THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this Prospectus, together with the Provisional Allotment Letter, the Excess Application Form and the documents specified in the paragraph headed "Documents delivered to the Registrars of Companies" in Appendix III to this Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance in Hong Kong. A copy of this Prospectus, together with copies of the Provisional Allotment Letter and the Excess Application Form, have also been filed with the Registrar of Companies in Bermuda as required by the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the Securities and Futures Commission in Hong Kong, the Registrar of Companies in Bermuda and the Bermuda Monetary Authority take no responsibility as to the contents of any document referred to above.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

The Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00499)

OPEN OFFER OF NOT MORE THAN 416,063,901 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO CONSOLIDATED SHARES, BEING TEN EXISTING SHARES HELD ON THE RECORD DATE

Underwriters to the Open Offer

REGAL POWER INVESTMENTS LIMITED

AND

HEAD & SHOULDERS SECURITIES LIMITED

The latest time for acceptance of application and payment for the Offer Shares is 4:00 p.m. on Thursday, 11 September 2008. The procedure for application is set out on pages 20 to 21 of this Prospectus.

The Existing Shares have been dealt with on an ex-entitlement basis since Thursday, 21 August 2008. Such dealings in the Shares will take place whilst the conditions to which the Open Offer is subject remain unfulfilled. A person dealing in Shares on an ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders contemplating any dealings in the Shares are recommended to consult their own professional advisers if they are in any doubt.

The Underwriting Agreement contains provisions entitling Regal Power (on behalf of the Underwriters) by notice in writing to the Company served prior to 4:00 p.m. on Wednesday, 17 September 2008 to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed "Termination of the Underwriting Agreement" on pages 7 to 8 of this Prospectus.

If Regal Power (on behalf of the Underwriters) terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement are not fulfilled (or waived by Regal Power (on behalf of the Underwriters)) in accordance with the terms thereof, the Open Offer will not proceed. Shareholders should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

* *for identification purpose only*

28 August 2008

CONTENTS

In this Prospectus, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

"Announcement"	the announcement of the Company dated 22 July 2008 in relation to, among other things, the Open Offer
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Operational Procedures"	means the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"Companies Act"	Companies Act 1981 of Bermuda (as amended)
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	HyComm Wireless Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to this term under the Listing Rules
"Consolidated Shares"	consolidated ordinary share(s) of HK$0.005 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
"Convertible Notes"	5% secured convertible notes due 2011 issued by the Company in a principal amount of HK$150,000,000 as disclosed in the announcement of the Company dated 15 October 2007
"Directors"	the directors of the Company
"Excess Application Form(s)"	the excess application form(s) to be used in connection with the Open Offer by the Qualifying Shareholders to apply for entitlements of the Excluded Shareholders and Offer Shares provisionally alloted but not accepted by the Qualifying Shareholders
"Excluded Shareholder(s)"	those Overseas Shareholder(s) to whom the Board, after making enquiries, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them

"Existing Shares"	existing ordinary share(s) of HK$0.001 each in the issued and unissued share capital of the Company before the implementation of the Share Consolidation
"Group"	the Company and its subsidiaries
"Head & Shoulders"	Head & Shoulders Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
"HKGAAP"	accounting principles generally accepted in Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party"	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as defined in the Listing Rules)
"Irrevocable Undertaking"	the irrevocable undertaking dated 16 July 2008 and given by Regal Power in favour of the Company and Head & Shoulders, further details of which are set out in the paragraph headed "Irrevocable Undertakings of Regal Power and Holders of Convertible Notes" in the section headed "The Underwriting Agreement" in this Prospectus
"Last Trading Date"	16 July 2008, being the last trading date of the Existing Shares prior to the release of the Announcement
"Latest Time for Lodging"	4:30 p.m. on Monday, 25 August 2008 as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
"Latest Practicable Date"	25 August 2008, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information referred to in this Prospectus

"Latest Time for Acceptance"	4:00 p.m. on Thursday, 11 September 2008 or such later time or date as may be agreed between the Company and Regal Power (for itself and on behalf of the Underwriters), being the latest time for acceptance of, and payment for the Offer Shares
"Latest Time for Termination"	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Regal Power, being the latest time to terminate the Underwriting Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Chan"	Mr. Chan Yuen Ming, the legal and beneficial owner of the entire issued share capital of Regal Power
"Mr. Choi"	Mr. Choi Chiu Fai, Stanley, an Independent Third Party, being interested in approximately 29.7% of the issued share capital of Head & Shoulders
"Offer Share(s)"	not more than 416,063,901 Consolidated Shares proposed to be offered to the Qualifying Shareholders for subscription pursuant to the Open Offer
"Open Offer"	the proposed issue of the Offer Shares by way of open offer to the Qualifying Shareholders on the basis of one Offer Share for every two Consolidated Shares, being ten Existing Shares held on the Record Date on the terms set out in the Prospectus Documents and summarized herein
"Overseas Letter"	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
"Overseas Shareholders"	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
"Prospectus"	this prospectus issued by the Company in relation to the Open Offer
"Prospectus Documents"	this Prospectus, the Provisional Allotment Letter and the Excess Application Form
"Prospectus Posting Date"	28 August 2008, being the date of despatch of the Prospectus Documents
"Provisional Allotment Letter"	the provisional allotment letter(s) to be used by the Qualifying Shareholders to apply for their entitlements to the Offer Shares provisionally allotted to them under the Open Offer

"Qualifying Shareholders"	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
"Record Date"	27 August 2008, being the date by reference to which entitlements to the Open Offer were determined
"Regal Power"	Regal Power Investments Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Chan
"Registrar"	Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, being the Company's Hong Kong branch share registrar
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	Existing Share(s) and/or Consolidated Share(s), as the case maybe
"Share Consolidation"	the proposed consolidation of every five Existing Shares of HK$0.001 each in the issued and unissued share capital of the Company into one Consolidated Share of HK$0.005 each in the issued and unissued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Specified Event"	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.10 per Offer Share
"Underwriters"	collectively, Regal Power and Head & Shoulders
"Underwriting Agreement"	the underwriting agreement dated 16 July 2008 entered into between the Company and the Underwriters in relation to the Open Offer
"HK$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"%"	per cent.

	2008
Last day of dealings in Shares on a cum-entitlement basis	Wednesday, 20 August
First day of dealings in Shares on an ex-entitlement basis	Thursday, 21 August
Latest Time for Lodging	4:30 p.m. on Monday, 25 August
Register of members of the Company closed (both dates inclusive)	Tuesday, 26 August to Wednesday, 27 August (both dates inclusive)
Record Date	Wednesday, 27 August
Register of members of the Company re-opens	Thursday, 28 August
Despatch of the Prospectus Documents (in the case of Excluded Shareholders, the Prospectus and the Overseas Letter only)	Thursday, 28 August
Latest Time for Acceptance	4:00 p.m. on Thursday, 11 September
Latest time for the Open Offer to become unconditional (being the third Business Day following the Latest Time for Acceptance)	4:00 p.m. on Wednesday, 17 September
Announcement of the results of the Open Offer	Wednesday, 17 September
Despatch of share certificates for Offer Shares	On or before Monday, 22 September
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications	On or before Monday, 22 September
Dealings in fully-paid Offer Shares commence	Wednesday, 24 September

All times stated in this Prospectus refer to Hong Kong times. Dates or deadlines stated in the Prospectus for events in the timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by the Company. Further announcement will be made in the event that there is any change to the expected timetable for the Open Offer.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The latest time for acceptance of and payment for the Offer Shares will not take place if there is:

- A tropical cyclone warning signal number 8 or above, or
- A "black" rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon as on date of the Latest Time for Acceptance. Instead the latest time for acceptance or any payment for Open Offer Shares will be extended to 5:00 p.m. on the same Business Day;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Open Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for Open Offer does not take place on the Latest Time for Acceptance, the dates mentioned in the section headed "Expected Timetable" in the Prospectus may be affected. An announcement will be published by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no "black" rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the reasonable opinion of Regal Power (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Regal Power (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Regal Power (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Regal Power (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Regal Power (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Regal Power (on behalf of the Underwriters) shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Regal Power (on behalf of the Underwriters) shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or

(2) any Specified Event comes to the knowledge of the Underwriters.

Any such notice shall be served by Regal Power (on behalf of the Underwriters) prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of and in connection with the Underwriting Agreement and the Open Offer shall not proceed.

HYCOMM WIRELESS LIMITED
華脈無線通信有限公司 *

(incorporated in Bermuda with limited liability)
(Stock Code: 00499)

Executive Directors
Mr. Lai Yiu Keung
Mr. Liu Shun Chuen
Mr. Yeung Sau Chung

Independent non-executive Directors
Mr. Jacobsen William Keith
Mr. Wu Wang Li
Mr. Ng Wai Hung

Registered office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong
2nd Floor, Hillier Building
273–277 Queen's Road Central
and 33 Hillier Street
Hong Kong

28 August 2008

To the Qualifying Shareholders and for information only, the Excluded Shareholders

Dear Sir or Madam,

OPEN OFFER OF NOT MORE THAN 416,063,901 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO CONSOLIDATED SHARES, BEING TEN EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

As disclosed in the Announcement, the Company proposes to raise approximately of not more than HK$41.6 million before expenses, by way of Open Offer of not more than 416,063,901 Offer Shares at a price of HK$0.1 per Offer Share on the basis of one Offer Share for every two Consolidated Shares, being ten Existing Shares held on the Record Date and payable in full on acceptance. Qualifying Shareholders are entitled to apply for Offer Shares in excess of their respective entitlements under the Open Offer. The Open Offer will not be extended to the Excluded Shareholders.

The purpose of this Prospectus is to provide you with further information regarding the Open Offer, including information on procedures for application and certain financial information and other information in respect of the Group.

* *for identification purpose only*

THE OPEN OFFER

Issue statistics

Basis of the Open Offer:	One Offer Share for every two Consolidated Shares, being 10 Existing Shares held on the Record Date and payable in full on acceptance
Subscription Price:	HK$0.1 per Offer Share
Number of Existing Shares in issue as at the Latest Practicable Date and Consolidated Shares assuming the Share Consolidation becoming effective:	4,160,639,015 Existing Shares (equivalent to 832,127,803 Consolidated Shares)
Number of Offer Shares:	not more than 416,063,901 Offer Shares
Number of Offer Shares undertaken to be taken up by Regal Power and underwritten by Regal Power:	Regal Power has given the Irrevocable Undertaking in favour of the Company and Head & Shoulders to subscribe for 59,000,000 Offer Shares to which Regal Power is entitled under the Open Offer and conditionally agreed to underwrite a maximum of 148,000,000 Offer Shares pursuant to the Underwriting Agreement
Number of Offer Shares underwritten by Head & Shoulders:	Pursuant to the Underwriting Agreement, Head & Shoulders has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up and underwritten by Regal Power) which have not been taken up, being 209,063,901 Offer Shares. Accordingly, the Open Offer is fully underwritten
Number of Shares in issue upon completion of the Open Offer:	not more than 1,248,191,704 Consolidated Shares

The number of Offer Shares proposed to be issued pursuant to the terms of the Open Offer represent approximately 50.0% of the entire issued share capital of the Company upon the Share Consolidation becoming effective and approximately 33.3% of the entire issued share capital of the Company as enlarged by the issue of the Offer Shares and upon the Share Consolidation becoming effective.

Save for the Convertible Notes entitling the holders thereof to convert into 1,500,000,000 Shares (equivalent to 300,000,000 Consolidated Shares), the Company has no derivatives, options, warrants and conversion rights or other similar rights (subject to adjustment as set out below) which are convertible or exchangeable into Shares and has not issued any new Shares or any of the above securities as at the Latest Practicable Date.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with this Prospectus, for information only, to the Excluded Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

(i) be registered on the register of members of the Company; and

(ii) not be the Excluded Shareholders.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange. The Directors consider that the arrangement of trading in nil-paid entitlements on the Stock Exchange will involve additional administrative work and costs for the Open Offer, which is not considered to be cost-effective.

Closure of register of members

The register of members of the Company has been closed from Tuesday, 26 August 2008 to Wednesday, 27 August 2008, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares was registered during this period.

Subscription Price

The Subscription Price for the Offer Shares is HK$0.1 per Offer Share, payable in full on application. The Subscription Price represents:

(i) a discount of approximately 35.5 % to the closing price of HK$0.155 per Consolidated Share (assuming the Share Consolidation becoming effective) as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 27.0% to the theoretical ex-entitlement price of approximately HK$0.137 per Consolidated Share based on the closing price of HK$0.155 per Consolidated Share (assuming the Share Consolidation becoming effective) as quoted on the Last Trading Day;

(iii) a discount of approximately 39.4% to the average of the closing prices of HK$0.165 per Consolidated Share (assuming the Share Consolidation becoming effective) for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 37.9% to the average of the closing prices of HK$0.161 per Consolidated Share (assuming the Share Consolidation becoming effective) for the last ten consecutive trading days up to and including the Last Trading Day; and

(v) a premium of approximately 100.0% to the closing price of HK$0.05 per Consolidated Share (assuming the Share Consolidation becoming effective) as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other things, the prevailing market price of the Shares, liquidity and performance of the Shares and the prevailing market conditions prior to signing of the Underwriting Agreement. The Directors consider that the discount on the Subscription Price to the market price of the Shares is in line with that of other recent rights issues and/or open offers. In view of the above, the Directors (including the independent non-executive Directors) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Fractions of Offer Shares

Fractional entitlements to the Offer Shares will not be issued but will be aggregated and made available for excess applications. The Company will not allot any fractions of Offer Shares.

Certificates of the fully-paid Offer Shares and refund cheques

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Monday, 22 September 2008 to those entitled thereto by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted on or before Monday, 22 September 2008 by ordinary post at their own risk.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda.

Having reviewed the register of members of the Company as at the Record Date, the Company noted that the Shareholders registered with overseas addresses are situated in the British Virgin Islands, the United States of America, New Zealand and Canada. The Company has complied with all necessary requirements specified in Rule 13.36(2)(a) (including notes 1 & 2) of the Listing Rules and has made enquiry with its legal adviser regarding the feasibility of extending the Open Offer to the Overseas Shareholders under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange. Based on the legal advice provided by the legal adviser in the British Virgin Islands, the Directors are of the view that the Open Offer can be extended to the Shareholders in the British Virgin Islands as there are no restrictions, or no onerous restrictions on the offering of the Open Offer to the Shareholders in these jurisdictions which would be difficult for the Company to comply with.

However, based on the legal advice provided by the relevant legal advisers in New Zealand, Canada and the United States of America, the offer of the Offer Shares to the Shareholders registered with overseas addresses in New Zealand, Canada and the United States of America would, or might, in the absence of compliance with registration or other special formalities, be unlawful or impracticable and the cost to be incurred would outweigh the possible benefits to the relevant Overseas Shareholders and the Company if the Offer Shares are to be offered in these jurisdictions. As such, the Directors are of the view that it is necessary and expedient to exclude the Overseas Shareholders in New Zealand, Canada and the United States of America in respect of the Open Offer and such Overseas Shareholders will be regarded as Excluded Shareholders. Accordingly, the Open Offer will not be extended to the Overseas Shareholders with registered addresses in New Zealand, Canada and the United States of America. The Company will send the Prospectus and the Overseas Letter to the Excluded Shareholders for their information only but will not send the Provisional Allotment Letter and Excess Application Form to them. The entitlement of the Excluded Shareholders under the Open Offer will be made available for excess application.

Application for excess Offer Shares

Qualifying Shareholders may apply (using the Excess Application Form(s)) for entitlements of the Excluded Shareholders and Offer Shares provisionally allotted but not accepted by the Qualifying Shareholders. The Directors will allocate excess Offer Shares at their discretion on a fair and equitable basis on the following principles:

(a) preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings; and

(b) subject to availability of excess Offer Shares allocation under principle (a) above,

(1) in the case of over-subscription for the excess Offer Shares, the excess Offer Shares will be allocated to Qualifying Shareholders who have applied for excess Offer Shares in proportion to the Shares held by them on Record Date, and with board allocations to be made on best effort basis, as the Directors consider that such allocation basis will provide the Shareholders with an opportunity to maintain their shareholding in the Company as at the Record Date; and

(2) in the case of under-subscription for the excess Offer Shares, the excess Offer Shares will be allocated to Qualifying Shareholders who have applied for excess Offer Shares based on the number of excess Offer Shares they have applied for, and with board allocations to be made on best effort basis.

Shareholders or potential investors should note that the number of excess Offer Shares which may be allocated to them may be different where they make applications for excess Offer Shares by different means, such as making applications on their own names as against through nominees who also hold Shares for other Shareholders/investors. The investors whose Shares are held by a nominee company should note that for the purposes of the principles above, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the investors whose Shares are registered in the name of the nominee companies should note that the aforesaid arrangement in relation to be allocation of excess Offer Shares will not be extended to beneficial owners individually. Shareholders and investors should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names and apply for the excess Offer Shares themselves.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duties and relevant trading fees and Securities and Futures Commission transaction levy in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	16 July 2008 (after trading hours)
Underwriters:	Regal Power and Head & Shoulders
Number of Offer Shares underwritten:	Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite the Offer Shares which have not been taken up. Accordingly, the Open Offer is fully underwritten
Commission:	2.5% of the aggregate Subscription Price in respect of the maximum number of Offer Shares agreed to be underwritten by the Underwriters, being 357,063,901 Offer Shares

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Head & Shoulders and their respective ultimate beneficial owners are Independent Third Parties. Regal Power, being a substantial Shareholder not engaging in underwriting business and having no underwriting experience as at the Latest Practicable Date, is not required to procure a license to conduct underwriting of the Offer Shares under the SFO. Regal Power intends to take up its underwritten Offer Shares for investment purposes whereas Head & Shoulders intends either to take up its underwritten Offer Shares for investment purpose or to procure subscribers to subscribe for its underwritten Offer Shares.

The entering into of the Underwriting Agreement between the Company and Regal Power is a connected transaction under the Listing Rules. As arrangement has been made in relation to excess application in compliance with Rule 7.26A of the Listing Rules, the Underwriting Agreement is exempted from the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.31(3)(c) of the Listing Rules.

The 2.5% commission payable to each of the Underwriters was determined after arm's length negotiations between the Company and the Underwriters based on normal commercial terms with reference to the market rates.

Irrevocable Undertakings of Regal Power and Holders of Convertible Notes

As at the date of the Underwriting Agreement, Regal Power is the legal and beneficial owner of 590,000,000 Existing Shares (equivalent to 118,000,000 Consolidated Shares), representing approximately 14.18% of the issued share capital of the Company as at the Latest Practicable Date. The entire issued share capital of Regal Power is wholly and beneficially owned by Mr. Chan. Mr. Chan is a holder of the Convertible Notes in a principal amount of HK$50,000,000 which entitles him to convert into 500,000,000 Existing Shares (equivalent to 100,000,000 Consolidated Shares), representing approximately 12.0% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Chan has not exercised the conversion rights attaching to the Convertible Notes as at the Latest Practicable Date.

Regal Power has given the Irrevocable Undertaking in favour of the Company and Head & Shoulders to subscribe for 59,000,000 Offer Shares to which Regal Power is entitled under the Open Offer and conditionally agreed to underwrite a maximum of 148,000,000 Offer Shares pursuant to the Underwriting Agreement.

All holders of the Convertible Notes have given irrevocable undertakings in favour of the Company and the Underwriters not to exercise the conversion rights attaching to the Convertible Notes before the Record Date. As at the Latest Practicable Date, the Company has issued Convertible Notes in a principal amount of HK$150,000,000 which entitle the holders thereof to convert into 1,500,000,000 Existing Shares (equivalent to 300,000,000 Consolidated Shares).

Each holder of the Convertible Notes shall have the right at any time after the date of the issue of the Convertible Notes to convert all or part of the principal amount of the Convertible Notes outstanding into new Shares as determined by dividing the principal amount of the relevant Convertible Notes outstanding at the time of conversion by the conversion price. Subject to the consent of the holders of the Convertible Notes, the Company shall be entitled at any time before maturity to redeem the whole principal amount of the Convertible Notes.

Conditions of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no "black" rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the reasonable opinion of Regal Power (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Regal Power (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Regal Power (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Regal Power (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Regal Power (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Regal Power (on behalf of the Underwriters) shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Regal Power (on behalf of the Underwriters) shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or

(2) any Specified Event comes to the knowledge of the Underwriters.

Any such notice shall be served by Regal Power (on behalf of the Underwriters) prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of and in connection with the Underwriting Agreement and the Open Offer shall not proceed.

Conditions of the Open Offer

The Open Offer is conditional upon:

(1) the passing of an ordinary resolution at the special general meeting to be held by the Company to approve the Share Consolidation;

(2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;

(3) the registration with the Registrar of Companies in Bermuda of one copy of each of the Prospectus Documents, signed by or on behalf of all of the Directors prior to or as soon as reasonably practicable after publication of, the Prospectus Documents;

(4) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;

(5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of dealings of the Offer Shares; and

(6) compliance with and performance of all undertakings and obligations of Regal Power under the Irrevocable Undertaking.

If the conditions precedent are not satisfied and/or in the case of condition (6) above, waived in whole or in part by the Underwriters by the Latest Time for Termination or such other date as the Company and the Underwriters may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

WARNING OF THE RISK OF DEALING IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer:

	As at the Latest Practicable Date		Immediately after Share Consolidation and before Open Offer		Immediately after completion of Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer, except that Regal Power takes up all of its entitlement and underwrites a maximum of 148,000,000 Offer Shares)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up their respective entitlements)		Immediately after completion of Open Offer and full conversion of Convertible Notes (assuming no Qualifying Shareholders take up his/her/its entitlements, under the Open Offer, except that Regal Power takes up all of its entitlement and underwrites a maximum of 148,000,000 Offer Shares)		Immediately after completion of Open Offer and full conversion of Convertible Notes (assuming all Qualifying Shareholders take up their respective entitlements)	
	Shares	*%*	*Shares*	*%*	*Shares*	*%*	*Shares*	*%*	*Shares*	*%*	*Shares*	*%*
Regal Power *(Note 1)*	590,000,000	14.18	118,000,000	14.18	325,000,000	26.04	177,000,000	14.18	325,000,000	20.99	177,000,000	11.43
Mr. Chan	–	–	–	–	–	–	–	–	100,000,000	6.46	100,000,000	6.46
Mr. Lai Yiu Keung *(Note 2)*	327,360,000	7.87	65,472,000	7.87	65,472,000	5.24	98,208,000	7.87	65,472,000	4.23	98,208,000	6.34
Head & Shoulders	–	–	–	–	209,063,901	16.75	–	–	209,063,901	13.50	–	–
Mr. Choi	–	–	–	–	–	–	–	–	16,000,000	1.03	16,000,000	1.03
Public Shareholders	3,243,279,015	77.95	648,655,803	77.95	648,655,803	51.97	972,983,704	77.95	832,655,803	53.79	1,156,983,704	74.74
	4,160,639,015	100.00	832,127,803	100.00	1,248,191,704	100.00	1,248,191,704	100.00	1,548,191,704	100.00	1,548,191,704	100.00

Notes:

1. Regal Power is wholly and beneficially owned by Mr. Chan.

2. Mr. Lai Yiu Keung is the chairman and an executive Director.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the property investment, provision of loan financing and leasing of car parking spaces, short message services and trading of communication products.

The estimated net proceeds from the Open Offer will be approximately HK$40.0 million. The Board intends to apply such proceeds from the Open Offer for general working capital of the Group.

The estimated expenses in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses, of approximately HK$1.6 million, will be borne by the Company. Having considered other fund raising alternatives for the Group, including bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS IMMEDIATELY BEFORE THE LATEST PRACTICABLE DATE

The following table summaries the capital raising activities of the Group in the last 12 months immediately before the Latest Practicable Date:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
15 October 2007	Placing of 5% Secured Convertible Notes Due 2011	HK$146,000,000	For general working capital	The net proceeds have been deposited into the savings account of the Company to be reserved for general working capital of the Group

There has been no change in the above use of proceeds for the captioned raising activities.

The Directors (including the independent non-executive Directors) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer and the fund raising activities conducted by the Company in the last 12 months.

ADJUSTMENTS IN RELATION TO THE CONVERTIBLE NOTES

Pursuant to the terms and conditions attaching to the instrument constituting the Convertible Notes, the conversion price of the Convertible Notes may be adjusted in accordance upon the Open Offer becoming unconditional. Such adjustments will be verified by an independent accountant of the Company and the Company will notify the holders of the Convertible Notes the adjustments upon the Open Offer becoming unconditional. The Company will issue a further announcement regarding the adjustment to be made to the conversion price under the Convertible Notes as a result of the Open Offer.

BUSINESS REVIEW AND PROSPECT OF THE GROUP

For the year ended 31 March 2008, the Group recorded turnover for the year of approximately HK$11.1 million and loss for the year of approximately HK$28.3 million. The decrease in turnover by approximately HK$2.1 million was mainly attributable to the decrease in income from short message services by approximately HK$1.3 million and decrease of rental income by approximately HK$0.6 million. The record of loss for the year of approximately HK$28.3 million was mainly due to deficit arising from revaluation of investment properties and impairment loss recognised in respect of available-for-sale financial assets during the year. The investment properties have, to certain extent, continued to contribute to the Group.

It is expected that the property market, particularly in the residential sector, in Hong Kong will remain stable in future. The Company will review its investment portfolio from time to time so as to enhance the value of the Group. Moreover, it is expected that property investment and short message services businesses remain to provide stable earning base for the Group. On the other hand, it is the mission of the Group to strengthen and diversify the income streams. The Group has set up new businesses in the area of the provision of loan financing and the operation of leasing of car parking spaces, which both in return provide stable interest income and rental income.

PROCEDURE FOR APPLICATION

Application for Offer Shares

The Provisional Allotment Letter is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Provisional Allotment Letter.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Provisional Allotment Letter or wish to apply for any number less than their provisional entitlement under the Open Offer, they must complete, sign and lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Thursday, 11 September 2008. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "HyComm Wireless Limited – Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed Provisional Allotment Letter, together with the appropriate remittance, have been lodged with the Registrar, by not later than 4:00 p.m. on Thursday, 11 September 2008, the provisional entitlement under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

Application for excess Offer Shares

Qualifying Shareholders may apply, by way of excess application, for any Offer Shares in provisional allotment of other Qualifying Shareholders but not applied for by them, any Offer Shares arising from the aggregation of fractional entitlements and any Offer Shares not offered to the Excluded Shareholders.

Application for excess Offer Shares should be made by completing the Excess Application Form enclosed with this Prospectus (if despatched to a Qualifying Shareholder) for excess Offer Shares and lodging the same with a separate remittance for the full amount payable in respect of the excess Offer Shares being applied for in accordance with the instructions printed thereon, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Thursday, 11 September 2008. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "HyComm Wireless Limited – Excess Application Account" and crossed "Account Payee Only". The Registrar will notify the Qualifying Shareholders of any allotment of the excess Offer Shares made to them.

It should be noted that unless the duly completed and signed Excess Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Thursday, 11 September 2008, the Excess Application Form is liable to be rejected.

All cheques or cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Provisional Allotment Letter or Excess Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholders under the Open Offer will be deemed to have been declined and will be cancelled.

In the event that applications are received for the Offer Shares in excess of provisional entitlements, the Directors will allocate the Offer Shares in excess of provisional entitlements at their discretion, but on a fair and reasonable basis as far as practicable.

Both Provisional Allotment Letter and Excess Application Form are for the use by the person(s) named therein only and are not transferable.

No receipt will be issued in respect of any application monies received.

Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriters or subscribers procured by the Underwriters.

The Shareholders with their Shares held by a nominee company should note that the Board may regard the nominee as a single shareholder according to the register of members of the Company.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this Prospectus.

Yours faithfully,
For and on behalf of the Board
HyComm Wireless Limited
Lai Yiu Keung
Chairman

1. SUMMARY OF CONSOLIDATED INCOME STATEMENTS, BALANCE SHEETS, STATEMENT OF CHANGES IN EQUITY AND CASH FLOW STATEMENTS OF THE GROUP AS AT AND FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2008

Set out below is a summary of the audited consolidated income statements, balance sheets, statement of changes in equity and cash flow statements of the Group as at and for each of the three years ended 31 March 2008, as extracted from the Company's annual report for the year ended 31 March 2006, 2007 and 2008.

Consolidated Income Statement

	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	11,062	13,206	12,673
Other operating income	3,994	439	2,282
	15,056	13,645	14,955
Operating costs	(13,920)	(11,682)	(14,442)
Staff costs	(5,008)	(6,242)	(6,647)
Amortisation of prepaid lease payments	(40)	(71)	(71)
Surplus/(Deficit) arising from revaluation of investment properties	(8,100)	18,250	45,250
Surplus arising from revaluation of properties, plant and equipment	27	285	21
Impairment loss recognised in respect of interests in leasehold land held for own use under operating leases	–	(13,936)	–
Impairment loss recognised in respect of other assets	–	(336)	(505)
Impairment loss recognised in respect of goodwill	–	–	(2,212)
	(27,041)	(13,732)	21,394
Profit/(Loss) from operating activities	(11,985)	(87)	36,349
Profit on disposal of investment properties	–	–	5,793
Profit on disposal of rural land exploitation right	800	–	–
Profit on disposal of available-for-sale financial assets	17,880	–	–
Impairment loss recognised in respect of available-for-sale financial assets	(27,431)	–	–
Loss on disposal of a subsidiary	(44)	(480)	–
Finance costs	(7,641)	(6,815)	(6,321)
	(28,421)	(7,382)	35,821
Share of results of associates	(15)	(2)	(13)
Profit/(Loss) before taxation	(28,436)	(7,384)	35,808
Taxation	152	219	245
Profit/(Loss) for the year	(28,284)	(7,165)	36,053
Attributable to:			
Equity shareholders of the Company	(29,158)	(8,509)	35,377
Minority interests	874	1,344	676
Profit/(Loss) for the year	(28,284)	(7,165)	36,053
	Cents	*Cents*	*Cents*
Earnings/(Loss) per Share			
–Basic	(0.88)	(0.29)	1.19
–Diluted	(0.57)	–	–

Consolidated Balance Sheet

	2008 *HK$'000*	2007 *HK$'000*	2006 *HK$'000*
Non-current assets			
Investment properties	189,900	216,000	206,750
Properties, plant and equipment	5,844	7,600	4,944
Interests in leasehold land held for own use under operating leases	13,175	13,215	27,222
Interests in associates	1,965	2,812	1,769
Available-for-sale financial assets	61,808	13,537	2,650
	272,692	253,164	243,335
Current assets			
Receivables, deposits and prepayments	54,698	1,143	1,161
Bank and cash balances	201,917	642	282
	256,615	1,785	1,443
Current liabilities			
Payables and accrued charges	20,075	22,904	16,480
Deposits received	22,902	1,115	783
Amount due to a former shareholders	–	–	4,295
Amount due to a director	11,805	17,244	416
Bank and other borrowings – due within one year	60,802	20,596	22,342
Taxes payable	1,422	1,148	1,167
	117,006	63,007	45,483
Net current assets/(liabilities)	139,609	(61,222)	(44,040)
Total assets less current liabilities	412,301	191,942	199,295
Non-current liabilities			
Bank and other borrowings – due after one year	59,030	72,255	83,111
Deferred tax liabilities	3,759	4,185	4,404
Convertible notes	137,674	–	–
	200,463	76,440	87,515
Net assets	211,838	115,502	111,780
Capital and reserves			
Share capital	416,064	298,064	298,064
Share premium and reserves	(207,383)	(184,845)	(187,223)
Total equity attributable to equity shareholders of the Company	208,681	113,219	110,841
Minority interests	3,157	2,283	939
Total equity	211,838	115,502	111,780

Consolidated Statement of Changes in Equity

	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Total equity at beginning of the year	115,502	111,780	75,842
Net income/(expense) recognised directly in equity:			
Changes in fair value of available-for-sale financial assets	–	10,887	(115)
Net income/(expense) for the year recognised directly in equity	–	10,887	(115)
Transfers from equity:			
Transfer to income statement on disposal of available-for-sale financial assets	(10,772)	–	–
Profit/(Loss) for the year	(28,284)	(7,165)	36,053
Total recognised income and expense for the year	(39,056)	3,722	35,938
Attributable to:			
Equity shareholders of the Company	(39,930)	2,378	35,262
Minority interests	874	1,344	676
	(39,056)	3,722	35,938
Movements in equity arising from capital transactions:			
Shares issued	118,000	–	–
Increase in share premium	7,515	–	–
Equity component of convertible notes	9,877	–	–
	135,392	–	–
Total equity at end of the year	211,838	115,502	111,780

Consolidated Cash Flow Statement

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Profit/(Loss) before taxation	(28,436)	(7,384)	35,808
Adjustments for:			
Amortisation of prepaid lease payment	40	71	71
(Surplus)/Deficit arising from revaluation of:			
Investment properties	8,100	(18,250)	(45,250)
Properties, plant and equipment	(27)	(285)	(21)
Impairment loss recognised in respect of:			
Interests in leasehold land held for own use under operating leases	–	13,936	–
Other assets	–	336	505
Goodwill	–	–	2,212
Available-for-sale financial assets	27,431	–	–
Profit on disposal of:			
Investments in securities	–	–	(225)
Rural land exploitation right	(800)	–	–
Available-for-sale financial assets	(17,880)	–	–
Investment properties	–	–	(5,793)
Loss on disposal of a subsidiary	44	480	–
Share of results of associates	15	2	13
Interest expenses	7,641	6,815	6,321
Depreciation	1,902	2,514	4,014
Written off assets	–	–	11
Operating loss before working capital changes	(1,970)	(1,765)	(2,334)
Increase in receivables, deposits and prepayments	(639)	(1,363)	(696)
Increase/(decrease) in payables and accrued charges	(13,522)	2,732	(4,037)
Increase in deposits received	21,787	332	101
Increase/(decrease) in amount due to a director	(5,439)	16,828	416
Cash generated from/(used in) operations	217	16,764	(6,550)
Interest paid	(5,644)	(7,395)	(5,303)
Hong Kong Profits Tax paid	–	(19)	(74)
Net cash from/(used in) operating activities	(5,427)	9,350	(11,927)

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from investing activities			
Purchases of properties, plant and equipment	(119)	(4,885)	(164)
Purchase of rural land exploitation right	(58,000)	–	–
Proceed from disposal of rural land exploitation right	5,880	–	–
Disposal of a subsidiary, net of cash and cash equivalents disposed of	17,960	8,497	–
Purchase of available-for-sale financial assets	(3,239)	–	–
Net proceeds from disposal of available-for-sale financial assets	31,417	–	–
Sale proceeds from disposal of investment in securities	–	–	225
Net sale proceeds from disposal of investment properties	–	–	17,793
Net cash from/(used in) investing activities	(6,101)	3,612	17,854
Cash flows from financing activities			
Net proceeds from issue of share capital	39,513	–	–
Net proceeds from issue of convertible notes	146,400	–	–
Repayment of bank borrowings	(8,463)	(12,974)	(8,102)
Proceeds from other borrowings	36,000	–	–
Repayment of other borrowings	(556)	(632)	(1,450)
Net cash from/(used in) financing activities	212,894	(13,606)	(9,552)
Net increase/(decrease) in cash and cash equivalents	201,366	(644)	(3,625)
Cash and cash equivalents at beginning of the year	(11,315)	(10,671)	(7,046)
Cash and cash equivalents at end of the year	190,051	(11,315)	(10,671)
Analysis of cash and cash equivalents			
Bank and cash balances	201,917	642	282
Bank overdrafts	(11,866)	(11,957)	(10,953)
	190,051	(11,315)	(10,671)

2. FINANCIAL STATEMENTS OF THE GROUP

Set out below are the full text of the audited financial statements of the Group for the year ended 31 March 2008 as extracted from the 2008 annual report of the Company.

Consolidated Income Statement
Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	4	11,062	13,206
Other operating income	5	3,994	439
		15,056	13,645
Operating costs		(13,920)	(11,682)
Staff costs	6(a)	(5,008)	(6,242)
Amortisation of prepaid lease payments	14	(40)	(71)
Surplus/(Deficit) arising from revaluation of investment properties	12	(8,100)	18,250
Surplus arising from revaluation of properties, plant and equipment	13	27	285
Impairment loss recognised in respect of interests in leasehold land held for own use under operating leases	14	–	(13,936)
Impairment loss recognised in respect of other assets		–	(336)
		(27,041)	(13,732)
Loss from operating activities	6	(11,985)	(87)
Profit on disposal of rural land exploitation right	18	800	–
Profit on disposal of available-for-sale financial assets		17,880	–
Impairment loss recognised in respect of available-for-sale financial assets	17	(27,431)	–
Loss on disposal of a subsidiary	29	(44)	(480)
Finance costs	7	(7,641)	(6,815)
		(28,421)	(7,382)
Share of results of associates	16	(15)	(2)
Loss before taxation		(28,436)	(7,384)
Taxation	9	152	219
Loss for the year		(28,284)	(7,165)
Attributable to:			
Equity shareholders of the Company	27	(29,158)	(8,509)
Minority interests	27	874	1,344
Loss for the year		(28,284)	(7,165)
		Cents	*Cents*
Loss per share			
Basic	11	(0.88)	(0.29)
Diluted	11	(0.57)	–

Consolidated Balance Sheet
At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties	12	189,900	216,000
Properties, plant and equipment	13	5,844	7,600
Interests in leasehold land held for own use under operating leases	14	13,175	13,215
Interests in associates	16	1,965	2,812
Available-for-sale financial assets	17	61,808	13,537
		272,692	253,164
Current assets			
Receivables, deposits and prepayments	19	54,698	1,143
Bank and cash balances		201,917	642
		256,615	1,785
Current liabilities			
Payables and accrued charges	20	20,075	22,904
Deposits received	21	22,902	1,115
Amount due to a director	33(a)	11,805	17,244
Bank and other borrowings – due within one year	22	60,802	20,596
Taxes payable		1,422	1,148
		117,006	63,007
Net current assets/(liabilities)		139,609	(61,222)
Total assets less current liabilities		412,301	191,942

	Notes	2008 HK$'000	2007 HK$'000
Non-current liabilities			
Bank borrowings – due after one year	22	59,030	72,255
Deferred tax liabilities	28	3,759	4,185
Convertible notes	24	137,674	–
		200,463	76,440
Net assets		211,838	115,502
Capital and reserves			
Share capital	25	416,064	298,064
Share premium and reserves	27	(207,383)	(184,845)
Total equity attributable to equity shareholders of the Company		208,681	113,219
Minority interests	27	3,157	2,283
Total equity		211,838	115,502

Balance Sheet
At 31 March 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Non-current assets			
Interests in subsidiaries	*15*	302,855	117,266
Current assets			
Deposits and prepayments	*19*	52,920	–
Bank and cash balances		52,607	15
		105,527	15
Current liabilities			
Payables and accrued charges	*20*	4,007	4,062
Deposits received	*21*	21,420	–
Amount due to a director	*33(a)*	600	–
Bank and other borrowings			
– due within one year	*22*	36,000	–
		62,027	4,062
Net current assets/(liabilities)		43,500	(4,047)
Total assets less current liabilities		346,355	113,219
Non-current liabilities			
Convertible notes	*24*	137,674	–
Net assets		208,681	113,219
Capital and reserves			
Share capital	*25*	416,064	298,064
Share premium and reserves	*27*	(207,383)	(184,845)
Total equity		208,681	113,219

Consolidated Statement of Changes in Equity
Year ended 31 March 2008

		2008		2007	
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total equity at beginning of the year			115,502		111,780
Net income recognised directly in equity:					
Changes in fair value of available-for-sale financial assets	27		–		10,887
Net income for the year recognised directly in equity			–		10,887
Transfers from equity:					
Transfer to income statement on disposal of available-for-sale financial assets	27		(10,772)		–
Loss for the year	27		(28,284)		(7,165)
Total recognised income and expense for the year			(39,056)		3,722
Attributable to:					
Equity shareholders of the Company		(39,930)		2,378	
Minority interests	27	874		1,344	
		(39,056)		3,722	
Movements in equity arising from capital transactions:					
Shares issued	25		118,000		–
Increase in share premium	27		7,515		–
Equity component of convertible notes	24		9,877		–
			135,392		–
Total equity at end of the year			211,838		115,502

Consolidated Cash Flow Statement
Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Loss before taxation		(28,436)	(7,384)
Adjustments for:			
Amortisation of prepaid lease payment		40	71
(Surplus)/Deficit arising from revaluation of:			
Investment properties		8,100	(18,250)
Properties, plant and equipment		(27)	(285)
Impairment loss recognised in respect of:			
Interests in leasehold land held for own use under operating leases		–	13,936
Other assets		–	336
Available-for-sale financial assets		27,431	–
Profit on disposal of:			
Rural land exploitation right		(800)	–
Available-for-sale financial assets		(17,880)	–
Loss on disposal of a subsidiary	29	44	480
Share of results of associates		15	2
Interest expenses		7,641	6,815
Depreciation		1,902	2,514
Operating loss before working capital changes		(1,970)	(1,765)
Increase in receivables, deposits and prepayments		(639)	(1,363)
Increase/(decrease) in payables and accrued charges		(13,522)	2,732
Increase in deposits received		21,787	332
Increase/(decrease) in amount due to a director		(5,439)	16,828
Cash generated from operations		217	16,764
Interest paid		(5,644)	(7,395)
Hong Kong Profits Tax paid		–	(19)
Net cash from/(used in) operating activities		(5,427)	9,350

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from investing activities			
Purchases of properties, plant and equipment		(119)	(4,885)
Purchase of rural land exploitation right	*18*	(58,000)	–
Proceed from disposal of rural land exploitation right		5,880	–
Disposal of a subsidiary, net of cash and cash equivalents disposed of	*29*	17,960	8,497
Purchase of available-for-sale financial assets		(3,239)	–
Net proceeds from disposal of available-for-sale financial assets		31,417	–
Net cash from/(used in) investing activities		(6,101)	3,612
Cash flows from financing activities			
Net proceeds from issue of share capital		39,513	–
Net proceeds from issue of convertible notes		146,400	–
Repayment of bank borrowings		(8,463)	(12,974)
Proceeds from other borrowings		36,000	–
Repayment of other borrowings		(556)	(632)
Net cash from/(used in) financing activities		212,894	(13,606)
Net increase/(decrease) in cash and cash equivalents		201,366	(644)
Cash and cash equivalents at beginning of the year		(11,315)	(10,671)
Cash and cash equivalents at end of the year		190,051	(11,315)
Analysis of cash and cash equivalents			
Bank and cash balances		201,917	642
Bank overdrafts	*22*	(11,866)	(11,957)
		190,051	(11,315)

Notes to the Financial Statements

Year ended 31 March 2008

1. GENERAL

The Company is a public limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 38 to the financial statements.

2. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new and revised Hong Kong Financial Reporting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in the financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendments to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as set out below.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosures given the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation. These disclosures are set out in note 36.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 35.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standards or interpretations that are not yet effective for the current accounting period.

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and new interpretations which are not yet effective for the year ended 31 March 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far, it has concluded that their adoption is unlikely to have a significant impact on the Group's result of operations and financial position.

HKAS 1 (Revised), *Presentation of Financial Statements* requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs.

HKAS 23 (Amendment), *Borrowing Costs* requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing such borrowing costs will be thereby no longer be available.

HKFRS 8, *Operating Segments* requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

All of the above amendments and standards will be effective for annual periods beginning on or after 1 January 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of 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. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

– Investment properties (note 3k);

– Buildings (note 3l); and

– Financial assets classified as available-for-sale (note 3p)

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are set out in note 37.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates made up to 31 March each year.

(d) Subsidiaries and minority interests

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from their activities.

An investment in a controlled subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions together with any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to a minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority shareholder's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses.

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition changes in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of associates for the year, including any impairment losses on goodwill relating to the investments in associates recognised for the year.

When the Group's share of losses exceeds its interest in an associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in associates, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in the income statement.

(f) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the Group about events that have an impact on the asset's estimated future cash flows as significant financial difficulty of the debtor.

Impairment losses for trade debtors and bills receivable included within trade and other receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

(g) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(h) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 3q, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in the income statement on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

(j) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any 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 a business combination or an investment in an associate is recognised immediately in the income statement.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(k) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement. Rental income from investment properties is accounted for as described in note 3y.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property. Any such property interest which has been classified as investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

Property that is being constructed or developed for future use as investment property is classified as properties, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

(l) Properties, plant and equipment

Properties, plant and equipment other than buildings are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after properties, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement for the period in which it is incurred.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair values at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity that the carrying amounts do not differ materially from those which would be determined using fair values at the balance sheet date.

Any revaluation increase arising from the revaluation of such buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of such buildings is charged to the income statement to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the income statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings/deficit.

The gain or loss arising from the disposal or retirement of an item of properties, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is calculated to write off the cost or valuation of properties, plant and equipment, less their estimated residual value, if any, using the straight-line method, at the following rates per annum:

Buildings	2%
Furniture, fixtures and equipment	20–30%
Motor vehicles	20–30%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. 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.

(n) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

(o) Intangible assets (other than goodwill)

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

Rural land exploitation right and other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

(p) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are set out below.

Investments in debt and equity securities are initially stated at cost, which are their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as set out below, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the income statement as incurred. At each balance sheet date the fair value is remeasured, with any resultant gains or losses being recognised in the income statement.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses.

Investments in equity securities 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.

Other investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. When these investments are derecognised or impaired, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the income statement on initial recognition of any deferred income.

The amount initially recognised as deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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.

(r) Taxation

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movement in deferred tax assets and liabilities are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

A deferred tax asset is also recognised for the carryforward of unused tax losses to the extent that it is probable that taxable profits will be available against which the carryforward of the unused tax losses can be utilised.

(s) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowings costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated using the foreign exchange rates ruling at the dates the fair values were determined.

(u) Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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

(v) Segment reporting

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

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

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

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

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

(w) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases.

Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms.

Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Land lease prepayments are stated at cost less accumulated amortisation and any impairment, and are amortised over the remaining lease terms on the straight-line basis to the income statement.

(x) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is a subsidiary, an associate of the Company and the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individual;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individual; or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(y) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised in the income statement as follows:

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

(ii) Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on the straight-line basis over the terms of the relevant leases.

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

(iv) Service fee income is recognised as revenue when inter-operator short message services are rendered.

4. TURNOVER AND SEGMENT INFORMATION

Turnover represents the amount received and receivable for rentals, goods sold to outside customers and Short Message Services ("SMS") provided for the year, and is analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Property rental income	4,934	5,556
SMS	5,983	7,323
Sale of goods	145	327
	11,062	13,206

Business segments

For management purposes, the Group is organised into three operating divisions, namely, leasing of properties, SMS and sale of goods. These divisions are the basis on which the Group reports its primary segment information as set out below.

Consolidated income statement for the year ended 31 March 2008

	SMS	Leasing of properties	Sale of goods	Unallocated items	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
External sales	5,983	4,934	145	–	11,062
Inter-segment sales	–	–	–	–	–
Total turnover	5,983	4,934	145	–	11,062
RESULTS					
Segment results	2,407	(303)	(1,617)		487
Unallocated other income				3,719	3,719
Amortisation of prepaid lease payments		(16)		(24)	(40)
Deficit arising from revaluation of investment properties		(8,100)			(8,100)
Surplus arising from revaluation of properties, plant and equipment		15		12	27
Unallocated corporate expenses				(8,078)	(8,078)
Loss from operating activities					(11,985)
Profit on disposal of rural land exploitation right				800	800
Profit on disposal of available-for-sale financial assets				17,880	17,880
Impairment loss recognised in respect of available-for-sale financial assets				(27,431)	(27,431)
Loss on disposal of a subsidiary				(44)	(44)
Finance costs		(5,478)		(2,163)	(7,641)
Share of results of associates	(15)				(15)
Loss before taxation					(28,436)
Taxation		426		(274)	152
Loss for the year					(28,284)
Attributable to:					
Equity shareholders of the Company					(29,158)
Minority interests					874
					(28,284)
OTHER INFORMATION					
Depreciation	38	1,822	30	12	1,902
ASSETS					
Segment assets	2,817	214,888	326		218,031
Unallocated corporate assets				311,276	311,276
Consolidated total assets					529,307
LIABILITIES					
Segment liabilities	818	87,039	1,137		88,994
Unallocated corporate liabilities				228,475	228,475
Consolidated total liabilities					317,469

Consolidated income statement for the year ended 31 March 2007

	SMS	Leasing of properties	Sale of goods	Unallocated items	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
External sales	7,323	5,556	327	–	13,206
Inter-segment sales	–	–	–	–	–
Total turnover	7,323	5,556	327	–	13,206
RESULTS					
Segment results	3,361	1,217	(1,670)		2,908
Unallocated other income				23	23
Amortisation of prepaid lease payments				(71)	(71)
Surplus arising from revaluation of investment properties		18,250			18,250
Surplus arising from revaluation of properties, plant and equipment		129	156		285
Impairment loss recognised in respect of interests in leasehold land held for own use under operating leases				(13,936)	(13,936)
Impairment loss recognised in respect of other assets			(336)		(336)
Unallocated corporate expenses				(7,210)	(7,210)
Loss from operating activities					(87)
Loss on disposal of a subsidiary		(480)			(480)
Finance costs		(6,815)			(6,815)
Share of results of associates	(2)				(2)
Loss before taxation					(7,384)
Taxation		219			219
Loss for the year					(7,165)
Attributable to:					
Equity shareholders of the Company					(8,509)
Minority interests					1,344
					(7,165)
OTHER INFORMATION					
Depreciation	1,611	874	21	8	2,514
ASSETS					
Segment assets	3,114	224,924	406		228,444
Unallocated corporate assets				26,505	26,505
Consolidated total assets					254,949
LIABILITIES					
Segment liabilities	258	99,517	1,029		100,804
Unallocated corporate liabilities				38,643	38,643
Consolidated total liabilities					139,447

Geographical segments

Most of the property activities of the Group are based in Hong Kong and most of the Group's turnover and loss before taxation are mainly derived from Hong Kong.

5. OTHER OPERATING INCOME

	2008 *HK$'000*	2007 *HK$'000*
Bank interest income	2,402	–
Interest income on financial assets not at fair value through the income statement	2,402	–
Gains on foreign exchange	1,315	–
Miscellaneous	277	439
	3,994	439

6. LOSS FROM OPERATING ACTIVITIES

	2008 *HK$'000*	2007 *HK$'000*
Loss from operating activities is arrived at after charging:		
(a) Staff costs		
Salaries, bonuses and awards (including directors' emoluments)	4,938	6,146
Contributions to defined contribution plan	66	87
Staff welfare	4	9
	5,008	6,242
(b) Other items		
Auditor's remuneration		
– audit services	695	495
– other services	171	–
Depreciation	1,902	2,514
Operating lease charges in respect of rented premises	1,154	1,154
and after crediting:		
Rental income, net of outgoings	2,333	2,946

7. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Finance costs comprise interest on:		
Bank borrowings wholly repayable within five years	3,643	4,406
Bank borrowings not wholly repayable within five years	1,818	2,353
Other borrowings	2,180	56
Total interest expense on financial liabilities not at fair value through the income statement	7,641	6,815

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

Directors' emoluments

Directors' emoluments disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

	Directors' fees		Salaries, allowances and benefits in kind		MPF contributions		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors								
Lai Yiu Keung	–	–	2,400	2,400	12	12	2,412	2,412
Chung Lai Ha	–	–	540	720	9	12	549	732
Kwok Chong, Anthony	–	–	455	600	9	12	464	612
Lai Man Kon	–	–	180	240	–	–	180	240
Liu Shun Chuen	–	–	–	–	–	–	–	–
Yeung Sau Chung	–	–	–	–	–	–	–	–
Wan Tak Wing, Peter	–	–	–	–	–	–	–	–
Non-executive director								
Ho Yee Lin, Elaine	–	–	–	–	–	–	–	–
Independent non-executive directors								
Li Mow Ming, Sonny	180	240	–	–	–	–	180	240
Ng Wai Hung	90	120	–	–	–	–	90	120
Chan Kwok Kay	90	120	–	–	–	–	90	120
Wu Wang Li	–	–	–	–	–	–	–	–
Ng Wai Hung	–	–	–	–	–	–	–	–
Jacobsen William Keith	–	–	–	–	–	–	–	–
Tam Chi Ling, Elaine	–	–	–	–	–	–	–	–
	360	480	3,575	3,960	30	36	3,965	4,476

The remuneration of the directors is within the following band:

	2008 Number of directors	**2007 Number of directors**
Up to HK$1,000,000	6	6
HK$1,000,001 to HK$2,500,000	1	1

Highest paid individuals

The five highest paid individuals of the Group included three (2007: four) executive directors, details of whose emoluments are set out above. The emoluments of the remaining two (2007: one) highest paid individuals, other than executive directors of the Company, are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Salaries and allowances	695	650
MPF contributions	24	12
	719	662

The emoluments of each of the highest paid individuals who are not executive directors of the Company were within the band of HK$ nil to HK$1,000,000 in both years.

9. TAXATION

(a) Taxation in the consolidated income statement represents:

	2008 *HK$'000*	2007 *HK$'000*
The charge comprises:		
Hong Kong profits tax		
– provision for the year	274	–
Deferred tax – origination and reversal of temporary differences	(426)	(219)
	(152)	(219)

The provision for Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits for the year.

(b) Reconciliation between taxation and loss before taxation at applicable tax rates:

	2008 *HK$'000*	%	2007 *HK$'000*	%
Loss before taxation	(28,436)		(7,384)	
Notional tax on loss before taxation, calculated at the statutory rates of 17.5%	(4,976)	17.5	(1,292)	17.5
Tax effect of non-deductible expenses	6,827	(24.0)	113	(1.5)
Tax effect of non-taxable revenue	(1,306)	4.6	(3,232)	43.8
Tax effect of unused tax losses not recognised	734	(2.6)	2,235	(30.3)
Tax effect of prior year tax losses utilised this year	(151)	0.5	(855)	11.6
Tax effect of temporary differences not recognised	(1,280)	4.5	2,812	(38.1)
Taxation for the year	(152)	0.5	(219)	3.0

10. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of HK$39,930,000 (2007: HK$2,378,000) which has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share for the year ended 31 March 2008 is based on the loss attributable to equity shareholders of the Company of approximately HK$29,158,000 (2007: HK$8,509,000) divided by the weighted average number of 3,326,185,463 shares (2007: 2,980,639,015 shares) in issue during the year.

Weighted average number of ordinary shares

	2008	**2007**
	'000	*'000*
Issued ordinary shares at 1 April	2,980,639	2,980,639
Effect of new share placement *(note 25)*	199,344	–
Effect of issue of shares *(note 25)*	146,202	–
	3,326,185	2,980,639

(b) Diluted loss per share

The calculation of diluted loss per share for the year ended 31 March 2008 is based on the loss attributable to equity shareholders of the Company of approximately HK$27,426,000 divided by the weighted average number of 4,826,185,463 shares in issue during the year.

Diluted loss per share for the year ended 31 March 2007 has not been presented as there was no potentially dilutive ordinary shares in existence during the year.

Loss attributable to equity shareholders of the Company (diluted)

	2008
	HK$'000
Loss attributable to equity shareholders	29,158
After tax effect of effective interest on the liability component of convertible notes	(1,732)
	27,426

Weighted average number of ordinary shares (diluted)

	2008
	'000
Weighted average number of ordinary shares at 31 March	3,326,185
Effect of conversion of convertible notes *(note 24)*	1,500,000
Weighted average number of ordinary shares (diluted) at 31 March	4,826,185

12. INVESTMENT PROPERTIES

The Group	**2008**	**2007**
	HK$'000	*HK$'000*
At valuation		
At beginning of the year	216,000	206,750
Disposal *(note 29)*	(18,000)	(9,000)
Surplus/(Deficit) arising from revaluation	(8,100)	18,250
At end of the year	189,900	216,000

The investment properties are situated in Hong Kong and are held under long-term leases. They were revalued at 31 March 2008 by CB Richard Ellis Limited, an independent firm of professional valuers, on the open market basis subject to existing tenancies with reference to net rent derived from the existing tenancies as at 31 March 2008. These valuations gave rise to a revaluation deficit of HK$8,100,000 which has been charged to the income statement. The investment properties are leased out for rental purposes under operating leases.

13. PROPERTIES, PLANT AND EQUIPMENT

The Group	Buildings	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost or Valuation				
At 1 April 2006	739	19,980	1,866	22,585
Additions	–	4,885	–	4,885
Surplus arising from revaluation	285	–	–	285
Less: Elimination of accumulated depreciation	(19)	–	–	(19)
At 31 March 2007	1,005	24,865	1,866	27,736
Comprising:				
At cost	–	24,865	1,866	26,731
At valuation – 2007	1,005	–	–	1,005
	1,005	24,865	1,866	27,736
Depreciation				
At 1 April 2006	–	15,775	1,866	17,641
Charge for the year	19	2,495	–	2,514
Eliminated upon revaluation	(19)	–	–	(19)
At 31 March 2007	–	18,270	1,866	20,136
Net Book Values				
At 31 March 2007	1,005	6,595	–	7,600
Cost or Valuation				
At 1 April 2007	1,005	24,865	1,866	27,736
Additions	–	119	–	119
Surplus arising from revaluation	27	–	–	27
Less: Elimination of accumulated depreciation	(27)	–	–	(27)
At 31 March 2008	1,005	24,984	1,866	27,855
Comprising:				
At cost	–	24,984	1,866	26,850
At valuation – 2008	1,005	–	–	1,005
	1,005	24,984	1,866	27,855
Depreciation				
At 1 April 2007	–	18,270	1,866	20,136
Charge for the year	27	1,875	–	1,902
Eliminated upon revaluation	(27)	–	–	(27)
At 31 March 2008	–	20,145	1,866	22,011
Net Book Values				
At 31 March 2008	1,005	4,839	–	5,844

The buildings were revalued as at 31 March 2008 by CB Richard Ellis Limited, an independent firm of professional valuers, on the open market basis subject to vacant possession with reference to comparable transactions as at 31 March 2008.

At 31 March 2008, had the buildings not been revalued and been carried at historical cost less accumulated depreciation and amortisation, their carrying value would have been approximately HK$1,040,000 (2007: HK$1,070,000).

The buildings are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Situated in Hong Kong held under long-term leases	55	55
Situated in Hong Kong held under medium-term leases	950	950
	1,005	1,005

14. INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Cost or Valuation		
Prepaid lease payment	28,032	28,032
Impairment loss recognised	(14,561)	(13,936)
Less: Elimination of amortisation	–	(625)
	13,471	13,471
Amortisation		
At beginning of the year	256	810
Amortisation for the year	40	71
Less: Eliminated upon recognition of impairment loss	–	(625)
At end of the year	296	256
Carrying value	13,175	13,215

The interests in leasehold land held for own use under operating leases are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Land situated in Hong Kong held under long-term leases	12,200	12,215
Land situated in Hong Kong held under medium-term leases	975	1,000
	13,175	13,215

15. INTERESTS IN SUBSIDIARIES

	The Company 2008 *HK$'000*	2007 *HK$'000*
Unlisted shares	610,354	610,354
Amounts due from subsidiaries	744,800	522,151
	1,355,154	1,132,505
Impairment losses recognised	(1,052,299)	(1,015,239)
	302,855	117,266

The recorded value of the unlisted shares is based on the underlying net tangible assets of the subsidiaries at the time they became members of the Group pursuant to the Group reorganisation in 1997.

The aggregate impairment loss position recognised at 31 March 2008 has been determined by the directors with reference to the carrying amounts of the underlying properties held by subsidiaries.

Particulars of the subsidiaries as at 31 March 2008 are set out in note 38.

16. INTERESTS IN ASSOCIATES

	The Group 2008 *HK$'000*	2007 *HK$'000*
Investments, at cost	1	1
Share of results of associates	(10)	5
Share of net assets/(liabilities)	(9)	6
Amount due from an associate	1,975	2,807
Amount due to an associate	(1)	(1)
	1,965	2,812

Particulars of the associates as at 31 March 2008 are set out in note 39.

	Assets *HK$'000*	**Liabilities** *HK$'000*	**Equity** *HK$'000*	**Revenues** *HK$'000*	**Profit/(loss)** *HK$'000*
2008					
100 per cent	1,979	2,000	(21)	6,168	(32)
Group's effective interest	970	980	(10)	3,022	(15)
2007					
100 per cent	2,836	2,825	11	7,513	(3)
Group's effective interest	1,390	1,384	6	3,681	(2)

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Unlisted	27,000	–
Listed shares in Hong Kong	62,239	2,765
Fair value adjustment	(27,431)	10,772
Fair value of individually impaired available-for-sale financial assets	61,808	13,537
Market value of listed shares	39,308	13,537

As at 31 March 2008, the Group's available-for-sale financial assets were individually determined to be impaired on the basis of declines in their fair values below cost and adverse changes in the market in which the investees operate which indicate that the cost of the Group's investments in such assets may not be recovered. Impairment losses on the investments are recognised in the income statement.

Particulars of the available-for-sale financial assets of the Group are as follows:

Name of companies	**Place of incorporation**	**Type of securities**	**Proportion of nominal value of issued share capital held**
2008			
Tomorrow International Holdings Limited	Bermuda	Ordinary shares	6%
Corning Investments Limited	BVI	Ordinary shares	7.5%
2007			
Inno-Tech Holdings Limited	Bermuda	Ordinary shares	7%

(a) Tomorrow International Holdings Limited was listed on the Stock Exchange on 8 August 1995 with Stock Code 760.

(b) Corning Investments Limited is a private limited liability company incorporated in BVI and is principally engaged in the business of provision of outdoor media advertising and broadcasting network. During the year ended 31 March 2008, the Group assessed whether there was any objective evidence that the fair value would be impaired. In view of the significant decrease in estimated future cash flows owing to changes in revenue base of this available-for-sale financial assets, the Group determined to make an impairment by approximately HK$4.5 million.

(c) Inno-Tech Holdings Limited ("Inno-Tech") was listed on the Growth Enterprise Market of the Stock Exchange on 12 August 2002. The amount stated in the available-for-sale financial assets as at 31 March 2007 represented the carrying value of the Group's investment in Inno-Tech. The Group disposed of all of its shares in Inno-Tech during the year ended 31 March 2008.

18. INTANGIBLE ASSETS

	The Group Rural land exploitation right
	HK$'000
Cost	
At 1 April 2007	–
Additions	58,000
Disposals	(58,000)
At 31 March 2008	–

(a) On 27 July 2007, the Company entered into an agreement to acquire the exploitation right to operate and harvest timber on land located in Guangdong Province, PRC, for a consideration of HK$58,000,000.

(b) On 6 March 2008, the Company entered into an agreement to dispose of its rural land exploitation right for a consideration of HK$58,800,000. The Company is of the opinion that there are uncertainties as to the prospects for the business associated with the right as a result of certain variable, unforeseeable and unpredictable factors have occurred such as significant snow storm in Mainland China.

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
		2008	**2007**	**2008**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	*(a) & (b)*	242	204	–	–
Deposits and prepayments		1,094	454	–	–
Other receivables	*(c)*	52,920	–	52,920	–
Amounts due from related companies	*(d)*	442	485	–	–
Loans and receivables		54,698	1,143	52,920	–

(a) The Group maintains defined credit policies. For the sale of goods, the Group allows an average credit period of 30 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The aging analysis of trade receivables is as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Current	168	98
One to three months overdue	43	104
Over three months overdue	31	2
	242	204

All of the trade receivables are expected to be recovered within one year.

(b) Trade receivables that are not impaired

	The Group 2008 HK$'000	2007 HK$'000
Neither past due nor impaired	26	37
Less than one month overdue	135	38
One to three months overdue	33	33
Over three months overdue	48	96
	242	204

Receivables neither past due nor impaired relate to a wide range of customers for whom there has been no recent history of default.

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 allowances are necessary in respect of these balances as there have been no significant changes in credit quality and the balances are still considered fully recoverable despite the Group not holding any collateral over the balances.

(c) Other receivables represents the sale price in respect of the disposal of the rural land exploitation right as referred to note 18.

(d) Particulars of the amounts due from related companies, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	Balance at 31 March 2008 HK$'000	Balance at 31 March 2007 HK$'000	Maximum amount outstanding during the year HK$'000
Plotio Investment (HK) Limited	146	137	146
Plotio Property Consultants Limited	–	52	52
Plotio Property and Management Company Limited	296	296	296
	442	485	

The amounts due are unsecured, interest-free and repayable on demand.

20. PAYABLES AND ACCRUED CHARGES

		The Group		The Company	
		2008	2007	2008	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	*(a)*	4,819	4,770	–	–
Accrued charges		9,174	12,005	4,007	4,062
Amounts due to related companies	*(b)*	1,787	1,834	–	–
Amounts due to former shareholders	*(b)*	4,295	4,295	–	–
Financial liabilities measured at amortised cost		20,075	22,904	4,007	4,062

(a) The aging analysis of trade payables is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within one month	4	108
Over one month but less than three months	–	113
Over three months	4,815	4,549
	4,819	4,770

(b) The amounts due are unsecured, interest-free and have no fixed terms of repayment. The amounts are due to former shareholders of the Group and related companies in which Mr Lai Yiu Keung has beneficial interests.

21. DEPOSITS RECEIVED

(a) On 18 December 2007, the Group entered into an agreement to sell the entire issued share capital of one of its wholly-owned subsidiaries for a consideration of HK$55,500,000. Included in deposits received is an amount of HK$20,000,000, representing the initial deposit placed by the purchaser according to the sale and purchase agreement. The disposal transaction was completed on 30 April 2008.

(b) On 22 and 24 December 2007, the Group entered into agreements to sell the entire share capital of three of its wholly-owned subsidiaries for a consideration of HK$10,000,000 and HK$4,200,000 respectively. Included in deposits received is an amount of HK$1,420,000, representing the initial deposits placed by the purchasers according to the sale and purchase agreements. The disposal transactions are to be completed in the next financial year.

22. BANK AND OTHER BORROWINGS

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings comprise:				
Bank loans	71,966	80,338	–	–
Bank overdrafts	11,866	11,957	–	–
Other borrowings	36,000	556	36,000	–
	119,832	92,851	36,000	–
The borrowings are repayable as follows:				
Within one year or on demand	60,802	20,596	36,000	–
More than one year, but not exceeding two years	13,588	12,621	–	–
More than two years, but not exceeding five years	45,032	52,621	–	–
More than five years	410	7,013	–	–
	119,832	92,851	36,000	–
Less: Amount due within one year or on demand included in current liabilities	(60,802)	(20,596)	(36,000)	–
Amount due after one year	59,030	72,255	–	–

(a) All borrowings are fully secured. Details of the assets pledged are set out in note 23.

(b) The other borrowings as at 31 March 2008 were secured by the second legal charges over certain of the Group's investment properties amounted to HK$187,000,000. It is interest-bearing with interest being charged at 8% per annum, and was fully repaid on May 2008.

23. PLEDGE OF ASSETS

The Group

(a) At 31 March 2008, the Group's bank borrowings were secured by the following:

(i) first legal charges over the investment properties of HK$189,900,000 (2007: HK$198,000,000);

(ii) the interest in share capital of a subsidiary;

(iii) assignment of rental income generated from certain investment properties;

(iv) floating charges on all the existing and future asset undertakings of a subsidiary;

(v) assignments of the rights, titles, interests and benefits in and under all the existing and future building contracts in respect of certain of its interests in leasehold land held for own use under operating leases;

(vi) the benefits under all insurance policies of certain of its interests in leasehold land held for own use under operating leases;

(vii) assignment of sale proceeds from sales of investment properties; and

(viii) subordination of shareholders' loans of a subsidiary.

(b) At 31 March 2007, the Group had pledged certain of its interests in leasehold land held for own use under operating leases amounting to approximately HK$12,000,000 to banks to secure general banking facilities and credit facilities granted to certain former subsidiaries in which Mr Lai Yiu Keung has beneficial interests. The total amount of facilities utilised by these former subsidiaries amounted to approximately HK$5,029,000. The pledge was released during the year ended 31 March 2008 of when the banking borrowings were repaid by the Company's former subsidiaries.

24. CONVERTIBLE NOTES

HK$150,000,000 secured convertible notes were issued by the Company on 4 February 2008. Each note entitles the holder to convert one ordinary share at a conversion price of HK$0.10. Conversion may occur at any time between 4 February 2008 to 3 February 2011. The Company can redeem the notes at a value equal to 105% of the principal amount. Interest of 5% per annum will be paid annually in arrear.

The convertible notes contains two components identified as the liability and equity elements. The equity component is reported in the equity section under the heading "Capital Reserve". The effective interest rate for the liability component is 5.291%.

An analysis of the movements in the liability component of the convertible notes during the year ended 31 March 2008 are as set out below:

	The Group and the Company
	HK$'000
Proceeds of issue	150,000
Equity component	(9,877)
	140,123
Transaction cost	(3,451)
Interest expense	1,002
At end of the year	137,674

25. SHARE CAPITAL

	Number of shares		**Amount**	
	2008	**2007**	**2008**	**2007**
			HK$'000	*HK$'000*
Shares of HK$0.10 each				
Authorised:				
At beginning of the year	6,000,000,000	6,000,000,000	600,000	600,000
Increase during the year *(note (i))*	14,000,000,000	–	1,400,000	–
At end of the year	20,000,000,000	6,000,000,000	2,000,000	600,000
Issued and fully paid:				
At beginning of the year	2,980,639,015	2,980,639,015	298,064	298,064
New share placement *(note (ii))*	320,000,000	–	32,000	–
Issue of shares				
– *(note (iii))*	270,000,000	–	27,000	–
– *(note (iv))*	590,000,000	–	59,000	–
At end of the year	4,160,639,015	2,980,639,015	416,064	298,064

Notes:

(i) Pursuant to a resolution passed at a special general meeting of the Company held on 16 November 2007, the authorised ordinary share capital of the Company was increased from HK$600,000,000 to HK$2,000,000,000 by the creation of an additional 14,000,000,000 ordinary shares of HK$0.10 each.

(ii) On 3 August 2007, the share capital of the Company was increased to HK$330,064,000 following the placement of 320,000,000 new shares at a price of HK$0.126 each.

(iii) On 18 September 2007, the Company increased its share capital to HK$357,064,000 by issuing 270,000,000 new shares at HK$0.10 each as consideration shares to acquire 7.5% equity interest in Corning Investments Limited.

(iv) On 30 March 2008, the Company increased its share capital to HK$416,064,000 by issuing 590,000,000 new shares at HK$0.10 each as consideration shares to acquire 5.8% equity interest in Tomorrow International Holdings Limited.

26. SHARE OPTIONS

The Company's original share option scheme was adopted on 15 September 1997 for the primary purpose of providing incentives to employees of the Group. Pursuant to a resolution passed at a special general meeting of the shareholders held on 15 July 2002, the Company terminated the old scheme and adopted a new share option scheme.

There were no outstanding options granted under the old or the new schemes at the beginning and end of the year. In addition, there were no options granted to, or exercised by, any eligible employees during the year.

27. SHARE PREMIUM AND RESERVES

	Share Premium	Surplus account	Capital reserve	Fair value reserve	Deficit	Total	Minority interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The Group								
At 1 April 2006	491,426	255,025	–	(115)	(933,559)	(187,223)	939	(186,284)
Changes in fair value of available-for-sale financial assets	–	–	–	10,887	–	10,887	–	10,887
Profit/(loss) for the year	–	–	–	–	(8,509)	(8,509)	1,344	(7,165)
At 31 March 2007	491,426	255,025	–	10,772	(942,068)	(184,845)	2,283	(182,562)
At 1 April 2007	491,426	255,025	–	10,772	(942,068)	(184,845)	2,283	(182,562)
Issue of convertible notes	–	–	9,877	–	–	9,877	–	9,877
Placement of new shares	7,515	–	–	–	–	7,515	–	7,515
Transfer to income statement upon disposal of available-for-sale financial assets	–	–	–	(10,772)	–	(10,772)	–	(10,772)
Profit/(loss) for the year	–	–	–	–	(29,158)	(29,158)	874	(28,284)
At 31 March 2008	498,941	255,025	9,877	–	(971,226)	(207,383)	3,157	(204,226)

	Share premium *HK$'000*	Capital Reserve *HK$'000*	Contributed surplus *HK$'000*	Deficit *HK$'000*	Total *HK$'000*
The Company					
At 1 April 2006	491,426	–	555,303	(1,233,952)	(187,223)
Profit for the year	–	–	–	2,378	2,378
At 31 March 2007	491,426	–	555,303	(1,231,574)	(184,845)
At 1 April 2007	491,426	–	555,303	(1,231,574)	(184,845)
Issue of convertible notes	–	9,877	–	–	9,877
Placement of new shares	7,515	–	–	–	7,515
Loss for the year	–	–	–	(39,930)	(39,930)
At 31 March 2008	498,941	9,877	555,303	(1,271,504)	(207,383)

(i) The surplus account represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve accounts of Plotio Limited, the subsidiary which was acquired by the Company pursuant to the Group reorganisation in 1997.

(ii) The contributed surplus of the Company represents the difference between the consolidated shareholders funds of Plotio Limited at the date on which the Group reorganisation became effective and the nominal amount of the share capital of the Company issued under the Group reorganisation in 1997.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

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

(b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) The capital reserve reflects the value of the unexercised equity component of the convertible notes issued by the Company recognised in accordance with the accounting policy adopted for such debt as set out in note 3(i).

(iv) The fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets held at the balance sheet date and is dealt with in accordance with the accounting policies detailed in note 3(p).

In the opinion of the directors, as at 31 March 2007 and 31 March 2008, the Company did not have any reserves available for distribution to shareholders.

28. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	PRC land appreciation *HK$'000*	Total *HK$'000*
At 1 April 2006	2,753	(1,349)	3,000	4,404
Deferred tax credited to income statement *(note 9(a))*	393	(612)	–	(219)
At 31 March 2007	3,146	(1,961)	3,000	4,185
At 1 April 2007	3,146	(1,961)	3,000	4,185
Deferred tax credited to income statement *(note 9(a))*	210	(636)	–	(426)
At 31 March 2008	3,356	(2,597)	3,000	3,759

29. DISPOSAL OF A SUBSIDIARY

	2008 *HK$'000*	**2007** *HK$'000*
Net assets disposed of:		
Investment properties	18,000	9,000
Debtors and prepayments	4	–
Bank and cash balances	40	3
Payables and accrued charges	–	(23)
Net assets disposed of	18,044	8,980
Loss on disposal	(44)	(480)
	18,000	8,500
Consideration satisfied by:		
Cash consideration	18,000	8,500
Net cash inflow arising on disposal:		
Sales proceeds from disposal	18,000	8,500
Bank and cash balances disposed of	(40)	(3)
	17,960	8,497

The subsidiary disposed of during 2008 contributed a profit of HK$50,300 (2007: loss of HK$10,930) to the Group's operating results for the year.

30. RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group joined a mandatory provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of independent trustees.

Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions specified therein.

The retirement benefit scheme contributions charged to the consolidated income statement represent contributions payable by the Group at rates specified in the rules of the MPF Scheme. During the year, the retirement benefit scheme contributions, net of forfeited contributions utilised, if any, amounted to approximately HK$830,000 (2007: HK$1,091,000).

At the balance sheet date, the Group had no significant forfeited contributions available to reduce contributions payable by the Group in future years.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

Operating lease payments represent rentals payable by the Group for office premises of subsidiaries. Leases are negotiated for average terms of two years and rentals are fixed for such two year terms.

At 31 March 2008, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases amounting to HK$232,000 (2007: HK$840,000) in respect of rented premises which fall due within one year.

Property rental income earned during the year was approximately HK$4,934,000 (2007: HK$5,556,000). Certain properties held have committed tenants for the next two years. At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within one year	3,527	1,432
After one year but within five years	1,041	242
	4,568	1,674

32. CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 31 March 2008, the Company had outstanding unlimited guarantees and a corporate guarantee given in favour of banks amounting to approximately HK$120,000,000 (2007: HK$120,000,000) to secure general banking facilities granted to subsidiaries. The total amount of facilities utilised by the subsidiaries as at 31 March 2008 amounted to approximately HK$83,832,000 (2007: HK$92,295,000).

(b) Contingent liability in respect of legal claim

On 17 May 2008, a writ was filed by Mr Yung Yu Ping, the seller of the rural land exploitation right to the Company, in respect of a claim for non-payment of consideration payment. The total consideration for the rural land exploitation right is HK$58,000,000. The Company filed a defence on 10 July 2008. These financial statements did not make any provision in respect of this claim owing to the uncertainties and unforeseeable outcome of the case.

33. RELATED PARTY TRANSACTIONS

(a) The Group entered into the following transactions with related parties during the year and has the following balances with related parties as at 31 March 2008:

(I) Transactions

		Service income received		Rental paid		Service fees paid		Architectural, structural, material and electrical service fees paid		Insurance premiums paid	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Plotio Property and Management Company Limited	*(i)*	11	113	–	–	(2,253)	(2,253)	–	–	–	–
Plotio Investment (HK) Limited	*(i)*	57	54	(984)	(984)	–	–	–	–	–	–
Plotio Property Consultants Limited	*(i)*	8	113	–	–	(433)	(467)	–	–	–	–
Lee Wai Engineering Company Limited	*(i)*	8	–	–	–	–	–	(142)	(192)	–	–
Keung Kee Cleaning Services Company Limited	*(i)*	–	3	–	–	(26)	(27)	–	–	–	–
Monchase Underwriters Limited	*(i)*	–	–	–	–	–	–	–	–	(48)	(49)
Plotio Development Consultants Limited	*(i)*	1	–	–	–	–	–	–	–	–	–

(II) Balances

		Amounts due from related parties	
		2008	**2007**
	Notes	*HK$'000*	*HK$'000*
Plotio Property and Management Company Limited	*(i) & (ii)*	296	296
Plotio Investment (HK) Limited	*(i) & (ii)*	146	137
Plotio Property Consultants Limited	*(i) & (ii)*	–	52

		Amounts due to related parties	
		2008	**2007**
	Notes	*HK$'000*	*HK$'000*
Keung Kee Cleaning Services Company Limited	*(i) & (iii)*	4	2
Lee Wai Engineering Company Limited	*(i) & (iii)*	102	102
Monchase Underwriters Limited	*(i) & (iii)*	–	14
Plotio Development Consultants Limited	*(i) & (iii)*	40	40
Plotio Investment (HK) Limited	*(i) & (iii)*	246	82
Plotio Property Consultants Limited	*(i) & (iii)*	210	237
Plotio Property & Management Company Limited	*(i) & (iii)*	1,185	1,357

		Amounts due to a director			
		The Group		The Company	
		2008	**2007**	**2008**	**2007**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr Lai Yiu Keung	*(iii)*	11,805	17,244	600	–

Notes:

(i) Plotio Property and Management Company Limited, Plotio Investments (HK) Limited, Plotio Property Consultants Limited, Lee Wai Engineering Company Limited, Keung Kee Cleaning Services Company Limited, Monchase Underwriters Limited and Plotio Development Consultants Limited are former subsidiaries of the Group in which Mr Lai Yiu Keung ("Mr Lai") has beneficial interests. The amount of service fees paid to Plotio Property and Management Company Limited for the year ended 31 March 2008 represented gross building management fees of which approximately HK$228,000 (2007: HK$228,000) was paid in respect of building manager remuneration.

The above transactions were carried out at prevailing market prices or, where no market prices were available, at terms agreed by the parties involved.

(ii) The amount due from a related party is unsecured, interest-free and repayable on demand. The amount due is included in the balance of "Receivables, deposits and prepayments" in the consolidated balance sheet.

(iii) The amount due is unsecured, interest-free and has no fixed terms of repayment.

(b) At 31 March 2008, the Group had specific assets pledged, in favour of certain banks to secure general banking facilities granted to certain former subsidiaries which were disposed of to Mr Lai in previous years. Details of the assets pledged are set out in note 23.

(c) At 31 March 2008, Mr Lai had an outstanding personal guarantee given in favour of a bank to secure general banking facilities granted to the Group amounting to approximately HK$56,000,000. The facilities utilised at 31 March 2008 amounted to approximately HK$42,000,000.

34. POST BALANCE SHEET EVENTS

(a) The disposal of entire issued share capital of a subsidiary in consideration of HK$55,500,000 was completed in April 2008.

(b) The Company put forward a capital reorganization proposal involving the following changes to the capital structure of the Company:

(i) Capital Reduction: that the issued shares be reduced by cancelling the Company's paid-up capital thereof to the extent of HK$0.099 for each issued share so that the nominal value of each share will be reduced from HK$0.1 each to HK$0.001 each;

(ii) Subdivision: upon the Capital Reduction becoming effective, the Company will effect the Subdivision pursuant to which each authorised but unissued share will be subdivided into 100 shares of HK$0.001 each; and

(iii) Share Premium Cancellation: that the amount of HK$411,903,262.48 standing to the credit of the share premium account of the Company as at 31 March 2007 be cancelled.

The amounts arising from the Capital Reduction and Share Premium Cancellation be applied to the contributed surplus account of the Company where it will be utilised by the Board in accordance with the bye-laws of the Company and all applicable laws, including to eliminate the deficit of the Company of HK$1,231,574,000 as at 31 March 2007 entirely.

The capital reorganisation was approved by shareholders of the Company on 2 June 2008 and became effective on 2 July 2008.

(c) On 22 July 2008, the Company announced that it proposed to consolidate five shares into one consolidated share. Upon the share consolidation becomes effective, the Company proposed to raise funds with net proceeds of approximately of HK$40 million by way of an open offer on the basis of one offer share for every two consolidated shares at a price of HK$0.1 each per offer share. An underwriting agreement was signed between the Company and the underwriters (Regal Power Investments Limited and Head & Shoulders Securities Limited). The underwriters have conditionally agreed to underwrite, on a fully underwritten basis, all the offer shares not being taken up. Moreover, the Company also proposed to acquire the entire issued share capital and shareholder loan of Million Good Group Limited, which holds a property at House 26, Las Pinadas, 33 Shouson Hill Road, Hong Kong in consideration of HK$37,000,000, which will be settled by the Company in cash. The acquisition constitutes a major transaction and subject to shareholders approval. A circular in relation to the share consolidation and the major transaction will be sent to shareholders as soon as possible.

35. CAPITAL MANAGEMENT

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

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-equity ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables and obligations under finance leases) less cash and cash equivalents.

During 2008, the Group's strategy targeted to reduce the net Group's debt-to-equity ratio to below 75%. The Group has issued new shares and raised new debt financing by issuing convertible notes during the year.

The net debt-to-equity ratio at 31 March 2008 and 2007 was as follows:

	The Group		**The Company**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities				
Payable and accruals charges	20,075	22,904	4,007	4,062
Deposits received	22,902	1,115	21,420	–
Amount due to a director	11,805	17,244	600	–
Bank and other borrowings				
– due within one year	60,802	20,596	36,000	–
Taxes payables	1,422	1,148	–	–
	117,006	63,007	62,027	4,062
Non-current liabilities				
Bank and other borrowings				
– due after one year	59,030	72,255	–	–
Deferred tax liabilities	3,759	4,185	–	–
Convertible notes	137,674	–	137,674	–
Total debt	317,469	139,447	199,701	4,062
Less: Cash and cash equivalents	(201,917)	(642)	(52,607)	–
Net debt	115,552	138,805	147,094	4,062
Total equity	211,838	115,502	208,681	113,219
Net debt-to-equity ratio	54.5%	120.2%	70.5%	3.6%

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

36. FINANCIAL RISK MANAGEMENT

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

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

(a) Credit risk

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

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 customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 90 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has an element of concentration of credit risk as 5% of the total trade and other receivables was due from the Group's five largest customers.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

(b) Liquidity risk

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

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

	2008						2007					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group												
Payable and accruals charges	20,075	20,075	20,075	–	–	–	22,904	22,904	22,904	–	–	–
Deposits received	22,902	22,902	22,902	–	–	–	1,115	1,115	1,115	–	–	–
Amount due to a director	11,805	11,805	11,805	–	–	–	17,244	17,244	17,244	–	–	–
Bank and other borrowings												
– due within one year	119,832	119,832	60,802	13,588	45,032	410	92,851	92,851	20,596	12,621	52,621	7,013
Taxes payables	1,422	1,422	1,422	–	–	–	1,148	1,148	1,148	–	–	–
Deferred tax liabilities	3,759	3,759	–	3,759	–	–	4,185	4,185	–	4,185	–	–
Convertible notes	137,674	137,674	–	–	137,674	–	–	–	–	–	–	–
	317,469	317,469	117,006	17,347	182,706	410	139,447	139,447	63,007	16,806	52,621	7,013
Company												
Payable and accruals charges	4,007	4,007	4,007	–	–	–	4,062	4,062	4,062	–	–	–
Deposits received	21,420	21,420	21,420	–	–	–	–	–	–	–	–	–
Amount due to a director	600	600	600	–	–	–	–	–	–	–	–	–
Bank and other borrowings												
– due within one year	36,000	36,000	36,000	–	–	–	–	–	–	–	–	–
Convertible notes	137,674	137,674	–	–	137,674	–	–	–	–	–	–	–
	199,701	199,701	62,027	–	137,674	–	4,062	4,062	4,062	–	–	–

(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group adopts a policy of ensuring that over 50% of its net borrowings are effectively on a fixed rate basis, either through the contractual terms of the interest-bearing financial assets and liabilities or through the use of interest rate swaps. For this purpose the Group defines "net borrowings" as being interest-bearing financial liabilities less interest-bearing investments (excluding cash held for short-term working capital purposes). The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

	The Group				The Company			
	2008		2007		2008		2007	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*
Net fixed rate borrowings								
Other borrowings	6.060%	36,000	10.1%	556	8.000%	36,000	n/a	n/a
Convertible notes	5.291%	137,674	n/a	n/a	5.291%	137,674	n/a	n/a
Variable rate borrowings								
Bank borrowing	6.51%	83,832	7.32%	92,295	n/a	n/a	n/a	n/a
Total net borrowings		257,506		92,851		173,674		–
Net fixed rate borrowings as a percentage of total net borrowings		67%		1%		100%		n/a

(ii) Sensitivity analysis

At 31 March 2008, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's loss after tax and deficit by approximately $839,000 (2007: $923,000).

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

(d) Fair values

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

(e) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments set out in note 36(d) above.

(i) Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs. Fair values for the unquoted equity investments are estimated using the applicable price/earning ratios for similar listed companies adjusted for the specific circumstances of the issuer.

(ii) Interest-bearing loans and borrowings and finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

37. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Key areas of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 3, management made the following estimations that have the most significant effect on amounts recognised in the financial statements.

(a) Estimate of fair value of investment properties

Investment properties are carried in the consolidated balance sheet at 31 March 2008 at their fair value of approximately HK$189,900,000. The fair values of investment properties have been determined with reference to independent valuations. The best evidence of fair value is the current price in an active market for similar lease and other contracts. The Group employed an independent firm of professional valuers to determine the open market values for the investment properties of the Group. These valuations require the use of judgment and estimates whereby the use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts which would, in turn, affect the financial results of the Group.

(b) Interests in leasehold land held for own use under operating leases

The interests in leasehold land held for own use under operating leases in the consolidated balance sheet at 31 March 2008 of approximately HK$13,175,000 are stated at cost less accumulated amortisation and any identified impairment losses. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount has been determined based on the higher of their fair value less costs and their value in use. These calculations and valuations require the use of judgments and estimations. Should the future economic benefits expected to be obtained from the further operation of properties for development is less than the carrying cost, an impairment loss is recognised in the income statement.

(c) Recognition of deferred tax assets

At 31 March 2008, no deferred tax asset position in relation to tax losses has been recognised in the Group's consolidated balance sheet. Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amounts of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and, therefore, requires significant levels of judgment to be exercised by the directors. Any change in such assumptions and judgments would affect the carrying amounts of deferred tax assets to be recognised and, hence, the net profit in future years.

38. SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2008 are as follows:

Wholly-owned subsidiaries

Name of subsidiary	Issued and paid up share capital Ordinary shares	Deferred shares *	Principal activities
Wholly-owned subsidiaries incorporated and operating in Hong Kong:			
Campoent Development Limited	HK$10,000	–	Property investment
Cheerwise Development Limited	HK$2	–	Inactive
City Friend Development Limited	HK$2	–	Property investment
Jet Nice Investments Limited	HK$10,000	–	Property holding
Joyful Interest Limited	HK$10,000	–	Property investment
m499.com Limited	HK$2	–	Trading of communication products
Ocean Tower Development Limited	HK$10,000	–	Inactive
Oriental Gain Properties Limited	HK$100	HK$5,300	Property investment
Plotio Holdings (HK) Limited	HK$10,000	–	Provision of treasury services
Turbo Speed Investment Limited	HK$10,000	–	Inactive
Win's Properties Limited	HK$100,000	–	Inactive
Cyberware Communications Limited	HK$15,035,713	–	Inactive
Prime Concept Development Limited	HK$1	–	Investment holding
Glory Wood Enterprises Limited	HK$1	–	Investment holding

* *The deferred shares carry no rights to dividends, from a practical viewpoint, or to receive notices of or to attend or vote at any general meetings of the perspective companies or to participate in any distributions on winding up.*

Wholly-owned subsidiaries incorporated in the British Virgin Islands and operating in Hong Kong:

Name of subsidiary	Issued and paid up ordinary share capital	Principal activities
Election International Limited	US$1	Investment holding
Immediate Effect Limited	US$1	Investment holding
MobiData Incorporated	US$1	Investment holding
Plotio Limited	US$1,000,000	Investment holding
Rexy Investment Limited	US$1	Investment holding
Uni-tech Properties Limited	US$1	Investment holding
Capital Scope Limited	US$1	Inactive
Goldson Holdings Limited	US$1	Investment holding
Sharp Deal Limited	US$1	Inactive
World Regal Limited	US$1	Investment holding

Non-wholly owned subsidiaries

Name of subsidiary	Place of incorporation	Issued and paid up ordinary share capital	Proportion of nominal value of issued capital held by the Company	Principal activities
Mobidog Inc.	Cayman Islands	US$1,010,000	57%	Investment holding
Global Edge Technology Limited	British Virgin Islands	US$833,334	60%	SMS provider
Redstone Resources Limited	British Virgin Islands	US$2	60%	Investment holding

Other than Plotio Limited, Capital Scope Limited, Prime Concept Development Limited, Goldson Holdings Limited, Sharp Deal Limited and World Regal Limited, which are held directly by the Company, all subsidiaries are held by the Company indirectly.

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

39. ASSOCIATES

Particulars of the associates as at 31 March 2008 are as follows:

Name of company	Place of incorporation	Proportion of nominal value of issued capital held by the Group	Principal activity
HyComm Technology Incorporated	British Virgin Islands	26%	Investment holding
Megacom Holdings Limited	Hong Kong	20%	Investment holding
Tekson International Telecom Limited	Hong Kong	37%	Investment holding
GIN International Limited	Hong Kong	49%	SMS provider

3. WORKING CAPITAL SUFFICIENCY

The Directors are satisfied that after due and careful enquiry that, after taking into account the existing cash and bank balances, the Group has sufficiency working capital for its present requirement after the Open Offer, that is for at least 12 months from the date of this Prospectus, in the absence of unforeseeable circumstances.

4. INDEBTEDNESS

Borrowings

As at the close of business on 30 June 2008, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

(a) secured bank overdrafts of approximately HK$11,479,000;

(b) secured bank loans of approximately HK$28,161,000; and

(c) secured convertible notes of HK$150,000,000.

The convertible notes were issued by the Company on 4 February 2008. The convertible notes carry interest at a rate of 5% per annum which is payable annually in arrears. The maturity date of the convertible notes is 3 years later.

Securities and guarantees

As at the close of business on 30 June 2008, the details of the securities and guarantees relating to the Group's borrowings were set out as follows:

Bank overdrafts and bank loans were secured by the followings:

(i) first legal charges over the investment properties of a subsidiary of approximately HK$89,000,000 effective on 23 January 2007;

(ii) the assignment of rental income generated from the investment properties of a subsidiary effective on 23 January 2007;

(iii) the assignment of insurance policies of the investment properties of a subsidiary effective on 23 January 2007; and

(iv) subordination of shareholders' loans of a subsidiary effective on 23 January 2007.

Convertible notes were secured by charges over shares of a subsidiary and designated account holding the subscription monies from the convertible notes by a subsidiary effective on 4 February 2008.

Contingent liabilities

At 30 June 2008, the Group had outstanding unlimited guarantees and a corporate guarantee given in favour of bank amounting to approximately HK$120,000,000 to secure general banking facilities granted to its subsidiary. The total amount of facilities utilized by the subsidiary as at 30 June 2008 amounted to approximately HK$39,640,000.

A writ was filed by Mr. Yung Yu Ping, the seller of the rural land exploitation right to the Group, in respect of a claim for non-payment of consideration payment on 17 May 2008. The total consideration for the rural land exploitation right is HK$58,000,000. The Group filed a defence on 10 July 2008.

Capital commitments and other commitments

At the close of business on 30 June 2008, commitments of the Group in respect of operating leases amounted to approximately HK$161,000, all of which were contracted for but not provided for. The Directors plan to finance the above commitments by internally generated funds of the Group.

The Group had no outstanding capital commitments as at 30 June 2008.

Disclaimer

Save as disclosed above and apart from intra-group liabilities, as at the close of business on 30 June 2008, the Group had no debt securities, borrowings, mortgages, charges, debentures or other loan capital or bank overdrafts or other similar indebtedness, liabilities under acceptances or acceptances credits or hire purchase commitments or any guarantees or other material commitment or any material contingent liabilities.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2008, the date to which the latest audited financial statement of the Group were made up.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information) of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effects of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 March 2008.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2008 or any future date.

	Consolidated net tangible assets of the Group as at 31 March 2008	**Add: Estimated net proceeds from the Open Offer**	**Unaudited pro forma consolidated net tangible assets of the Group**
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
	208,681	40,000	248,681
Consolidated net tangible assets per Share before completion of the Share Consolidation and Open Offer as at the Latest Practicable Date *(Note 3)*			HK$0.05
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Share Consolidation and Open Offer *(Note 4)*			HK$0.199

Notes:

1. The consolidated net tangible assets of the Group attributable to the Company's equity shareholders as at 31 March 2008 of approximately HK$208,681,000 is arrived at based on the total equity of the Group of approximately HK$211,838,000 less minority interests of approximately HK$3,157,000 as shown on the audited consolidated balance sheet of the Group as at 31 March 2008 as extracted from the published annual report of the Company for the year ended 31 March 2008.

2. The estimated net proceeds from the Open Offer of approximately HK$40 million are based on the issue of up to 416,063,901 Offer Shares at the Subscription Price of HK$0.1 per Offer Share by way of the Open Offer, on the basis of one Offer Share for every two Consolidated Shares (being 10 Existing Shares held on the Record Date) and payable in full on acceptance, less estimated share issue expenses of approximately HK$1.6 million.

3. Based on 4,160,639,015 Existing Shares in issue immediately before the completion of the Share Consolidation and Open Offer as at the Latest Practicable Date.

4. Based on 1,248,191,704 Consolidated Shares expected to be in issue immediately after completion of the Share Consolidation and Open Offer, assuming all qualifying shareholders take up their respective entitlements under the Open Offer and the Open Offer had been completed on 31 March 2008.

5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2008.

B. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

呂禮恒會計師事務所有限公司
Kennic L. H. Lui & Co. Ltd.
Certified Public Accountants (Practising)

5/F, Ho Lee Commercial Building,
38-44 D' Aguilar Street, Central, Hong Kong
香港中環德己立街38-44號
好利商業大廈5字樓

28 August 2008

The Board of Directors
HyComm Wireless Limited

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of HyComm Wireless Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Company's proposed open offer on the basis of one offer share for every two consolidated shares held being 10 existing shares held on 27 August 2008 (the "Open Offer") might have affected the financial information presented, for inclusion as Appendix II to the Company's prospectus dated 28 August 2008. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II of the prospectus.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2008 or any future date.

OPINION

In our opinion:

a. the Unaudited Pro Forma Financial Information of the Group has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
Kennic L. H. Lui & Co. Ltd.
Certified Public Accountants (Practising)

Lau Wu Kwai King, Lauren
Practising certificate number: P02651
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

Share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date and following completion of the Open Offer was and will be, as follows:

Authorised	*HK$*
2,000,000,000,000 Existing Shares (equivalent to 400,000,000,000 Consolidated Shares)	2,000,000,000.000
Issued and to be issued as fully paid	
832,127,803 Consolidated Shares as at the Latest Practicable Date (assuming Share Consolidation becoming effective)	4,160,639.015
416,063,901 Offer Shares to be issued pursuant to the Open Offer	2,080,319.505
1,248,191,704 Consolidated Shares	6,240,958.520

All the Shares in issue and to be issued (when fully paid) rank and will rank pari passu in all respects with each other including rights to dividends, voting and return of capital. As at the Latest Practicable Date, no share or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital, except for the Open Offer.

On 22 July 2008, the Company announced the Share Consolidation pursuant to which every five Existing Shares of HK$0.001 each be consolidated into one Consolidated Share of HK$0.005 each. The Consolidated Shares, when issued, shall rank pari passu in all respects with the Existing Shares. The Share Consolidation becomes effective on Thursday, 28 August 2008.

The Shares are listed on the Main Board of the Stock Exchange. No part of the Share or loan capital of the Company is listed or dealt in, nor is listing or permission to deal in the Share or loan capital of the Company being, or proposed to be, sought, on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived.

Save as disclosed in this Prospectus, no share or loan capital of the Company or any member of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion tight affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

3. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, was as follows:

Name of Director	Capacity	Total number of Existing Shares held	Approximate percentage in issued Shares as at the Latest Practicable Date
Mr. Lai Yiu Keung	Beneficial owner and interest held by controlled corporations	327,360,000 *(Note)*	7.87%

Note: 151,000,000 Existing Shares (equivalent to 30,200,000 Consolidated Shares) are beneficially owned by Mr. Lai Yiu Keung. 146,360,000 Existing Shares (equivalent to 29,272,000 Consolidated Shares) are registered in the name of United Man's Limited, a company incorporated in the British Virgin Islands and the remaining 30,000,000 Existing Shares (equivalent to 6,000,000 Consolidated Shares) are registered in the name of Justgood Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of these two companies is beneficially owned by Mr. Lai Yiu Keung.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member the Group.

Long Positions

Name	**Capacity**	**Number of Existing Shares held**	**Approximate % of shareholding interests** *(Note 6)*
Regal Power Investments Limited *(Note 1)*	Beneficial Owner	1,625,000,000	20.99
Billion Gain Development Limited *(Note 2)*	Beneficial Owner	500,000,000	6.46
Chan Yuen Ming *(Note 3)*	Beneficial Owner/ Interest of controlled corporation	2,125,000,000	27.45
Joy Glory Limited *(Note 4)*	Beneficial Owner	340,000,000	4.39
Lau Chi Yuen, Joseph *(Note 4)*	Beneficial Owner/ Interest of controlled corporation	500,000,000	6.46
Beh Yong Shin *(Note 2)*	Interest of controlled corporation	500,000,000	6.46
Head & Shoulders Securities Limited *(Note 5)*	Beneficial Owner	1,045,319,505	13.50
Simsen International Corporation Limited *(Note 5)*	Interest of controlled corporation	1,045,319,505	13.50

Notes:

1. Regal Power is wholly and beneficially owned by Mr. Chan, who is also a director of Regal Power. Regal Power holds 590,000,000 Existing Shares (equivalent to 118,000,000 Consolidated Shares) and undertakes to subscribe for 59,000,000 Offer Shares (equivalent to 295,000,000 Existing Shares) to which Regal Power is entitled under the Open Offer and has conditionally agreed to underwrite a maximum of 148,000,000 Offer Shares (equivalent to 740,000,000 Existing Shares) pursuant to the Underwriting Agreement.

2. Billion Gain Development Limited is wholly and beneficially owned by Miss Beh Yong Shin, who is also a director of Billion Gain Development Limited.

3. Mr. Chan is a sole beneficial shareholder of Regal Power. Mr. Chan is also a holder of the Convertible Notes which entitles him to convert into 500,000,000 Existing Shares (equivalent to 100,000,000 Consolidated Shares) .

4. Joy Glory Limited is wholly and beneficially owned by Mr. Lau Chi Yuen, Joseph, who is also a director of Joy Glory Limited.

5. Head & Shoulders is beneficially owned by Simsen International Corporation Limited, a company listed on the Stock Exchange (Stock Code: 00993). Head & Shoulders has conditionally agreed to underwrite a maximum of 209,063,901 Offer Shares (equivalent to 1,045,319,505 Existing Shares) pursuant to the Underwriting Agreement.

6. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 7,740,958,520 Existing Shares in issue (equivalent to 1,548,141,704 Consolidated Shares) immediately after completion of the Open Offer and assuming full conversion of the Convertible Notes.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, the Company had not been notified of any other interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO, or any persons (other then the Directors and chief executive of the Company) who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member the Group.

5. SERVICE CONTRACT

As the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As disclosed in the announcement of the Company dated 20 May 2008, on 17 May 2008, a writ was filed by Mr. Yung Yu Ping against the Company in the High Court claiming the sum of HK$58,000,000. The Company has instructed lawyers to deal with the matter and filed a defence on 10 July 2008.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

8. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

No contract or arrangement in which any of the Directors is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2008 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert whose letter and report are contained in this Prospectus:

Name	Qualification
Kennic L. H. Lui & Co. Ltd.	Certified Public Accountants

Kennic L. H. Lui & Co. Ltd. has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and report and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Kennic L. H. Lui & Co. Ltd. did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Kennic L. H. Lui & Co. Ltd. did not have any direct or indirect interest in any assets which have been, since 31 March 2008 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this Prospectus, the following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Group which are or may be material:

(i) the sale and purchase agreement dated 27 July 2007 and entered into among the Company and Mr. Yung Yu Ping in relation to the acquisition of the right to operate rural land pursuant to the contracts entered into by Mr. Yung Yu Ping for contracting of the operation of the rural land and of the exploitation of timber on the rural land referred to in the relevant contracts for an aggregate consideration of HK$58,000,000;

(ii) the sale and purchase agreement dated 13 August 2007 and entered into between Election International Limited and Plotio Limited and Lai Yiu Keung and Plotio Development (HK) Limited as vendor and Asset Luck Development Limited as purchaser in respect of the acquisition of the entire share capital of Billtech Limited for an aggregate consideration of HK$18,000,000;

(iii) the agreement dated 24 August 2007 and entered into between the Company, Delancey Limited, Executive Talent Limited, Noblemore Holdings Limited in connection with the conditional acquisition of 7.5% of the issued share capital in Corning Investments Limited for an aggregate consideration of HK$27,000,000;

(iv) the agreement dated 10 October 2007 and entered into between the Company and Hani Securities (H.K.) Limited in relation to the placing of 5% HK$240,000,000 convertible notes due 2010;

(v) the conditional sale and purchase agreement dated 18 December 2007 and entered into between Waterful Investment Limited and Rexy Investment Limited in relation to the disposal of the entire issued share capital of Uni-tech Properties Limited and the shareholders' loan owed by City Friend Development Limited to Plotio Holdings (HK) Limited as at the date of completion for an aggregate consideration of HK$55,500,000;

(vi) the sale and purchase agreement dated 5 March 2008 and entered into among the Company and Casa Rossa Holdings Limited in relation to the disposal of the right to operate rural land pursuant to the contracts entered into by Yung, Yu Ping for contracting of the operation of the rural land and of the exploitation of timber on the rural land referred to in the relevant contracts for an aggregate consideration of HK$58,800,000;

(vii) the conditional share subscription agreement dated 12 March 2008 and entered into between the Company and Regal Power in relation to the subscription of an aggregate of 590,000,000 Shares by Regal Power in consideration of Regal Power procuring to transfer 130,386,800 shares in Tomorrow International Holdings Limited to the Company;

(viii) the conditional sale and purchase agreement dated 16 July 2008 and entered into among Capital Up Holdings Limited and Mr. Choi Chiu Fai, Stanley and Ms. Cheung Fung Kuen, Maggie in relation to the acquisition of the entire issued share capital of Million Good Group Limited and the loans owed by Million Good Group Limited to Mr. Choi Chiu Fai, Stanley and Ms. Cheung Fung Kuen, Maggie as at the date of completion for an aggregate consideration of HK$37,000,000;

(ix) the Underwriting Agreement; and

(x) the conditional sale and purchase agreement dated 8 August 2008 and entered into among Ever Rich Develop Limited, Rexy Investment Limited ("Rexy") and Plotio Limited ("Plotio") in relation to the acquisition of the entire issued ordinary share capital of Oriental Gain Properties Limited and the loans owed by Oriental Gain Properties Limited to the Company, Rexy and Plotio as at the date of completion for an aggregate consideration of HK$42,900,000.

11. CORPORATE INFORMATION

Registered office	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Head office and principal place of business in Hong Kong	2nd Floor, Hillier Building, 273–277 Queen's Road Central and 33 Hillier Street, Hong Kong
Authorised representatives	Mr. Yeung Sau Chung Mr. Liu Shun Chuen
Qualified accountant & Company Secretary	Ms. Law Pik Kam, Peggy
Auditors	Kennic L.H. Lui & Co. Ltd. Certified Public Accountants 5th Floor, Ho Lee Commercial Building 38–44 D'Aguilar Street Central, Hong Kong
Legal Advisers	*as to Hong Kong law* Robertsons, Solicitors & Notaries 57th Floor, The Center 99 Queen's Road Central Hong Kong
Legal Advisers	*as to Bermuda law* Conyers Dill & Pearmun 2901 One Exchange Square 8 Connaught Place Central Hong Kong
Principal share registrar and transfer office	Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street, Hamilton HM11 Bermuda
Hong Kong branch share Registrar and transfer office	Tricor Secretaries Limited 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong

Principal bankers	The Bank of East Asia Limited 10 Des Voeux Road Central, Hong Kong
	China Construction Bank (Asia) Limited 6 Des Voeux Road Central, Hong Kong
	Wing Lung Bank Limited 45 Des Voeux Road Central, Hong Kong
	LGT Bank in Liechtenstein (Singapore) Ltd. 3 Temasek Avenue, No. 30-01 Contennial Tower, Singapore 039190, Republic of Singapore
	Fubon Bank (Hong Kong) Limited Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong

13. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and Consent" in this Appendix have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has also been delivered to the Registrar of Companies in Bermuda for filing in accordance with Section 26(1) of the Companies Act.

14. BINDING EFFECT

The Prospectus Documents shall have the effect, if an application is made in pursuance of this Prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Section 44A and 44B of the Companies Ordinance of Hong Kong so far as applicable.

15. MISCELLANEOUS

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the head office and principal place of business in Hong Kong is at 2nd Floor, Hillier Building, 273–277 Queen's Road Central and 33 Hillier Street, Hong Kong.

(b) The qualified accountant and secretary of the Company is Ms. Law Pik Kam, Peggy, who is a member of The Hong Kong Institute of Certified Public Accountants.

(c) The principal share registrar and transfer office is Bank of Bermuda Limited, Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda.

(d) The Hong Kong branch share registrar of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The English texts of these Prospectus Documents shall prevail over the Chinese text.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 2nd Floor, Hillier Building, 273–277 Queen's Road Central and 33 Hillier Street, Hong Kong, up to and including Thursday, 11 September 2008:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual report of the Company for the two financial years ended 31 March 2008;

(c) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(d) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31 March 2008;

(e) a letter from Kennic L.H. Lui & Co. Ltd. in respect of the unaudited pro-forma financial information on the Group referred to in Appendix II to this Prospectus;

(f) a letter of consent from Kennic L.H. Lui & Co. Ltd. referred to in the section headed "Expert and Consent" in this Appendix;

(g) the Underwriting Agreement; and

(h) this Prospectus.

17. PARTICULARS OF DIRECTORS

Executive Directors

Lai Yiu Keung ("Mr. Lai"), aged 58, of 2nd Floor, Hillier Building, 273-277 Queen's Road Central and 33 Hillier Street, Hong Kong is the chairman and managing director of the Company. He is the founder of the Group and has over 26 years of experience in the property business and construction industry. Prior to establishing the Group in 1980, Mr Lai had eight years of experience as a planning designer of buildings in two architectural firms. He has been in charge of the acquisition and overall development of the technology-related & communication businesses of the Group over the past few years. He is currently responsible for the overall management, corporate strategy and daily operations of the Group.

Mr. Lai has not entered into service contract with the Company and is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. He is entitled to a director's fee which is determined by making reference to his duties and responsibilities in the Company and the prevailing market conditions.

Mr. Lai is interested in 327,360,000 Shares, of which 146,360,000 Shares are registered in the name of United Man's Limited and the remaining 30,000,000 Shares are registered in the name of Justgood Limited. The entire issued share capital of these two companies is beneficially owned by Mr. Lai. Save as disclosed herein, Mr. Lai does not hold shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Lai does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Liu Shun Chuen ("Mr. Liu") of 2nd Floor, Hillier Building, 273-277 Queen's Road Central and 33 Hillier Street, Hong Kong was appointed as an executive director of the Company with effect from 12 October 2007. Mr. Liu, aged 45, holds a Bachelor of Science degree in Business Administration from San Francisco State University, the United States of America, and a Bachelor degree in Estate Management from University of Reading, United Kingdom. He has more than 10 years experience in property development and investment in Hong Kong and the PRC.

Mr. Liu has not entered into service contract with the Company and is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. He is entitled to a director's fee which is determined by making reference to his duties and responsibilities in the Company and the prevailing market conditions.

Save as disclosed above, Mr. Liu does not hold shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Liu does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Yeung Sau Chung ("Mr. Yeung") of 2nd Floor, Hillier Building, 273-277 Queen's Road Central and 33 Hillier Street, Hong Kong was re-designated from an independent non-executive director of the Company to an executive director of the Company with effect from 11 December 2007. Mr. Yeung, aged 42, has more than 15 years experience in research and analysis of investment portfolio and risk management. He holds a Bachelor of Arts degree in Accountancy from City University of Hong Kong.

Mr. Yeung has not entered into service contract with the Company and is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. He is entitled to a director's fee which is determined by making reference to his duties and responsibilities in the Company and the prevailing market conditions.

Save as disclosed herein, Mr. Yeung does not hold shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Yeung does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Independent Non-executive Directors

Jacobsen William Keith ("Mr. Jacobsen"), aged 41, of 8/F., California Entertainment Building, 34 D'Aguilar Street, Hong Kong was appointed as an independent non-executive director and a member of audit committee of the Company with effect from 20 June 2008. He has more than 15 years experience in corporate finance and business development. He holds a Bachelor of Laws from the University of Hong Kong and a Master of Business Administration from the University of British Columbia.

Mr. Jacobsen has not entered into service contract with the Company and is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. He is entitled to a director fee of HK$120,000 per annum, which is determined by making reference to his duties and responsibilities in the Company and the prevailing market conditions.

Save as disclosed above, Mr. Jacobsen does not hold shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Wu Wang Li ("Mr. Wu"), aged 32, of Room G, 15/F., Block S, Royal Peninsula, Hunghom, Kowloon, Hong Kong was appointed as an independent non-executive director and a member of audit committee of the Company with effect from 31 December 2007. Mr. Wu obtained his bachelor of commerce degree from Deakin University and has over 9 years of experience in auditing and accounting profession and consulting services. Mr. Wu is a director of Skywise Consultants Limited, which is principally engaged in provision of business consulting services such as financial and accounting services and is admitted to the status of Certified Practicing Accountant of CPA Australia.

Mr. Wu has not entered into service contract with the Company and is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Save as disclosed below, Mr. Wu does not hold shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

During the period from 27 September 2004 to 5 July 2005, Mr. Wu was the independent non-executive director of Swank International Manufacturing Limited (Stock Code: 00663). Currently, he is an independent non-executive director of Tomorrow International Holdings Limited (Stock Code: 00760).

Ng Wai Hung ("Mr. Ng"), aged 44, of 20th Floor, Gloucester Tower, The Landmark, 17 Pedder Street, Central, Hong Kong was appointed as an independent non-executive director and a member of audit committee of the Company with effect from 10 January 2008. Mr. Ng is a practicing solicitor and a partner of Iu, Lai & Li, a Hong Kong firm of solicitors and notaries. Mr. Ng has extensive experience in the area of securities laws, corporate law and commercial law in Hong Kong and has been involved in initial public offerings of securities in Hong Kong as well as corporate restructuring and merger and acquisitions and takeovers of listed companies. He frequently advises multinational and Hong Kong corporations on private equity investments, joint venture as well as regulatory compliance.

Mr. Ng has not entered into service contract with the Company and is subject to retirement by rotation and re-election pursuant to the Company's Bye-laws. Save as disclosed below, Mr. Ng does not hold shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Mr. Ng is currently an independent non-executive director of KTP Holdings Limited (Stock Code: 00645), Fortune Sun (China) Holdings Limited (Stock Code: 00352) and Tomorrow International Holdings Limited (Stock Code: 00760).