which they arise.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xv) Provisions and contingent liabilities

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

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

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

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

(xvi) Taxation

(a) Current tax

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

(b) Deferred tax

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xvi) Taxation *(continued)*

(b) Deferred tax (continued)

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

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

(xvii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(xviii) Related parties

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

(xix) Segment reporting

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

(xx) Revenue recognition

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

Rental income under operating lease is recognised on a straight line basis over the the relevant lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xx) Revenue recognition *(continued)*

Commission income on provision of agency and consultancy services are recognised when the services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Sales of goods are recognised when goods are delivered and title has passed.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results differ from these estimates.

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

(a) Useful lives of property, plant and equipment

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

(b) Impairment of trade and other receivables

As explained in note 19, the Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

(c) Assessment of impairment of assets

Management periodically reviews each asset for possible impairment or reversal of previously recognised impairment. Recoverability of assets is measured by a comparison of the carrying amount of an asset to its fair value less costs to sell. If such assets are considered by management to be impaired or no longer be impaired, the impairment or reversal of impairment previously recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets less costs to sell. In the analysis of fair value, management are based on various assumptions and estimates.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(d) Valuation of share options

As explained in note 32, share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the income statement and share-based payment reserve.

5. TURNOVER

The Group's turnover comprises:

	The Group	
	2008	2007
	HK$	HK$
Continuing operations		
Gross rental income from investment properties	**14,043,550**	—
Property agency and consultancy services income	**9,548,300**	6,318,081
	23,591,850	6,318,081
Discontinued operations		
Manufacture and sale of computer related products (note 11)	**110,387,671**	246,387,340

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into the following business divisions which are the basis on which the Group reports its primary segment information.

Continuing operations

— Property leasing and development

— Provision of property agency and consultancy services for the retail property sale and leasing market

— Securities investment

Discontinued operations

— Design and manufacture of computer motherboard and network products

— Supply of computer related products

— Supply of mobile storage and related products

Segment information about these businesses is presented below.

Year ended 31 March 2008

INCOME STATEMENT

	Continuing operations				Discontinued operations				Consolidated
	Property leasing and development HK$	Provision of property agency and consultancy services HK$	Securities investment HK$	Total HK$	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Total HK$	Total HK$
GROSS PROCEEDS	14,043,550	9,548,300	10,018,744	33,610,594	—	90,060,671	20,327,000	110,387,671	143,998,265
TURNOVER	14,043,550	9,548,300	—	23,591,850	—	90,060,671	20,327,000	110,387,671	133,979,521
RESULTS									
Segment results	13,304,740	579,333	(9,117)	13,874,956	—	(314,083)	(70,890)	(384,973)	13,489,983
Increase in fair value of investment properties				38,900,000				—	38,900,000
Goodwill on acquisition written off				(18,633,751)				—	(18,633,751)
Unallocated corporate income				724,591				1,211,179	1,935,770
Unallocated corporate expenses				(10,486,633)				(2,462,189)	(12,948,822)
Profit/(loss) from operations				24,379,163				(1,635,983)	22,743,180
Finance costs				(18,079,097)				(327,683)	(18,406,780)
Gain on disposal of subsidiaries				—				8,651,582	8,651,582
Profit/(loss) before taxation				6,300,066				6,687,916	12,987,982
Taxation				(3,631,564)				—	(3,631,564)
Profit/(loss) for the year				2,668,502				6,687,916	9,356,418

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

As at 31 March 2008
BALANCE SHEET

	Continuing operations				Discontinued operations				Consolidated
	Property leasing and development HK$	Provision of property agency and consultancy services HK$	Securities investment HK$	Total HK$	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Total HK$	Total HK$
ASSETS									
Segment assets	982,113,290	5,171,992	9,998,941	997,284,223	—	—	—	—	997,284,223
Unallocated corporate assets									112,692,209
Consolidated total assets									1,109,976,432
LIABILITIES									
Segment liabilities	509,697,508	4,984,100	5,000	514,686,608	—	—	—	—	514,686,608
Unallocated corporate liabilities									116,047,364
Consolidated total liabilities									630,733,972

Year ended 31 March 2008
OTHER INFORMATION

	Continuing operations			Discontinued operations				
	Property leasing and development HK$	Provision of property agency and consultancy services HK$	Securities investment HK$	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Unallocated HK$	Total HK$
Capital additions	135,740	17,449	—	—	21,772	4,914	114,003	293,878
Depreciation of property, plant and equipment	173,711	72,220	—	—	34,142	7,707	364,872	652,652
Goodwill on acquisition written off	18,633,751	—	—	—	—	—	—	18,633,751
Loss on disposal of property, plant and equipment	—	28,641	—	—	—	—	102,568	131,209
Increase in fair value of investment properties	(38,900,000)	—	—	—	—	—	—	(38,900,000)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Year ended 31 March 2007
INCOME STATEMENT

	Continuing operations	Discontinued operations				Consolidated
	Provision of property agency and consultancy services HK$	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Total HK$	Total HK$
TURNOVER	6,318,081	6,423,078	223,873,011	16,091,251	246,387,340	252,705,421
RESULTS						
Segment results	(2,935,219)	1,415,598	3,671,174	822,701	5,909,473	2,974,254
Unallocated corporate income	76,646				2,327,245	2,403,891
Unallocated corporate expenses	(9,169,295)				(15,016,815)	(24,186,110)
Loss from operations	(12,027,868)				(6,780,097)	(18,807,965)
Finance costs	(59,926)				(399,359)	(459,285)
Loss before taxation	(12,087,794)				(7,179,456)	(19,267,250)
Taxation	—				—	—
Loss for the year	(12,087,794)				(7,179,456)	(19,267,250)

As at 31 March 2007
BALANCE SHEET

	Continuing operations	Discontinued operations				Consolidated
	Provision of property agency and consultancy services HK$	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Total HK$	Total HK$
ASSETS						
Segment assets	2,343,270	4,489,863	1,173,602	391,201	6,054,666	8,397,936
Unallocated corporate assets						4,172,340
Consolidated total assets						12,570,276
LIABILITIES						
Segment liabilities	5,907,099	2,488,018	481,430	160,477	3,129,925	9,037,024
Unallocated corporate liabilities						7,352,450
Consolidated total liabilities						16,389,474

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Year ended 31 March 2007

OTHER INFORMATION

	Continuing operations	Discontinued operations				
	Provision of property agency and consultancy services HK$	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Unallocated HK$	Total HK$
Capital additions	218,783	8,743	1,051,472	—	65,935	1,344,933
Depreciation of property, plant and equipment	82,830	1,629,369	105,920	66,055	9,747	1,893,921
Impairment loss on property, plant and equipment	—	1,669,591	—	—	—	1,669,591
Written/loss on disposal of property, plant and equipment	311,784	1,071,240	—	—	—	1,383,024
Impairment loss on trade and other receivables	—	—	163,298	—	—	163,298
Impairment loss on goodwill	3,882,918	—	—	—	—	3,882,918
Write back of provision for slow-moving and obsolete inventories	—	(554,920)	—	—	—	(554,920)
Revaluation surplus on property, plant and equipment	—	—	(87,500)	—	—	(87,500)

Geographical segments

The Group's continuing operations are located in Hong Kong. Accordingly, no geographical segment is presented.

7. OTHER INCOME AND GAIN

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK$	2007 HK$	**2008 HK$**	2007 HK$	**2008 HK$**	2007 HK$
Bank interest income	**776,594**	76,646	**9,960**	39,245	**786,554**	115,891
Sub-letting rental income	**—**	—	**1,099,894**	1,891,552	**1,099,894**	1,891,552
Sundry income	**19,625**	549,360	**102,976**	371,448	**122,601**	920,808
Gain on disposal of available-for-sale financial assets	**37,566**	—	**—**	25,000	**37,566**	25,000
	833,785	626,006	**1,212,830**	2,327,245	**2,046,615**	2,953,251

8. PROFIT/(LOSS) FROM OPERATIONS

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK$	2007 HK$	**2008 HK$**	2007 HK$	**2008 HK$**	2007 HK$
Profit/(loss) from operations is arrived at after charging/(crediting):						
Directors' remuneration (note 10)	**6,009,004**	1,048,600	**—**	—	**6,009,004**	1,048,600
Other staff costs						
Salaries and allowances	**7,398,690**	7,574,378	**1,937,870**	4,982,972	**9,336,560**	12,557,350
Retirement benefit scheme contributions	**188,081**	255,476	**64,394**	152,710	**252,475**	408,186
Share-based payments (note 32)	**233,613**	—	**—**	—	**233,613**	—
Other benefits in kind	**27,627**	12,915	**17,250**	52,071	**44,877**	64,986
	7,848,011	7,842,769	**2,019,514**	5,187,753	**9,867,525**	13,030,522
Total staff costs	**13,857,015**	8,891,369	**2,019,514**	5,187,753	**15,876,529**	14,079,122
Impairment loss on property, plant and equipment	**—**	—	**—**	1,669,591	**—**	1,669,591
Impairment loss on trade and other receivable	**—**	—	**6,337**	163,298	**6,337**	163,298
Bad debts written off	**—**	837,900	**—**	13,519	**—**	851,419
Net exchange loss	**35,473**	92	**205,147**	1,469,969	**240,620**	1,470,061
Auditor's remuneration	**541,015**	286,667	**29,409**	165,048	**570,424**	451,715
Cost of inventories recognised as an expense	**—**	—	**108,416,092**	238,810,294	**108,416,092**	238,810,294
Depreciation of property, plant and equipment	**284,295**	92,577	**368,357**	1,801,344	**652,652**	1,893,921
Write off/loss on disposal of property, plant and equipment	**28,641**	311,784	**102,568**	1,071,241	**131,209**	1,383,025
Property rental income under operating leases, net of direct outgoings of HK$54,004 (2007: Nil)	**(13,989,546)**	—	**—**	—	**(13,989,546)**	—

9. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK$	2007 HK$	**2008 HK$**	2007 HK$	**2008 HK$**	2007 HK$
Interest charge on bank borrowings						
— wholly repayable within five years	**70,885**	59,926	**61,519**	345,947	**132,404**	405,873
— wholly repayable after five years	**11,708,746**	—	**—**	—	**11,708,746**	—
Imputed interest on convertible notes (note 23)	**8,392,266**	—	**—**	—	**8,392,266**	—
Imputed interest on interest-free advances from a minority shareholder	**65,789**	—	**243,885**	37,299	**309,674**	37,299
Finance charges on finance lease	**—**	—	**22,279**	16,113	**22,279**	16,113
	20,237,686	59,926	**327,683**	399,359	**20,565,369**	459,285
Less: amount capitalised into properties under development (note 16)	**(2,158,589)**	—	**—**	—	**(2,158,589)**	—
	18,079,097	59,926	**327,683**	399,359	**18,406,780**	459,285

The borrowing costs have been capitalised at a rate of 2.78–6.3% per annum (2007: nil).

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Year ended 31 March 2008

	Fees HK$	Basic salaries, allowances and other benefits HK$	Contributions to retirement benefit schemes HK$	Quarter's expenses HK$	Share options HK$ (note 32)	Total HK$
Executive directors						
Ng Chun For Henry	8,000	—	—	—	943,513	951,513
Ng Ian	3,800	—	—	774,214	943,513	1,721,527
Chan Kwai Ping Albert	3,800	—	—	297,500	943,513	1,244,813
Li Man Hin (appointed on 1 November 2007)	1,583	75,000	3,829	200,000	—	280,412
	17,183	75,000	3,829	1,271,714	2,830,539	4,198,265
Non-executive directors						
Mak Wah Chi	80,000	—	—	—	467,226	547,226
Cheng Yuk Wo (appointed as Vice Chairman and re-designated as non-executive director on 4 April 2007)	80,000	—	—	—	467,226	547,226
	160,000	—	—	—	934,452	1,094,452
Independent non-executive directors						
Tsang Kwok Ming Rock	80,000	—	—	—	476,287	556,287
Ng Hoi Yue	80,000	—	—	—	—	80,000
Li Kit Chee (appointed on 4 April 2007)	80,000	—	—	—	—	80,000
	240,000	—	—	—	476,287	716,287
Total	417,183	75,000	3,829	1,271,714	4,241,278	6,009,004

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS *(continued)*

(a) Directors' emoluments *(continued)*

Year ended 31 March 2007

	Fees HK$	Basic salaries, allowances and other benefits HK$	Contributions to retirement benefit schemes HK$	Quarter's expenses HK$	Share options HK$	Total HK$
Executive directors						
Ng Chun For Henry	8,000	—	—	—	—	8,000
Ng Ian	3,800	—	—	693,000	—	696,800
Chan Kwai Ping Albert	3,800	—	—	—	—	3,800
	15,600	—	—	693,000	—	708,600
Non-executive directors						
Mak Wah Chi	80,000	—	—	—	—	80,000
Cheng Yuk Wo	100,000	—	—	—	—	100,000
	180,000	—	—	—	—	180,000
Independent non-executive directors						
Tsang Kwok Ming Rock	80,000	—	—	—	—	80,000
Ng Hoi Yue	80,000	—	—	—	—	80,000
	160,000	—	—	—	—	160,000
Total	355,600	—	—	693,000	—	1,048,600

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of each of the two years ended 31 March 2008 and 2007.

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS *(continued)*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2007: one) are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2007: four) individuals are as follows:

	2008 HK$	2007 HK$
Salaries, allowances and other benefits	**1,791,096**	2,838,153
Pension contributions	**20,733**	50,474
	1,811,829	2,888,627

The emoluments of these individuals are within the following bands:

	2008 No. of employees	2007 No. of employees
HK$Nil–HK$1,000,000	**1**	4
HK$1,000,001–HK$1,500,000	**1**	—
	2	4

(c) No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2008 and 2007.

11. DISCONTINUED OPERATIONS

On 7 August 2007, the Group entered into a sale and purchase agreement to dispose of Zida International Holding Limited ("Zida"), a wholly owned subsidiary of the Company, and its subsidiaries (the "Disposal Group") which carried out all of the Group's business operations in manufacture, marketing and research and development of computer motherboards, networking products and related components and mobile storage and related products (the "Discontinued Business"). The directors anticipated the volatile information technology industry continuing to pose challenges to the Discontinued Business, in particular, the sustained net loss position of the Disposal Group for the past two financial years, as well as the unaudited net liabilities of the Disposal Group as at 31 March 2007. The Board therefore decided to dispose of Zida. As a result of the disposal, the Group would no longer be exposed to the business and financial risk in the volatile information technology industry. The disposal was completed on 21 September 2007, on which date control of Zida passed to the acquirer.

11. DISCONTINUED OPERATIONS *(continued)*

An analysis of the results of the discontinued operations included in the consolidated income statement is as follows:

	2008 HK$	2007 HK$
Turnover (note 5)	110,387,671	246,387,340
Costs of sales	(108,600,657)	(240,477,882)
Gross profit	1,787,014	5,909,458
Other income and gain (note 7)	1,212,830	2,327,245
Selling expenses	(409,841)	(994,467)
Administrative expenses	(4,225,986)	(14,022,333)
Loss from operations	(1,635,983)	(6,780,097)
Finance costs (note 9)	(327,683)	(399,359)
Loss before taxation	(1,963,666)	(7,179,456)
Taxation	—	—
Loss for the period from discontinued operations	(1,963,666)	(7,179,456)
Gain on disposal of the discontinued operations (note 28)	8,651,582	—
Profit/(loss) for the year from discontinued operations	6,687,916	(7,179,456)

The cash flows attributable to the discontinued operations are as follows:

	2008 HK$	2007 HK$
Cash inflow/(outflow) from:		
Operating activities	(1,604,094)	(4,551,508)
Investing activities	1,760,856	1,775,730
Financing activities	(3,302,831)	(1,362,941)
Net cash outflow	(3,146,069)	(4,138,719)

12. TAXATION

(a) Taxation in the consolidated income statement represents:

	2008 HK$	2007 HK$
Current tax — Hong Kong		
— Provision for the year	**45,607**	—
— Under provision in respect of prior years	**43,561**	—
	89,168	—
Deferred taxation (note 24)		
— attributable to the origination and reversal of temporary differences	**7,365,741**	—
— resulting from a change in tax rate in Hong Kong	**(3,823,345)**	—
	3,542,396	—
	3,631,564	—

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

With effect from the year of assessment 2008/09, Hong Kong profits tax rate has been reduced from 17.5% to 16.5%.

The taxation charge/(credit) for the year can be reconciled to the accounting profit as follows:

	2008 HK$	2007 HK$
Profit/(loss) before taxation (including profit/(loss) from discontinued operations)	**12,987,982**	(19,267,250)
Tax charge/(credit) at the Hong Kong profits tax rate of 17.5%	**2,272,897**	(3,371,769)
Tax effect of expenses not deductible in determining taxable profit	**5,751,772**	2,395,935
Decrease in opening deferred tax liability resulting from a reduction in tax rate	**(3,823,345)**	—
Tax effect of income not taxable in determining taxable profit	**(473,052)**	(27,155)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**—**	89,681
Utilisation of deferred tax assets previously not recognised	**(147,958)**	—
Under provision in prior years	**43,561**	—
Tax effect of deferred tax assets not recognised	**8,740**	968,806
Others	**(1,051)**	(55,498)
Taxation charge for the year	**3,631,564**	—

13. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

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

(i) Profit/(loss) attributable to equity holders of the Company

	2008 HK$	2007 HK$
Profit/(loss) for the year attributable to equity holders of the Company	9,356,418	(19,267,250)

(ii) Weighted average number of ordinary shares

	2008	2007
Issued ordinary shares at 1 April	224,811,667	224,145,000
Effect of share placements (note 25(ii) & (iii))	57,538,797	—
Effect of shares issued as part of consideration for acquisition of subsidiaries (note 25(i) & (iv))	87,279,698	—
Effect of share options exercised (note 25(v))	836,995	624,657
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings/(loss) per share	370,467,157	224,769,657
Effect of dilutive potential ordinary shares: Share options	7,845,535	
Weighted average number of ordinary shares at 31 March for the purpose of calculation of diluted earnings/(loss) per share	378,312,692	

The diluted loss per share for the year ended 31 March 2007 is not presented as the exercise of the share options will decrease the basic loss per share from continuing and discontinued operations.

From continuing operations

(i) Profit/(loss) attributable to equity holders of the Company

	2008 HK$	2007 HK$
Profit/(loss) for the year attributable to equity holders of the Company	9,356,418	(19,267,250)
Less: Profit/(loss) for the year from discontinued operations	(6,687,916)	7,179,456
Profit/(loss) for the year for the purpose of basic and diluted earnings/(loss) per share from continuing operations	2,668,502	(12,087,794)

13. EARNINGS/(LOSS) PER SHARE *(continued)*

From continuing operations *(continued)*

(ii) Weighted average number of ordinary shares

	2008	2007
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings/(loss) per share	**370,467,157**	224,769,657
Effect of dilutive potential ordinary shares:		
Share options	**7,845,535**	
Weighted average number of ordinary shares at 31 March for the purpose of calculation of diluted earnings/(loss) per share	**378,312,692**	

The diluted loss per share for the year ended 31 March 2007 is not presented as the exercise of the share options will decrease the basic loss per share from continuing operations.

From discontinued operations

(i) Profit/(loss) attributable to equity holders of the Company

	2008 HK$	2007 HK$
Profit/(loss) for the year from discontinued operations for the purpose of basic and diluted earnings/(loss) per share	**6,687,916**	(7,179,456)

(ii) Weighted average number of ordinary shares

	2008	2007
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings/(loss) per share	**370,467,157**	224,769,657
Effect of dilutive potential ordinary shares:		
Share options	**7,845,535**	
Convertible notes	**172,724,661**	
Weighted average number of ordinary shares at 31 March for the purpose of calculation of diluted earnings/(loss) per share	**551,037,353**	

13. EARNINGS/(LOSS) PER SHARE *(continued)*

From discontinued operations *(continued)*

The basic earnings/(loss) per share for the year ended 31 March 2008 from discontinued operations is HK1.80 cents (2007: HK(3.19) cents) which is based on the data detailed above.

The diluted earnings per share for the year ended 31 March 2008 is HK1.21 cents based on the data detailed above. The diluted earnings per share for year ended 31 March 2007 is not presented as the conversion of the convertible notes and share options will decrease the loss per share from discontinued operations.

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share:

	2008	2007
Earnings per share from continuing and discontinued operations/continuing operations		
Convertible notes	172,724,661	—
Share options	—	1,879,943
	172,724,661	1,879,943

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$	Leasehold improvements HK$	Plant and machinery HK$	Furniture, fixtures and equipment HK$	Motor vehicles HK$	Total HK$
THE GROUP						
COST OR VALUATION						
At 31 March 2006	2,800,000	7,042,832	20,776,008	11,193,217	—	41,812,057
Acquisition of a subsidiary	—	338,014	—	695,651	—	1,033,665
Additions	—	206,229	—	102,713	1,035,991	1,344,933
Written off/disposals	—	(338,014)	(8,669,953)	(1,759,725)	—	(10,767,692)
Exchange adjustments	—	178,837	584,997	69,816	—	833,650
At 31 March 2007	2,800,000	7,427,898	12,691,052	10,301,672	1,035,991	34,256,613
Acquisition of subsidiaries	—	1,191,101	—	551,364	—	1,742,465
Additions	—	215,040	—	78,838	—	293,878
Disposals of subsidiaries	(2,800,000)	(7,221,669)	(3,529,526)	(8,528,215)	—	(22,079,410)
Written off/disposal	—	—	(9,161,526)	(1,590,047)	(1,035,991)	(11,787,564)
At 31 March 2008	—	1,612,370	—	813,612	—	2,425,982
DEPRECIATION						
At 31 March 2006	—	7,042,832	13,802,758	11,015,028	—	31,860,618
Acquisition of a subsidiary	—	169,710	—	440,669	—	610,379
Impairment loss	—	—	1,669,591	—	—	1,669,591
Charge for the year	87,500	41,246	1,528,491	139,560	97,124	1,893,921
Written back	—	(169,710)	(5,983,497)	(1,604,760)	—	(7,757,967)
Eliminated on valuation	(87,500)	—	—	—	—	(87,500)
Exchange adjustments	—	178,837	417,330	69,243	—	665,410
At 31 March 2007	—	7,262,915	11,434,673	10,059,740	97,124	28,854,452
Acquisition of a subsidiary	—	461,225	—	273,715	—	734,940
Charge for the year	35,100	184,477	187,986	115,590	129,499	652,652
Disposal of subsidiaries	(35,100)	(7,221,669)	(3,489,160)	(8,456,786)	—	(19,202,715)
Written back	—	—	(8,133,499)	(1,515,435)	(226,623)	(9,875,557)
At 31 March 2008	—	686,948	—	476,824	—	1,163,772
NET BOOK VALUE						
At 31 March 2008	—	925,422	—	336,788	—	1,262,210
At 31 March 2007	2,800,000	164,983	1,256,379	241,932	938,867	5,402,161

The leasehold land and buildings were revalued at their open market value at 31 March 2007 by Messrs. Goldrich Planners & Surveyors Limited, an independent professional value, which belonged to the Discontinued Operations and were disposal of during the year.

15. INVESTMENT PROPERTIES

	The Group	
	2008	2007
	HK$	HK$
Fair value		
At beginning of year	**—**	—
Acquisition of subsidiaries (note 27)	**551,100,000**	—
Increase in fair value	**38,900,000**	—
At end of year	**590,000,000**	—

The Group's investment properties were revalued as at 31 March 2008 by an independent surveyor, AA Property Services Limited, Chartered Valuation Surveyors on an open market basis. The revaluation surplus of HK$38,900,000 has been recognised in the income statement.

Investment properties with a carrying amount of HK$590,000,000 are pledged to a bank to secure banking facilities granted to the Group. In addition, all the Group's rights, interests and benefits and in any moneys whatsoever payable to the Group by the lessees are assigned to the bank.

The Group's investment properties are held in Hong Kong under long term leases.

16. PROPERTIES UNDER DEVELOPMENT

	The Group	
	2008	2007
	HK$	HK$
Cost		
At beginning of year	**—**	—
Acquisition of subsidiaries (note 27)	**360,000,000**	—
Interest capitalised (note 9)	**2,158,589**	—
Additions	**21,903,190**	—
At end of year	**384,061,779**	—

Properties under development with a carrying value of HK$384,061,779 (2007: nil) as at 31 March 2008 are pledged to a bank to secure bank facilities granted to the Group.

The Company's properties under development are held in Hong Kong under long term leases.

17. DEPOSIT PAID FOR ACQUISITION

On 4 February 2008, a subsidiary of the Group entered into a sale and purchase agreement for the acquisition of Uptodate Management Limited ("Uptodate"), a company with a 30% indirect interest in a parcel of land located in Shanghai, PRC, at a consideration of HK$321,476,000 of which HK$70,000,000 was paid as a refundable deposit upon signing of the agreement.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2008 **HK$**	2007 HK$
Unlisted shares, at cost	**24**	60,138,828
Less: Impairment loss recognised	**—**	(60,138,828)
	24	—
Amounts due from subsidiaries	**586,026,406**	4,830,133
	586,026,430	4,830,133
Amount due to a subsidiary	**54,823,984**	—

Details of the Company's subsidiaries as at 31 March 2008 are set out in note 42.

Amounts due from subsidiaries are unsecured, interest free and have no fixed repayment term. The amounts are not expected to be settled within the next twelve months and in substance represent quasi-equity investments in the subsidiaries.

Amount due to a subsidiary is unsecured, interest free and has no fixed repayment term.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008 **HK$**	2007 HK$	**2008** **HK$**	2007 HK$
Trade receivables	**6,123,620**	2,575,921	**—**	—
Less: Allowance for doubtful debts	**—**	(432,189)	**—**	—
	6,123,620	2,143,732	**—**	—
Other receivables	**2,801,126**	1,340,634	**258,149**	471,718
	8,924,746	3,484,366	**258,149**	471,718

19. TRADE AND OTHER RECEIVABLES *(continued)*

(i) The movements in the allowance for doubtful debts during the year are as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$	HK$	**HK$**	HK$
At beginning of year	**(432,189)**	(537,235)	**—**	—
Disposal of subsidiaries	**438,526**	—	**—**	—
Bad debts written off	**—**	268,344	**—**	—
(Decrease)/increase in provision during the year	**(6,337)**	(163,298)	**—**	—
At end of year	**—**	(432,189)	**—**	—

At 31 March 2008, the Group's trade receivables of nil (2007: HK$432,189) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables was expected to be recovered. Consequently, specific allowances for doubtful debts of HK$6,337 (2007: HK$163,298) were recognised. The Group does not hold any collateral over these balances.

The trade receivables mainly consist of agency and consultancy fees receivable from customers and rental receivables. The agency and consultancy fees receivable are due for settlement upon the completion of the relevant agreements.

The ageing analysis of trade receivables are as follows:

	The Group	
	2008	2007
	HK$	HK$
Up to 30 days	**3,818,514**	481,708
31–60 days	**94,778**	513,680
61–90 days	**83,157**	558,700
More than 90 days	**2,127,171**	589,644
	6,123,620	2,143,732

19. TRADE AND OTHER RECEIVABLES *(continued)*

(ii) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2008 HK$	2007 HK$
Neither past due nor impaired	**4,372,083**	—
Less than 1 month past due	**310,925**	481,708
1 to 3 months past due	**177,936**	1,662,024
More than 3 months past due	**1,262,676**	—
	1,751,537	2,143,732
	6,123,620	2,143,732

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20. TRADE AND OTHER PAYABLES, RENTAL DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2008 HK$	2007 HK$	**2008 HK$**	2007 HK$
Trade payables	**—**	2,490,562	**—**	—
Construction costs payables	**2,355,131**	—	**—**	—
Rental deposits received	**6,238,364**	—	**—**	—
Accruals (note)	**4,973,519**	2,845,025	**1,049,691**	696,450
	13,567,014	5,335,587	**1,049,691**	696,450
Advanced rental received	**85,000**	—	**—**	—
	13,652,014	5,335,587	**1,049,691**	696,450

Note: The amount included commission payables of HK$723,530 (2007: nil) to Mr Chan Kwok Hung, a director of a non-wholly owned subsidiary.

21. OBLIGATIONS UNDER A FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2008 HK$	2007 HK$	**2008 HK$**	2007 HK$
Amounts payable under a finance lease:				
Within one year	—	251,663	—	210,265
In the second to fifth years inclusive	—	670,835	—	621,961
	—	922,498	—	832,226
Less: Future finance charges	—	90,272		
Present value of lease obligations	—	832,226		
Less: Amount due for settlement within 12 months (shown under current liabilities)			—	210,265
Amount due for settlement after 12 months			—	621,961

The finance lease obligation belonged to the discontinued operations which was disposed of during the year.

22. BANK BORROWINGS — SECURED

	The Group	
	2008 HK$	2007 HK$
Borrowings comprised:		
Bank loans	**405,650,000**	—
Bank overdrafts	**423,091**	1,983,295
	406,073,091	1,983,295
Current portion	**2,423,091**	1,983,295
Non-current portion	**403,650,000**	—

22. BANK BORROWINGS — SECURED *(continued)*

The bank borrowings are repayable as follows:

	2008 HK$	2007 HK$
On demand or within one year	**2,423,091**	1,983,295
After one year but within two years	**6,800,000**	—
After two years but within five years	**24,900,000**	—
After five years	**371,950,000**	—
	403,650,000	—
	406,073,091	1,983,295

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts is 3.8% (2007: 7.3%) based on prime rate minus 0.25%.

The Group has two principal bank loans:

(i) A bank loan of HK$260,750,000 (2007: Nil) is obtained as a result of the acquisition of Max Act as mentioned in note 27(i). The loan carries interest at 0.95% plus HIBOR per annum and will mature in 2025. The loan is secured by the Group's investment properties, rent assignments in respect of the investment properties and a corporate guarantee given by the Company. Subsequent to the balance sheet date, the loan was repaid and a new bank loan of HK$261,250,000 has been obtained from another bank.

(ii) A bank loan of HK$144,900,000 (2007: Nil) was obtained as a result of the acquisition of Seedtime as mentioned in note 27(ii). The loan is secured by the Company's properties under development and a corporate guarantee given by the Company. The loan carries annual interest ranging from 1.25% to 1.4% plus HIBOR. The loan will be converted to a investment loan on 31 December 2008 or 3 months after the issuance of the occupation permit of the properties under development whichever is earlier. The investment loan has a maturity of 15 years after draw down and bears interest at 1.3% over HIBOR.

23. CONVERTIBLE NOTES

	The Group and the Company	
	2008	2007
	HK$	HK$
Proceeds of issues	**171,730,609**	—
Equity component	**(65,277,398)**	—
Liability component on initial recognition	**106,453,211**	—
Interest charged (note 9)	**8,392,266**	—
Liability component at end of year	**114,845,477**	—

(a) On 25 June 2007, the Company issued a convertible note in the principal amount of HK$129,105,609 as part of the consideration for the acquisition of Max Act Enterprises Limited ("Max Act"). The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK$0.98 per share subject to adjustment to take into account for capital transactions with dilutive effect. Subsequently, it was adjusted to HK$0.937 to take into account the dilutive effect of the share placement in November 2007. No conversion was made during the year. The whole amount of the convertible note will be converted to 137,786,136 shares of the Company at the conversion price of HK$0.937 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity component of approximately HK$81,318,000 and HK$47,787,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible note reserve. The effective interest rate of the liability component is 11.41% per annum.

(b) On 14 November 2007, the Company issued a convertible note in the principal amount of HK$42,625,000 as part of the consideration for the acquisition of Seedtime International Limited ("Seedtime"). The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK$1.25 per share subject to adjustment to take into account for capital transactions with dilutive effect. Subsequently, it was adjusted to HK$1.22 as a result of taking into account the dilutive effect of the share placement in November 2007. No conversion was made during the year. The whole amount of the convertible note will be converted to 34,938,525 shares of the Company at the conversion price of HK$1.22 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity component of approximately HK$25,135,000 and HK$17,490,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible note equity reserve. The effective interest rate of the liability component is 12.95% per annum.

24. DEFERRED TAX LIABILITIES

	The Group	
	2008	2007
	HK$	HK$
At beginning of year	**—**	—
Acquisition of subsidiaries (note 27)	**91,365,531**	—
Charged to profit or loss (note 12)	**3,542,396**	—
	94,907,927	—

The components of deferred tax liabilities recognised in the balance sheet and the movements during the year were as follows:

	Depreciation allowances in excess of the related depreciation	Revaluation of investment properties	Revaluation of properties under development	Total
	HK$	HK$	HK$	HK$
THE GROUP				
At 31 March 2007	—	—	—	—
Charged to profit or loss	(14,141)	3,556,537	—	3,542,396
Acquisition of subsidiaries	(34,521)	59,577,310	31,822,742	91,365,531
At 31 March 2008	(48,662)	63,133,847	31,822,742	94,907,927

As at 31 March 2008, the Group had unused tax losses of approximately HK$11,463,000 (2007: HK$49,927,758) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

At the balance sheet date, the Group had other net taxable/(deductible) temporary differences of approximately HK$115,713 (2007: HK$1,363,233). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

25. SHARE CAPITAL

	Number of shares		Amount	
	2008	2007	**2008** **HK$**	2007 HK$
Authorised:				
Ordinary shares of HK$0.10 each				
At beginning and end of year	**1,000,000,000**	1,000,000,000	**100,000,000**	100,000,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each				
At beginning of the year	**224,811,667**	224,145,000	**22,481,167**	22,414,500
Issue of shares (note (i) to (iv))	**276,756,333**	666,667	**27,675,633**	66,667
Exercise of share options (note (v))	**1,140,000**	—	**114,000**	—
At end of the year	**502,708,000**	224,811,667	**50,270,800**	22,481,167

Notes:

(i) On 25 June 2007, the Company's issued share capital was increased by HK$6,129,633 as a result of the issue of 61,296,333 shares as part of the consideration for the acquisition of the entire issued share capital of Max Act as set out in note 27(i). The fair value of the consideration shares as determined by the closing market price of HK$1.90 per share on 25 June 2007 (being date of completion) was HK$116,463,033. The premium of the issue of new shares amounted to HK$110,333,399 was credited to the Company's share premium account.

(ii) On 26 July 2007, Henry Jewellery Holdings Limited ("HJHL"), being one of the substantial shareholder of the Company, entered into a placing agreement with Kingsway Financial Services Group Limited ("Kingsway"), pursuant to which Kingsway, as placing agent, agreed to place, on a best effort basis, up to 44,960,000 shares of the Company held by HJHL to not less than six independent professional, institutional and/or other investor(s) at a placing price of HK$1.2 per share. On the same date, HJHL entered into a subscription agreement to subscribe for 44,960,000 new shares of the Company (equivalent to the number of the Placed Shares) at the placing price. The net proceeds of approximately HK$53.2 million raised from the subscription were used as general working capital of the Group. The premium on the issue of new shares amounted to HK$48,788,956, net of shares issue expenses, was credited to the Company's share premium account.

(iii) On 1 November 2007, the Company, entered into a placing agreement with Taiwan Securities (HK) Limited ("TSHK"), pursuant to which TSHK, as placing agent, agreed to place, on a best effort basis, up to 64,600,000 shares of the Company to independent professional, institutional and/or other investor(s) at a placing price of HK$1.2 per share. The net proceeds of approximately HK$74.4 million raised from the subscription were used as general working capital of the Group. The premium on the issue of new shares amounted to HK$67,925,459, net of shares issue expenses, was credited to the Company's share premium account.

(iv) On 14 November 2007, the Company's issued share capital was increased by approximately HK$10,590,000 as a result of the issue of 105,900,000 shares as part of the consideration for the acquisition of the entire issued share capital of Seedtime as set out in note 27(ii). The fair value of the consideration shares as determined by the closing market price of HK$1.41 per share on 14 November 2007 (being the date of completion) was approximately HK$149,319,000. The premium on the issue of new shares amounted to HK$138,729,000 was credited to the Company's share premium account.

(v) During the year, 1,140,000 ordinary shares of HK$0.1 each were issued as a result of exercise of share options.

26. RESERVES

(a) Reserves of the Company

	Share premium HK$	Share-based payment reserves HK$	Convertible note reserves HK$	Contributed surplus HK$	Accumulated losses HK$	Total HK$
THE COMPANY						
At 31 March 2006	32,881,833	726,274	—	39,257,654	(83,384,091)	(10,518,330)
Share issued at premium, net of share issue expenses	553,333	—	—	—	—	553,333
Net loss for the year	—	—	—	—	(5,950,246)	(5,950,246)
At 31 March 2007	33,435,166	726,274	—	39,257,654	(89,334,337)	(15,915,243)
Net loss for the year	—	—	—	—	(15,008,674)	(15,008,674)
Share issued at premium, net of share issue expenses	116,714,415	—	—	—	—	116,714,415
Recognition of share based payment	—	4,474,891	—	—	—	4,474,891
Exercise of share options	775,370	(113,730)	—	—	—	661,640
Share issued as part of the consideration for acquisition of subsidiaries	249,062,399	—	—	—	—	249,062,399
Recognition of equity components of convertible notes	—	—	65,277,398	—	—	65,277,398
	366,552,184	4,361,161	65,277,398	—	—	436,190,743
At 31 March 2008	399,987,350	5,087,435	65,277,398	39,257,654	(104,343,011)	405,266,826

The contributed surplus of the Company represents the difference between the book value of the underlying net assets of the subsidiaries acquired by the Company under the Group Reorganisation and the nominal value of the Company's shares issued for the acquisition. In addition to retained profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

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

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

The Company had no distributable reserve at the balance sheet date.

(b) Nature of reserves

Capital reserve

The capital reserve represents the capital portion of advances from a related company, and a director, and a minority shareholder. The amounts are estimated by discounting the nominal value of their non-interest bearing advances to the Group at current market interest rate for similar financial instruments. Details are set out in note 34.

26. RESERVES *(continued)*

(b) Nature of reserves *(continued)*

Special reserve

The special reserve represent the offsetting of the share premium of the subsidiary acquired against the excess of the nominal value of that subsidiary's shares and the nominal value of the shares issued by the Company in exchange thereof under the group reorganisation in April 2000.

Convertible note reserves

The equity component of convertible notes represents the value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in note 3(x)(b).

Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors or employees of the Company recognised in accordance with the accounting policy adopted for share based payment set out in note 3(xiii)(c).

Exchange reserve

Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(xiv).

27. ACQUISITION OF SUBSIDIARIES

(i) On 25 June 2007, Rose City Group Limited ("Rose City"), an indirect wholly-owned subsidiary of the Company, completed the acquisition of a 100% issued share capital of Max Act Enterprises Limited ("Max Act"), which is a limited company incorporated in the British Virgin Islands for a total consideration at a fair value of approximately HK$246.7 million. The principal activity of Max Act and its subsidiaries is property investment.

The net assets acquired, and the goodwill arising, are as follows:

	HK$	HK$
Purchase consideration		246,747,201
Fair values of net assets acquired:		
Property, plant and equipment	1,007,525	
Investment properties	551,100,000	
Trade and other receivables	2,523,737	
Bank balances and cash	1,397,031	
Other payables	(5,643,016)	
Tax payables	(479,038)	
Bank borrowings	(262,250,000)	
Deferred tax liabilities	(59,542,789)	
		(228,113,450)
Goodwill arising from the acquisition		18,633,751
Goodwill on acquisition written off (note)		(18,633,751)
		—

Note: The assets of Max Act are primarily the investment properties which have already been measured at their fair value on completion date. Accordingly, the goodwill arising on acquisition was immediately written off.

Total consideration satisfied by:

	HK$
Issue of shares (note 25(i))	116,463,033
Issue of convertible note (note 23(a))	129,105,609
Direct expenses incurred for the acquisition	1,178,559
Total	246,747,201

27. ACQUISITION OF SUBSIDIARIES *(continued)*

(i) *(continued)*

Net cash inflow:

	HK$
Cash paid for the direct expenses	(1,178,559)
Bank balances and cash acquired	1,397,031
	218,472

Max Act and its subsidiaries contributed HK$14,043,550 of turnover and HK$39,134,888 of profit for the period from the date of acquisition to the balance sheet date.

Had this business combination been effected at the beginning of the year, the turnover of the Group would have been HK$18,365,723, and the profit for the year would have been HK$40,189,456. The directors consider these pro forma information represent an appropriate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

(ii) On 14 November 2007, Rose City, an indirect wholly-owned subsidiary of the Company, completed the acquisition of a 100% issued share capital of Seedtime International Limited ("Seedtime"), which is a limited company incorporated in the British Virgin Islands, and a shareholder's loan of HK$58,255,734 for a total consideration at a fair value of approximately HK$192.9 million. Seedtime and its subsidiaries are principally engaged in property development.

The discount on acquisition arising is as follows:

	HK$
Total consideration	192,875,379
Fair value of net assets acquired	(204,730,155)
Discount on acquisition (note)	11,854,776

Note: The excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is deemed as shareholders' contribution and credited to equity.

27. ACQUISITION OF BUSINESSES *(continued)*

(ii) *(continued)*

Details of the net assets acquired are as follows:

	Acquiree's carrying amount HK$	Fair value adjustments HK$	Acquiree's fair value HK$
Properties under development	167,134,896	192,865,104	360,000,000
Goodwill	18,007,596	(18,007,596)	—
Other receivables	24,000	—	24,000
Bank balances and cash	1,779,759	—	1,779,759
Other payables	(3,861,201)	—	(3,861,201)
Tax payables	(489,661)	—	(489,661)
Bank borrowings	(120,900,000)	—	(120,900,000)
Deferred tax liabilities	—	(31,822,742)	(31,822,742)
	61,695,389	143,034,766	204,730,155

Total consideration satisfied by:

	HK$
Issue of shares (note 25(iv))	149,319,000
Issue of convertible note (note 23(b))	42,625,000
Direct expenses incurred for the acquisition	931,379
Total	192,875,379

Net cash inflow:

	HK$
Cash consideration paid	(931,379)
Bank balances and cash acquired	1,779,759
	848,380

Seedtime and its subsidiaries contributed nil of turnover and HK$121,869 of loss for the period from the date of acquisition to the balance sheet date.

Had this business combination been effected at the beginning of the year, the turnover of the Group would have been nil, and the loss for the year would have been HK$65,371. The directors consider these pro forma information represent an appropriate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

28. DISPOSAL OF SUBSIDIARIES

The net liabilities of Disposal Group at the date of disposal were as follows:

	HK$
Net liabilities disposed of:	
Property, plant and equipment	2,876,695
Inventories	309,669
Trade and other receivables	1,489,609
Bank balances and cash	291,723
Trade and other payables	(3,044,883)
Bank overdraft	(3,120,542)
Amount due to a related company	(1,403,752)
Finance lease obligations	(728,674)
	(3,330,155)
Add: Release of exchange reserve	(1,536,184)
Less: Professional fees incurred	514,757
	(4,351,582)
Gain on disposal of subsidiaries	8,651,582
Total consideration	4,300,000
Net cash inflow arising on disposal:	
Cash consideration received	3,785,243
Bank balances and cash disposed of	(291,723)
Bank overdraft disposed of	3,120,542
	6,614,062

29. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash and bank balances, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	The Group	
	2008	2007
	HK$	HK$
Cash and bank balances	**55,727,697**	3,663,092
Bank overdrafts	**(423,091)**	(1,983,295)
	55,304,606	1,679,797

30. COMMITMENTS

Capital commitments outstanding at the balance sheet date not provided for in the financial statements were as follows:

	The Group	
	2008	2007
	HK$	HK$
Construction cost of property under development		
Contracted for	**14,764,210**	—
Authorised but not contracted for	**702,400**	—
	15,466,610	—

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	The Group	
	2008	2007
	HK$	HK$
Minimum lease payments paid under operating leases for premises recognised in the income statement for the year	**1,054,680**	2,697,207

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

	The Group	
	2008	2007
	HK$	HK$
Within one year	**1,845,560**	2,994,637
In the second to fifth year inclusive	**929,639**	351,560
	2,775,199	3,346,197

Operating lease payments represent rentals payable by the Group for certain of its office premises and directors' quarters. Leases are negotiated for an average term of five years and rentals are fixed during the lease period.

31. OPERATING LEASE ARRANGEMENTS *(continued)*

The Group as lessor

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

	The Group	
	2008	2007
	HK$	HK$
Within one year	**16,222,500**	2,180,154
In the second to fifth year inclusive	**15,850,181**	—
	32,072,681	2,180,154

The properties are expected to generate rental yields of 3.36% (2007: nil) per annum on an ongoing basis. All the properties held have committed tenants for the next one year.

32. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme, which will expire on 2 September 2013, was adopted by the Company at the extraordinary general meeting held on 3 September 2003. The primary purpose of the option scheme is to provide incentives or reward the employees and other persons who may have contribution to the Group, and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

Under the option scheme, the board of directors of the Company may offer to full time employees, including full time executive directors and non-executive directors, of the Company and/or its subsidiaries to subscribe for shares in the Company in accordance with the terms of the option scheme for the consideration of HK$1 for each lot of share options granted.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the option scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of the Company's shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of the Company's shares in issue, subject to approval from shareholders of the Company. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit. The scheme mandate limit was refreshed and renewed by an ordinary resolution passed by the shareholders at the special general meeting held on 10 December 2007 which enabled the grant of further share options to subscribe up to 50,270,800 shares representing 10% of the shares in issue as at the said date.

32. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. An option may be exercised at any time, during a period determined and notified by the Board of Directors by each grantee, to the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the following:

(a) the closing price of shares at the date of grant of a share option;

(b) the average closing price of the shares for the five business days immediately preceding the date of grant; and

(c) the nominal value of a share.

Movements in the share options granted to the former directors, directors, employees of the Company and other eligible participants during the year are as follows:

	Date of grant	Exercise price HK$	Number of share options outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Number of share options outstanding at end of the year
2008							
Directors	28 October 2005	0.676	6,000,000	—	—	—	6,000,000
	2 April 2007	0.686	—	10,000,000	—	—	10,000,000
	31 August 2007	1.156	—	4,000,000	—	—	4,000,000
			6,000,000	14,000,000	—	—	20,000,000
Employee	2 April 2007	0.686	—	1,000,000	(500,000)	—	500,000
Eligible person	28 October 2005	0.676	1,280,000	—	(640,000)	—	640,000
			7,280,000	15,000,000	(1,140,000)	—	21,140,000
2007							
Directors	28 October 2005	0.676	6,000,000	—	—	—	6,000,000
Eligible person	28 October 2005	0.676	1,280,000	—	—	—	1,280,000
			7,280,000	—	—	—	7,280,000

32. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
28 October 2005	Vested upon granted	28 October 2005 to 27 October 2015	HK$0.676
2 April 2007	Vested upon granted	2 April 2007 to 1 April 2017	HK$0.686
31 August 2007	Vested upon granted	31 August 2007 to 30 August 2017	HK$1.156

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.248. The options outstanding at the end of the year have a weighted average remaining contractual life of 13 years (2007: 8 years). In 2008, options were granted on 2 April 2007 and 31 August 2007 (2007: Nil). The estimated fair values of the options granted on those dates are HK$2,569,747 and HK$1,905,144 respectively. No options were granted in 2007.

These fair values were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2008	2007
Weighted average share price	**HK$1.248**	HK$—
Weighted average exercise price	**HK$0.772**	HK$—
Expected volatility	**61.79–79.07%**	—
Expected life	**2 years**	—
Risk free rate	**3.815–4.094%**	—
Expected dividend yield	**—**	—

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural consideration. Expected dividends are based on historical dividends.

The Group recognised total expenses of HK$4,474,891 (2007: nil) related to equity-settled share-based payment transactions during the year.

33. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes HK$1,000 or 5% of the relevant payroll costs, whichever is lower for each employee, to the scheme, which contribution is matched by employees.

The total cost of approximately HK$256,304 (2007: HK$408,186) charged to consolidated income statement represents contributions payable to these schemes.

34. RELATED PARTY TRANSACTIONS

During the year, the Group had the following material transactions and balances with related parties:

(a) The amount due to a related company/advances from a director of the Company was fully repaid during the year.

(b) The advance from a minority shareholder of Uni-land Consultants Limited ("Uni-Land"), a company in which the Company indirectly holds 55% interests, is unsecured, non-interest bearing and repayable on 30 April 2009.

The advance was stated at fair value as of the balance sheet date which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments.

(c) On 28 September 2007, Henry Group Management Limited, a wholly owned subsidiary of the Company made a loan of HK$3,000,000 to Uni-Land. The loan is unsecured, bearing interest at 7.3% per annum. The loan together with interest accrued, are repayable on demand with 7 days prior written notice.

(d) The Company has given a corporate guarantee in favour of a bank for bank facilities granted to its non wholly-owned subsidiary to the extent of approximately HK$950,000 (2007: HK$950,000) of which approximately HK$423,000 (2007: HK$948,000) was utilised as at 31 March 2008.

(e) During the year, the Group acquired two subsidiaries from Jumbo Step controlled by Mr. Ng Chun For Henry. Details are set out in note 27.

(f) During the year, the Group paid a refundable deposit of HK$70,000,000 to acquire Uptodate, a company in which Mr. Ng Chun For Henry, Mr. Ian Ng, Mr. Chan Kwai Ping, Albert, directors of the Company, were interested. Details are set out in note 17.

(g) Key management personnel remuneration represents amounts paid to the Company's directors and the highest paid employees as disclosed in note 10.

35. MAJOR NON-CASH TRANSACTIONS

During the year, the Company issued convertible notes with principal amount of HK$171,730,609 as part of the consideration for acquisition of subsidiaries. Details of the convertible notes and acquisitions are set out in notes 23 and 27 respectively.

36. CONTINGENT LIABILITIES

As at balance sheet date, the Company has given corporate guarantees to the extent of approximately HK$427 million (2007: HK$0.95 million) to banks for banking facilities granted to certain subsidiaries of the Company. The Company has not recognised any liability in respect of the guarantees given as their fair value cannot be reliably measured.

37. POST BALANCE SHEET EVENT

On 5 May 2008, the Group entered into a sale and purchase agreement with Mr. Ng Chun For Henry, Mr. Ng Ian and Mr. Chan Kwai Ping Albert, directors of the Company and Mr. Ng Eric, to acquire the entire issued share capital of Honeyguide Investments Limited, ("Honeyguide") and a shareholder loan at a consideration of approximately HK$82 million. Honeyguide is engaged in property development. The acquisition constituted a discloseable and connected transaction under the Listing Rules. Details of the acquisition are set out in the Company's announcement dated 14 May 2008 and circular dated 2 June 2008. The transaction was completed on 15 July 2008.

38. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the Company, comprising share capital, reserves and retained earnings.

The Group's risk management actively and regularly reviews the capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year end was as follows:

	2008 **HK$**	2007 HK$
Debts	**521,616,334**	10,508,072
Less: Cash and bank balances	**(55,727,697)**	(3,663,092)
Net debts	**465,888,637**	6,884,980
Total equity	**479,242,460**	(3,819,198)
Net debts-to-adjusted capital ratio	**97%**	N/A

39. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

(i) Credit risk

The Group's principal financial assets are bank balances and trade and other receivables.

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

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Further quantitative disclosure of the Group's exposure to credit risk arising from trade and other receivable are set out in note 19.

39. FINANCIAL RISK MANAGEMENT *(continued)*

(ii) Liquidity risk

The Group and the Company will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

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

The Group	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but Less than 5 years HK$	More than 5 years HK$
2008						
Bank borrowings	406,073,091	538,339,194	13,540,911	17,798,768	56,845,260	450,154,255
Convertible notes	114,845,477	186,155,980	—	—	186,155,980	—
Trade and other payables	13,652,014	13,652,014	13,652,014	—	—	—
Advance from a minority shareholder	697,766	777,273	—	777,273	—	—
	535,268,348	738,924,461	27,192,925	18,576,041	243,001,240	450,154,255
2007						
Bank borrowings	1,983,295	1,983,295	1,983,295	—	—	—
Trade and other payables	5,335,587	5,335,587	5,335,587	—	—	—
Obligation under a finance lease	832,226	922,498	922,498	—	—	—
Amount due to a related company	4,336,867	5,080,000	3,177,000	1,903,000	—	—
Amount from a director	2,706,271	3,300,000	3,300,000	—	—	—
Advances from a minority shareholder	649,413	794,709	17,436	—	777,273	—
	15,843,659	17,416,089	14,735,816	1,903,000	777,273	—

39. FINANCIAL RISK MANAGEMENT *(continued)*

(ii) Liquidity risk *(continued)*

The Company	Carrying amount HK$	Total contractual undiscounted cash flow HK$	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but Less than 5 years HK$	More than 5 years HK$
2008						
Convertible notes	114,845,477	186,155,980	—	—	186,155,980	—
Other payables	1,049,691	1,049,691	1,049,691	—	—	—
Amount due to a subsidiary	54,823,984	54,823,984	54,823,984	—	—	—
	170,719,152	242,029,655	55,873,675	—	186,155,980	—
2007						
Other payables	696,452	696,452	696,452	—	—	—

(iii) Interest rate risk

The Group's interest-rate risk arises from bank borrowings which are at floating rates and expose the Group to cash flow interest-rate risk. The Group has not used any financial instruments to hedge potential fluctuations in interest rates. Details of bank borrowings are set out in note 22.

The following table details the interest rate profile of the Group's net borrowings at the balance sheet date.

	The Group				The Company			
	2008		2007		**2008**		2007	
	Effective interest rate	**HK$**	Effective interest rate	HK$	**Effective interest rate**	**HK$**	Effective interest rate	HK$
Fixed rate borrowings								
Convertible notes	11.78%	114,845,477	—	—	11.78%	114,845,477	—	
Amount due to a related company		—	10.4%	4,336,387		—		—
Advance from a director		—	10.4%	2,706,271		—		—
Advances from a minority shareholder	10.4%	697,776	10.4%	649,413		—		—
		115,543,253		7,692,071		114,845,477		—
Net variable rate borrowings								
Bank borrowings	3.66%	406,073,091	7.30%	1,983,295	—	—	—	—
Bank balances	1.9%	(55,721,003)	1.52%	(3,650,149)	2%	(39,972,199)	3.91%	(1,960,523)
		350,352,088		(1,666,854)		(39,972,199)		(1,960,523)
Net fixed rate borrowings as a percentage of total borrowings		25%		128%		153%		—

The interest rates and terms of repayment of the Group's borrowings are disclosed in note 22 and 23 to the financial statements.

39. FINANCIAL RISK MANAGEMENT *(continued)*

(iii) Interest rate risk *(continued)*

At 31 March 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after taxation by approximately HK$2,929,000 (2007: HK$1,983,000). Accumulated losses will increase/decrease by the same amount.

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

(iv) Foreign exchange risk

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

(v) Fair values

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

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	The Group	
	2008 HK$	2007 HK$
Financial assets		
Loans and receivables (including cash and bank balances)	**134,652,443**	7,147,458
Financial liabilities		
Financial liabilities measured at amortised cost	**535,268,348**	15,843,659

41. COMPARATIVE FIGURES

As a result of the discontinued operations and the adoption of HKFRS 7, Financial instruments: Disclosure, and HKAS 1 Amendments: Capital Disclosures, certain comparative figures have been adjusted or re-classified to conform with change in disclosure in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008.

42. SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment/ operations	Issued and paid up share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Henry Group Asset Management Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
New Treasure Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	100%	Investment holding
Henry Group Holdings Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Gold Matrix Holdings Ltd	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Property Management Limited	Hong Kong	Ordinary HK$1	—	100%	Securities investment
Henry Group Management Limited	Hong Kong	Ordinary HK$10,000	100%	—	Provision of administration service to group companies
Uni-land Property Consultants Limited	Hong Kong	Ordinary HK$10,000	—	55%	Provision of property agency and consultancy services
Rose City Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Max Act Enterprises Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment
Sharp Wonder Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Top Bright Properties Limited ("Top Bright")	Hong Kong	Ordinary HK$9,999 Deferred share HK$1	—	100% (note)	Property investment
Seedtime International Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Land Base Limited	Hong Kong	Ordinary HK$2	—	100%	Property investment
Maxwing Investment Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Inactive

Note: 1 non-voting deferred share of Top Bright is held by an outside party. Pursuant to the Article of Association of Top Bright, on a winding up, the holder of the deferred share shall be entitled out of the surplus assets of Top Bright to a return of the capital paid up on the 1 non-voting share but only after a holder of ordinary share has received in full the return of capital paid on them and, in aggregate, a total sum of HK$100,000,000,000,000.

Five-year Financial Summary

	Year ended 31 March				
	2004 HK$000 (Restated)	2005 HK$000 (Restated)	2006 HK$000 (Restated)	2007 HK$000 (Restated)	**2008** **HK$000**
CONTINUING OPERATIONS					
Turnover	—	—	—	6,318	**23,592**
Other income and gains	—	—	—	626	**834**
Increase in fair value of investment properties	—	—	—	—	**38,900**
Goodwill on acquisition written off	—	—	—	(3,883)	**(18,634)**
Staff costs	—	—	—	(8,891)	**(13,857)**
Depreciation on property, plant and equipment	—	—	—	(93)	**(285)**
Other operating expenses	—	—	—	(6,105)	**(6,171)**
Profit/(loss) from operations	—	—	—	(12,028)	**24,379**
Finance costs	—	—	—	(60)	**(18,079)**
Profit/(loss) before tax	—	—	—	(12,088)	**6,300**
Taxation	—	—	—	—	**(3,632)**
Net profit/(loss) for the year from continuing operations	—	—	—	(12,088)	**2,668**
DISCONTINUED OPERATIONS					
Profit/(loss) for the year from discontinued operations	(9,875)	(7,206)	(11,722)	(7,179)	**6,688**
Profit/(loss) for the year attributable to equity holders of the Company	(9,875)	(7,206)	(11,722)	(19,267)	**9,356**
Dividend	—	—	—	—	**—**
Earnings/(loss) per share					
FROM CONTINUING AND DISCONTINUED OPERATIONS					
– Basic	(4.90 cents)	(3.53 cents)	(5.34 cents)	(8.57 cents)	**2.53 cents**
– Diluted	N/A	N/A	N/A	N/A	**2.47 cents**
FROM CONTINUING OPERATIONS					
— Basic	N/A	N/A	N/A	(5.38 cents)	**0.72 cents**
— Diluted	N/A	N/A	N/A	N/A	**0.71 cents**

	As at 31 March				
	2004 HK$000	2005 HK$000	2006 HK$000	2007 HK$000	**2008** **HK$000**
ASSETS AND LIABILITIES					
Total assets	45,301	35,859	27,482	12,570	**1,109,976**
Total liabilities	25,311	23,075	15,523	16,389	**630,734**
	19,990	12,784	11,959	(3,819)	**479,242**

Schedule of Properties Held by the Group

As at 31 March 2008

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2008 as follows:

Investment properties

Location	Use	Group's interest	Status of development
Jardine Center No. 50 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	Completely leased out

Properties under development

Location	Use	Group's interest
No 487–489 Lockhart Road, Causeway Bay, Hong Kong	Commercial	100%