THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all your shares in HyComm Wireless Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or another agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

HyComm

HYCOMM WIRELESS LIMITED
華脈無線通信有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

MAJOR AND CONNECTED TRANSACTION INVOLVING DISPOSAL OF SALE SHARES AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

粵海證券有限公司
GUANGDONG SECURITIES LIMITED

A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on page 12 of this circular. A letter from Guangdong Securities Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 19 of this circular.

The notice convening the special general meeting of the Company (the "SGM") is set out on pages SGM-1 to SGM-2 of this circular. The SGM is to be held at Units 5701–06, 57/F., The Center, 99 Queen's Road Central, Hong Kong on Friday, 27 March 2009 at 11:00 a.m. to approve matters referred to in this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not later than 48 hours before the respective time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting thereof should you so wish.

* *for identification purpose only*

10 March 2009

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In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Agreement"	the conditional sale and purchase agreement dated 15 February 2009 and entered into between the Purchaser and the Vendor in relation to the Disposal
"Announcement"	the announcement of the Company dated 17 February 2009 in relation to the Disposal
"Board"	the board of Directors
"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
"Completion"	completion of the Disposal under the Agreement
"Completion Date"	on or before the fifth business day after the conditions precedent are satisfied or waived, or such other date as may be agreed in writing between the Purchaser and the Vendor
"Condition Date"	31 May 2009 or such other date as may be agreed in writing between the Purchaser and the Vendor
"Consideration"	the consideration payable by the Purchaser to the Vendor for the Disposal
"Directors"	the directors of the Company
"Disposal"	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement
"Global Edge"	Global Edge Technology Limited, a company incorporated in British Virgin Islands and a 60% owned indirect subsidiary of the Company
"Group"	the Company and its subsidiaries
"Guangdong Securities" or "Independent Financial Adviser"	Guangdong Securities Limited, a licensed corporation to carry on types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal under the Agreement

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"HKGAAP"	accounting principles generally accepted in Hong Kong
"Independent Board Committee"	means the independent committee of the Board comprising all the independent non-executive directors of the Company established for the purpose of making recommendations to the Independent Shareholders on the Disposal under the Agreement
"Independent Shareholders"	Shareholders who are not required to abstain from voting at the SGM
"Independent Third Party(ies)"	any 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 independent of the Company and the connected person (as defined in the Listing Rules) of the Company
"Latest Practicable Date"	5 March 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Purchaser"	Panaco Limited, an Independent Third Party
"Sale Shares"	an aggregate of 500,000 shares of US$1.00 each of Global Edge, representing 60% of the entire issued share capital of Global Edge, to be sold by the Vendor to the Purchaser pursuant to the Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting to be held by the Company to consider, and if thought fit, approve the Disposal under the Agreement

"Shares"	ordinary shares of HK$0.1 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	MobiData Incorporated, a company incorporated in the British Virgin Island
"%"	per cent.

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
Room 1211, 12/F., Tower 1
New World Tower
18 Queen's Road Central
Hong Kong

10 March 2009

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION
INVOLVING DISPOSAL OF
SALE SHARES
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

As disclosed in the Announcement, the Board announced that on 15 February 2009, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, an Independent Third Party, whereby the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for an aggregate consideration of HK$4,000,000. The Sale Shares represent 60% of the entire issued share capital of Global Edge.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and also a connected transaction for the Company under Rule 14A.13 of Chapter 14A of the Listing Rules as the balance 40% interest in Global Edge is held by a controller (as that term is defined in the Listing Rules) and is therefore subject to the approval of Independent Shareholders at the SGM. As no Shareholder has a material interest in the Disposal which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Disposal under the Agreement at the SGM.

* *for identification purpose only*

Guangdong Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Disposal under the Agreement.

The purpose of this circular is to provide you with, among other things, details of the Agreement, a letter from Guangdong Securities containing its advice to the Independent Board Committee on the Disposal under the Agreement, the recommendation of the Independent Board Committee on the Disposal to the Independent Shareholders, financial information on Global Edge and a notice to convene the SGM.

THE AGREEMENT

Date

15 February 2009

Parties

Vendor: MobiData Incorporated

Purchaser: Panaco Limited

The Purchaser is principally engaged in investment holding. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties. The Company has never entered into any transaction with the Purchaser and/or its ultimate beneficial owner(s) in the past 12 months.

Assets to be disposed

The assets to be disposed comprise of the Sale Shares, representing 60% of the entire issued share capital of Global Edge.

The balance 40% issued share capital of Global Edge is held by Royal Link Investment Limited, a controller (as that term is defined in Chapter 14A of the Listing Rules) of Global Edge.

Consideration

The aggregate Consideration is HK$4,000,000 which shall be paid by the Purchaser to the Vendor as follows:

(a) HK$400,000 by way of cheque being paid as a non-refundable deposit upon the signing of the Agreement; and

(b) HK$3,600,000 in cash being paid upon Completion.

The Consideration was arrived at after arm's length negotiations between the parties with reference to the 60% interest in the unaudited consolidated net assets value of Global Edge attributable to the Group as at 31 January 2009 of approximately HK$1,500,000.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable.

Conditions Precedent

Completion is conditional upon the following conditions being fulfilled and remaining fulfilled or waived by the Purchaser as at Completion:-

(i) the passing by the Independent Shareholders of a resolution to approve the Agreement and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules;

(ii) all consents of the Stock Exchange (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the entering into and the implementation of the Agreement having been given or made; all waiting periods required under the laws of Hong Kong, or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with; and

(iii) the warranties in the Agreement remaining true and accurate in all material respects.

In the event that not all the above conditions precedent have been fulfilled or waived by the Purchaser by no later than 5:00 p.m. on the Condition Date (or by such later date(s) as the parties to the Agreement may agree in writing), the Agreement shall lapse and be of no further effect and neither party shall have any claim, obligation or liability against the other party save for any antecedent breaches of the terms of the Agreement.

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

Completion

Completion shall take place on or before the Completion Date subject to the satisfaction or waiver of the above conditions precedent.

INFORMATION ON THE COMPANY AND THE GROUP

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

INFORMATION ON GLOBAL EDGE AND VENDOR

Global Edge, a 60% owned indirect subsidiary of the Company, is a company incorporated in the British Virgin Islands and is principally engaged in provision of short message services. Global Edge holds a 100% equity interest in Redstone Resources Limited, which owns 49% of the issued share capital of GIN International Limited. As at the Latest Practicable Date, Global Edge has 833,334 ordinary shares of US$1.00 each in issue. The Vendor owns 500,000 shares in Global Edge, representing 60% of its entire issued share capital.

FINANCIAL INFORMATION ON GLOBAL EDGE

The following are the audited consolidated financial information on Global Edge for the two years ended 31 March 2008 which were prepared in accordance with the accounting policies of HKGAAP and are extracted from the audited consolidated financial statements of Global Edge:

	For the year ended 31 March 2008 (audited) *(HK$)*	**For the year ended 31 March 2007 (audited)** *(HK$)*
Turnover	5,983,000	7,323,000
Profit before taxation	2,136,000	509,000
Profit after taxation	1,911,000	509,000
Net assets	4,767,000	2,857,000
Total assets	5,816,000	3,114,000

As at 31 March 2008, the consolidated net asset value of Global Edge attributable to the Group was approximately HK$1,060,000, which represents 60% interest in the consolidated net assets value of Global Edge of HK$1,767,000, after taking into account the amount due to Global Edge by the Company of HK$3,000,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Taking into account that the Disposal would provide (i) a good opportunity for the Group to dispose the fully depreciated and aged plant and equipment in Global Edge and (ii) additional cash and allow the Group to redeploy its resources to other investment opportunities, the Directors believe that the Disposal is in the interest of the Company and Shareholders as a whole.

The Directors (including the independent non-executive Directors having considered the advice from the Independent Financial Adviser) are of the view that the terms of the Agreement are on normal commercial terms, which are fair and reasonable and the Disposal under the Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Directors estimates that upon Completion, the Group is expected to record a gain from the Disposal of approximately HK$2,500,000 which represents the difference between the proceeds from the Disposal of approximately HK$4,000,000 and the 60% interest in the unaudited consolidated net asset value of Global Edge attributable to the Group of approximately HK$1,500,000 as at 31 January 2009, after taking into account the waiver of an amount of HK$3,000,000 due to Global Edge by the Company.

The final financial effect of the Disposal may be adjusted depending on the consolidated financial performance of Global Edge attributable to the Group from the date of the Agreement until Completion.

For illustration purpose only, based on the unaudited consolidated management accounts of Global Edge as at 30 September 2008, immediately after the Disposal, the Group would record a gain of approximately HK$2,400,000. The total assets of the Group would decrease by approximately HK$3,700,000 and the total liabilities of the Group would decrease by approximately HK$1,100,000.

Upon Completion, Global Edge will cease to be a subsidiary of the Company and its financial results will be not be consolidated into the Group's financial statements.

USE OF PROCEEDS

The Directors expect that the net proceeds from the Disposal of approximately HK$3,500,000 (after deducting all relevant fees and expenses such as legal fees and publication fees) will be used for general working capital of the Group and to fund any potential investment projects available to the Group in the future. The Directors have not yet determined the proportions of the net proceeds to be used for such purposes and will deposit the net proceeds from the Disposal into the Company's bank account.

LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and also a connected transaction for the Company under Rule 14A.13 of Chapter 14A of the Listing Rules and is therefore subject to the approval of Independent Shareholders at the SGM. As no Shareholder has a material interest in the Disposal which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Disposal under the Agreement at the SGM.

BUSINESS REVIEW AND PROSPECT OF THE GROUP

Rental income from investment properties and income from the business of short message services ("SMS") remain as the income stream of the Group. To diversify and strengthen the income base of the Group, businesses of leasing of car parking spaces and provision of loan financing have commenced, which in return provide additional income streams for the Group.

For the six months ended 30 September 2008, the Group recorded a turnover of HK$8,099,000 and a loss attributable to equity holders of the Company of HK$47,856,000 as compared to a turnover of HK$5,641,000 and a profit attributable to equity holders of the Company of HK$5,946,000 recorded for the last corresponding period in 2007. The loss attributable to equity holders of the Company for the period under review was mainly due to the deficit arising on revaluation of investment properties and impairment loss recognized in respect of available-for-sale financial assets.

Turnover of rental income, SMS business, leasing of car parking spaces, provision of loan financing and trading of communication products for the six months ended 30 September 2008 recorded of HK$2,177,000, HK$2,947,000, HK$1,754,999, HK$1,197,000 and HK$24,000 respectively. Taking into account of interest expenses of property mortgage, staff costs, general administration expenses, corporate expenses and other revenue mainly of bank interest income, the Group recorded a profit from operation of HK$747,000, compared with a gain of HK$9,140,000 for the corresponding period last year.

The available-for-sale financial assets of the Group mainly comprises of an investment in the business involved in the provision of outdoor media advertising and broadcasting networks and holding of about 6% issued share capital of Tomorrow International Holdings Limited, which is a company listed on the Stock Exchange. In consideration of the recent adverse financial market, unfavorable economic environment and the financial performance of the investment, the Group adopted a prudent approach and hence a provision of HK$22,500,000 was made in relation to the investment in the business of outdoor media advertising and broadcasting network. Moreover, based on the closing price of the listed share as at 30 September 2008, the value of the listed share decreased from HK$39,308,000 as at 31 March 2008 to approximately HK$21,058,000. Together with the deficit of HK$7,898,000 arising on revaluation of investment properties, the Group recorded a loss attributable to equity holders of the Company HK$47,856,000 for the six month period ended 30 September 2008.

The global economic conditions have deteriorated significantly in recent months and uncertainties lie ahead. To face with recent financial downturn, the Board will manage its businesses prudently and will review its investment portfolio from time to time so as to strengthen and enhance the value of the Group. It will place the Group in better position to cope with the current uncertain business environment. However, it is also likely that the new opportunities may emerge and the management remains cautiously optimistic about the Group's prospects.

On 16 July 2008, the Group entered into an acquisition agreement to acquire the entire issued share capital of and the shareholders' loan of Million Good Group Limited ("Million Good"), which owns a property situated at House 26, Las Pinadas, 33 Shouson Hill Road, Hong Kong, for an aggregate consideration of HK$37,000,000. Under the acquisition agreement, part of the consideration in sum of HK$2,000,000 was paid and the balance of the consideration in the sum of HK$35,000,000 shall be paid to the vendors on or before 270 days from the date of completion of the acquisition together with interest at the rate of 4% per annum accrued from the date of completion of the acquisition to the date of actual payment. As a security for due payment of the balance of the consideration and the interest, a share charge over the shares of Million Good was executed and shares of Million Good were pledged in favour of the vendors. The acquisition was approved by Shareholders at the special general meeting of the Company held on 22 September 2008 and completed on 31 October 2008.

On 8 August 2008, the Group entered into a disposal agreement to dispose of the entire ordinary shares of and shareholders' loans of Oriental Gain Properties Limited, which owns various shops situated at Manly Plaza, Nos. 993 – 997 King's Road, Quarry Bay, Hong Kong, for an aggregate consideration of HK$42,900,000. The disposal was approved by Shareholders at the special general meeting of the Company held on 22 September 2008. However, as disclosed in the announcement of the Company dated 31 October 2008, as additional time was required by the purchaser of the disposal agreement to arrange financing for completion of the disposal, a deed of variation was entered to extend the completion date to 31 January 2009. In addition, if the purchaser fails to complete on or before 31 January 2009, the purchaser shall pay in aggregate a monthly interest of HK$150,000 for the first month from 1 February 2009 and HK$250,000 for each of the second, the third and the fourth month from 1 February 2009 and thereafter at the monthly interest rate of 2.5% on the outstanding amount of the consideration payable for the disposal. To guarantee and secure the due and punctual payment and performance of the purchaser's obligation under the disposal agreement, Mr. Lai Yiu Keung, an executive Director, entered into a deed of guarantee and indemnity.

The investment strategy of the Group is reviewed and monitored frequently and the Group will take appropriate actions whenever necessary in response to changes in market situation. The Group will continue to identify and invest in projects which are expected to have good growth potential.

SGM

Set out on pages SGM-1 to SGM-2 of this circular is a notice convening the SGM to consider and, if thought fit, to approve the Disposal under the Agreement. A form of proxy for use at the SGM is enclosed herewith. Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders on the Disposal under the Agreement and Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

You are advised to read carefully the letter from the Independent Board Committee and the letter from Guangdong Securities set out on page 12 and pages 13 to 19 respectively of this circular. The Independent Board Committee, having taken into account the advice of Guangdong Securities, considers that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal under the Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Disposal under the Agreement at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

HYCOMM WIRELESS LIMITED
華脈無線通信有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

To the Independent Shareholders

10 March 2009

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION INVOLVING DISPOSAL OF SALE SHARES

We refer to the circular of the Company dated 10 March 2009 (the "**Circular**") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Agreement and the Disposal are fair and reasonable so far as the Independent Shareholders are concerned. Guangdong Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal under the Agreement.

We wish to draw your attention to the "Letter from the Board" set out on pages 4 to 11 of the Circular which contains, inter alia, information about the terms of the Agreement and the Disposal, and the "Letter from Guangdong Securities" set out on pages 13 to 19 of the Circular which contains its advice in respect of the Disposal under the Agreement.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, Guangdong Securities as stated in its aforementioned letter of advice, we are of the opinion that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal under the Agreement.

Yours faithfully,
The Independent Board Committee
Mr. Jacobsen William Keith
Mr. Wu Wang Li
Mr. Ng Wai Hung

* *for identification purpose only*

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for the purpose of inclusion in this circular.

粵海證券有限公司
GUANGDONG SECURITIES LIMITED

Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

10 March 2009

To: The independent board committee and the independent shareholders of HyComm Wireless Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION INVOLVING DISPOSAL OF SALE SHARES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 10 March 2009 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 17 February 2009, the Board announced that on 15 February 2009, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for a cash consideration of HK$4,000,000. The Sale Shares represent 60% of the entire issued share capital of Global Edge.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and also a connected transaction for the Company under Rule 14A.13 of the Listing Rules and is therefore subject to approval of the Independent Shareholders at the SGM. As no Shareholder has a material interest in the Disposal which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the resolution to approve the Agreement at the SGM.

An Independent Board Committee comprising Mr. Jacobsen William Keith, Mr. Wu Wang Li and Mr. Ng Wai Hung (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Disposal under the Agreement and the transactions contemplated thereunder at the SGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the date hereof. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Vendor, the Purchaser, Global Edge or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

Background of the Disposal

Information on the Group

As referred to in the Board Letter, the principal activity of the Company is investment holding and the Group is principally engaged in (i) property investment; (ii) the provision of loan financing; (iii) the operation of leasing of car parking spaces; (iv) the provision of short message services ("**SMS**"); and (v) the trading of communication products.

Tabularised below is a summary of the unaudited consolidated financial information on the Group for the six months ended 30 September 2008 and the audited consolidated financial information on the Group for the two years ended 31 March 2008 as extracted from the Company's interim report for the six months ended 30 September 2008 (the "**Interim Report**") and the Company's annual report for the year ended 31 March 2008 (the "**Annual Report**") respectively:

	For the six months ended 30 September 2008 (unaudited) *HK$'000*	**For the year ended 31 March 2008** (audited) *HK$'000*	**For the year ended 31 March 2007** (audited) *HK$'000*	**Year on year change** %
Revenue				
Property rental income	2,177	4,934	5,556	(11.20)
SMS	2,947	5,983	7,323	(18.30)
Leasing of car parking spaces	1,754	Nil	Nil	Nil
Provision of loan financing	1,197	Nil	Nil	Nil
Sale of goods	24	145	327	(55.66)
Total	**8,099**	**11,062**	**13,206**	**(16.24)**
Net loss attributable to equity shareholders of the Company	(47,856)	(29,158)	(8,509)	242.67

As depicted by the above table, the Group's turnover dropped by approximately 16.24% from 2007 financial year to 2008 financial year and the Group also suffered from continual net losses for the two years ended 31 March 2008 and the six months ended 30 September 2008. According to the Annual Report, the Group suffered from substantial net losses as a result of (i) deficit arising from revaluation of investment properties; and (ii) impairment loss recognized in respect of available-for-sale financial assets during 2008 financial year. As also referred to in the Interim Report, in light of that the Group's rental income from investment properties and income from the business of SMS have been declining since the year ended 31 March 2007, the Group has commenced the businesses of leasing of car parking spaces and provision of loan financing since April 2008 to diversify and strengthen its income base.

Information on Global Edge

As extracted from the Board Letter, Global Edge is a 60% indirectly-owned subsidiary of the Company and is principally engaged in the provision of SMS. Save and except for its entire equity interest in the share capital of Redstone Resources Limited (an investment holding company) and its 49% indirect equity interest in GIN International Limited (a SMS provider), Global Edge does not have other significant asset.

Tabularised below is a summary of the audited consolidated financial information on Global Edge for the two years ended 31 March 2008 which were prepared in accordance with the accounting policies of HKGAAP and are extracted from the audited consolidated financial statements of Global Edge:

	For the year ended 31 March 2008	**For the year ended 31 March 2007**	**Year on year change**
	HK$	*HK$*	*%*
Turnover	5,983,000	7,323,000	(18.30)
Profit from operating activities	2,127,000	3,361,000	(36.72)
Profit after tax	1,911,000	509,000	275.44

	As at 31 March 2008	**As at 31 March 2007**	
	HK$	*HK$*	*%*
Net assets	4,767,000	2,857,000	66.85

We note from the above table that the turnover and profit from operating activities of Global Edge dropped significantly by approximately 18.30% and 36.72% respectively from 2007 financial year to 2008 financial year. From the audited consolidated financial information on Global Edge for the year ended 31 March 2007, we also note that Global Edge recorded an allowance provided for amount due from a fellow subsidiary of approximately HK$2.85 million during the year ended 31 March 2007 and its profitability during the said financial year was largely reduced by such allowance made.

Reasons for the Disposal

With reference to the Board Letter, taking into account that (i) the Disposal would provide a good opportunity for the Group to dispose of the fully depreciated and aged plant and equipment in Global Edge; and (ii) the Disposal would provide additional cash and allow the Group to redeploy its resources to other investment opportunities, the Directors believe that the Disposal is in the interests of the Company and Shareholders as a whole.

We have further enquired into the Directors regarding the reasons for the Disposal and were advised by the Directors that the Company acquired for the business of SMS of Global Edge in 2003. Accordingly, the plant and equipment possessed by Global Edge are aging and have been almost fully depreciated. According to the audited consolidated financial information on Global Edge for the year ended 31 March 2008, Global Edge recorded an accumulated depreciation on plant and equipment of approximately HK$12.65 million with a cost of approximately HK$12.71 million. As advised by the Directors, renovation, upgrading and replacement of plant and equipment are necessary to facilitate the future operation of Global Edge. Nevertheless, the Directors are of the view that further investment in Global Edge would not be beneficial to the Group given (i) the deteriorating business performance of Global Edge in recent years as presented under the section headed "Information on Global Edge" of this letter; and (ii) the declining income from the business of SMS which the Group has been deriving in recent years as presented under the section headed "Information on the Group" of this letter.

In light of the above reasons for the Disposal as well as that the cash proceeds from the Disposal will bring inward cash flow to the Group upon Completion and thus enhance the Group's liquidity, we are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Agreement

The Agreement

The Agreement was entered into between the Vendor and the Purchaser on 15 February 2009. Pursuant to the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, representing 60% of the entire issued share capital of Global Edge, for a cash consideration of HK$4,000,000 (the "**Consideration**"). The Consideration will be paid in the following manner:

(i) HK$400,000 by way of cheque being paid as a non-refundable deposit upon the signing of the Agreement; and

(ii) HK$3,600,000 in cash being paid upon Completion.

Basis of the Consideration

As confirmed by the Directors, the Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the 60% interest in the unaudited consolidated net assets of Global Edge as at 31 January 2009 attributable to the Group of approximately HK$1,500,000 (the "**Attributable NAV**").

In view of that the Consideration represents a premium of appropriately 167% over the Attributable NAV, we are of the opinion that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

We have also reviewed the other major terms of the Agreement and are not aware of any terms which are unusual. Based on the above, we are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Financial effects of the Disposal

*Effect on net asset value (“**NAV**”)*

According to the Interim Report, the unaudited NAV of Group was approximately HK$205 million as at 30 September 2008. As confirmed by the Directors, the Group’s NAV would be increased upon Completion.

Effect on earnings

As referred to in the Board Letter, the Group is expected to record a gain of HK$2,500,000 from the Disposal. Nevertheless, the Directors expected that the financial effect of the Disposal to the Group may be adjusted depending on Global Edge’s financial performance from the date of the Agreement until Completion.

Effect on gearing

According to the Interim Report, the Group’s gearing level, which is calculated as total liabilities over equity attributable to the Shareholders, was approximately 1.08 times. The Directors confirmed that the Disposal would not lead to any material change in the total liabilities of the Group and the equity attributable to the Shareholders. Consequently, the Disposal would not have material impact on the gearing position of the Group.

Effect on working capital

We understand from the Board Letter that the Company will apply the net proceeds from the Disposal for general working capital of the Group and to fund any potential investment projects available to the Group in the future. The Group’s working capital would thus be enlarged upon Completion.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company will be upon Completion.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Disposal under the Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. SUMMARY OF CONSOLIDATED INCOME STATEMENT, BALANCE SHEET, STATEMENT OF CHANGES IN EQUITY AND CASH FLOW STATEMENT 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 statement, balance sheet, statement of changes in equity and cash flow statement 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 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 *HK$'000*	2007 *HK$'000*	2006 *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
Write 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 *HK$'000*	Leasing of properties *HK$'000*	Sale of goods *HK$'000*	Unallocated items *HK$'000*	Consolidated *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	**2007**
	HK$'000	*HK$'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	**2007**
	HK$'000	*HK$'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	**2007**
	HK$'000	*HK$'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$'000*	2008 *%*	2007 *HK$'000*	2007 *%*
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	2007
	HK$'000	*HK$'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	2007
	HK$'000	*HK$'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	Liabilities	Equity	Revenues	Profit/(loss)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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	**2007**
	HK$'000	*HK$'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:

Name of related company	**Balance at 31 March 2008**	**Balance at 31 March 2007**	**Maximum amount outstanding during the year**
	HK$'000	*HK$'000*	*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 HK$'000	Surplus account HK$'000	Capital reserve HK$'000	Fair value reserve HK$'000	Deficit HK$'000	Total HK$'000	Minority interest HK$'000	Total HK$'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	**Tax losses**	**PRC land appreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	2007
	HK$'000	*HK$'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 on 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. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE GROUP

The following is an extract of the unaudited condensed consolidated interim financial statements from the interim report of the Company for the six months ended 30 September 2008.

Condensed Consolidated Income Statement

		Six months ended 30 September	
		2008	**2007**
	Notes	*HK$'000*	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*2*	8,099	5,641
Other revenue	*3*	2,798	12,811
Operating costs		(8,773)	(6,519)
Staff costs		(1,377)	(2,793)
Profit from operating activities	*4*	747	9,140
Deficit arising on revaluation of investment properties	*9*	(7,898)	–
Impairment loss recognised in respect of available-for-sale financial assets	*10*	(40,750)	–
Gain/(loss) on disposal of subsidiaries	*5*	4,943	(42)
Finance costs	*6*	(4,361)	(3,013)
Share of results of associates		–	1
(Loss)/profit before taxation		(47,319)	6,086
Taxation	*7*	(38)	238
(Loss)/profit for the period		(47,357)	6,324
Attributable to:			
Equity shareholders of the Company		(47,856)	5,946
Minority interests		499	378
		(47,357)	6,324
(Loss)/earnings per share:			
– basic	*8*	(5.57) cents	0.96 cents
– diluted	*8*	(3.65) cents	N/A

Condensed Consolidated Balance Sheet

		As at	
		30 September 2008	**31 March 2008**
	Notes	*HK$'000*	*HK$'000*
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Investment properties	*9*	94,800	189,900
Properties, plant and equipment		3,481	5,844
Interests in leasehold land held for own use under operating leases		–	13,175
Interests in associates		2,378	1,965
Available-for-sale financial assets	*10*	21,058	61,808
		121,717	272,692
Current assets			
Receivables, deposits and prepayments	*11*	30,760	54,698
Bank and cash balance		270,999	201,917
		301,759	256,615
LIABILITIES			
Current liabilities			
Payables and accrued charges	*12*	14,466	20,075
Deposits received		11,345	22,902
Amounts due to a director		11,355	11,805
Bank borrowings – due within one year	*13*	18,177	60,802
Taxation		369	1,422
		55,712	117,006
Net current assets		246,047	139,609
Total assets less current liabilities		367,764	412,301

		As at	
		30 September 2008	**31 March 2008**
	Notes	*HK$'000*	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Bank borrowing – due after one year	*13*	20,448	59,030
Deferred tax liabilities		759	3,759
Convertible notes	*14*	141,363	137,674
		162,570	200,463
NET ASSETS		205,194	211,838
CAPITAL AND RESERVES			
Issued capital	*15*	6,241	416,064
Share Premium and reserves		195,297	(207,383)
		201,538	208,681
Minority interests		3,656	3,157
TOTAL EQUITY		205,194	211,838

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 September 2007 (unaudited)

	Share capital	Share premium	Surplus Account	Capital reserve	Fair value reserve	Deficits	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	298,064	491,426	255,025	–	10,772	(942,068)	2,283	115,502
Issue of placing shares	32,000	7,513	–	–	–	–	–	39,513
Issue of consideration shares	27,000	–	–	–	–	–	–	27,000
Changes in fair value of available-for-sale financial assets	–	–	–	–	3,942	–	–	3,942
Realisation changes in fair value of available-for-sales financial assets	–	–	–	–	(4,944)	–	–	(4,944)
Profit for the period	–	–	–	–	–	5,946	378	6,324
At 30 September 2007	357,064	498,939	255,025	–	9,770	(936,122)	2,661	187,337

For the six months ended 30 September 2008 (unaudited)

	Share capital	Share premium	Surplus Account	Capital reserve	Fair value reserve	Deficits	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	416,064	498,941	255,025	9,877	–	(971,226)	3,157	211,838
Capital Reduction	(411,903)	–	–	–	–	411,903	–	–
Issue of offer shares	2,080	38,633	–	–	–	–	–	40,713
Loss for the period	–	–	–	–	–	(47,856)	499	(47,357)
At 30 September 2008	6,241	537,574	255,025	9,877	–	(607,179)	3,656	205,194

Condensed Consolidated Cash Flow Statement

	Six months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash inflow/(outflow) generated from operations	10,282	(7,605)
Net cash inflow/(outflow) from investing activities	57,940	(26,458)
Net cash inflow from financing activities	923	36,452
INCREASE IN CASH AND CASH EQUIVALENTS	69,145	2,389
Cash and cash equivalents at beginning of period	190,051	(11,315)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	259,196	(8,926)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	270,999	3,074
Bank overdrafts	(11,803)	(12,000)
	259,196	(8,926)

Notes:

1. **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These unaudited condensed consolidated interim financial statements have been prepared in compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The same principal accounting policies and basis of preparation are followed in these interim financial statements as compared with the published annual financial statements for the year ended 31 March 2008 except for the adoption of the new/revised Hong Kong Financial Reporting Standards, interpretations and HKASs ("new/revised HKFRSs") which are effective for accounting periods commencing on or after 1 January 2008. The adoption of the new/revised HKFRSs has had no material impact on the accounting policies and the methods of computation in these condensed consolidated interim financial statements.

The Group has not yet applied the new/revised HKFRSs that have been issued but not yet been effective. The directors of the Company anticipated that the application of these new/revised HKFRSs will have no material impact on the financial statements of the Group.

2. **SEGMENTAL INFORMATION**

The Group's turnover and contribution therefrom for the period is analysed as follows:

	Turnover six months ended 30 September		**Contribution to profit/(loss) from operating activities six months ended 30 September**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross rental income from investment properties	2,177	2,396	(178)	(153)
Income from short message services	2,947	3,151	1,200	946
Leasing of car parking spaces	1,754	–	(267)	–
Provision of loan financing	1,197	–	745	–
Sales of goods and services	24	94	(559)	(772)
	8,099	5,641	941	21
Unallocated other revenue			2,798	21
Gain on disposal of available-for-sale financial assets			–	12,613
Unallocated corporate expenses			(2,992)	(3,515)
Profit from operating activities			747	9,140

Most of the property activities of the Group are based in Hong Kong and most of the Group's turnover and the profit from operating activities are derived from Hong Kong.

3. OTHER REVENUE

	Six months ended 30 September 2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	2,395	–
Exchange gains, net	236	–
Gain on disposal of available-for-sale financial assets	–	12,613
Others	167	198
	2,798	12,811

4. PROFIT FROM OPERATING ACTIVITIES

	Six months ended 30 September 2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit from operating activities is arrived at after charging:		
(a) Staff cost		
Salaries, bonus and awards (including directors' emoluments)	1,340	2,753
Contributions to defined contribution plan	36	37
Staff welfare	1	3
	1,377	2,793
(b) Other items		
Depreciation	524	977
Operating lease charges in respect of rented premises – other services	2,128	577
and after crediting:		
Rental income, net of outgoing	1,214	1,098

5. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES

	Six months ended 30 September 2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net assets disposed of:		
Investment properties	100,900	18,000
Properties, plant and equipment	1,839	–
Interest in leasehold land held for own use under operating leases	13,175	–
Debtors and prepayment	116	2
Bank and cash balances	65	40
Payable and accrued charges	(51,286)	–
Net assets disposed of	64,809	18,042
Gain/(loss) on disposal	4,943	(42)
Total consideration	69,752	18,000

The disposed subsidiaries during the six months ended 30 September 2008 contributed a loss of HK$191,000 (2007: loss HK$561,000) to the Group's operating results.

6. FINANCE COSTS

	Six months ended 30 September 2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Finance costs comprise:		
Interest expenses on:		
Bank borrowings wholly repayable within 5 years	295	2,770
Bank borrowings wholly repayable more than five years	491	228
Other borrowings	365	15
Convertible notes	3,210	–
	4,361	3,013

7. TAXATION

	Six months ended 30 September 2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The (charge)/credit comprises:		
Hong Kong Profits Tax	(38)	–
Deferred tax	–	238
	(38)	238

Hong Kong Profits Tax has been provided at the rate of 16.5% (2007: 17.5%) of the estimated assessable profit arising in Hong Kong during the period.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company for the period of loss HK$47,856,000 (2007: profits HK$5,946,000) and the weighted average of 864,132,718 (2007: 620,732,199) shares in issue during the period.

The comparative basic (loss)/earnings per share amounts have been adjusted to reflect the share consolidation as further detailed in note 15 to the financial statements.

(b) Diluted (loss)/earnings per share

The calculation of diluted loss per share for the period ended 30 September 2008 is based on the adjusted loss for the period of HK$44,138,531 as adjusted for the interest savings arising from the conversion of the convertible notes into ordinary shares of the Company that would have been in issue during the period assuming convertible notes of the Company were converted into ordinary shares of the Company at the beginning of the period.

Diluted earnings per share for the period ended 30 September 2007 have not been presented as there will be no potentially dilutive ordinary shares in existing during the period.

9. INVESTMENT PROPERTIES

	As at 30 September 2008	As at 31 March 2008
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At valuation		
At beginning of the period	189,900	216,000
Disposal *(Note 5)*	(100,900)	(18,000)
Acquisition	13,698	–
Deficit arising from revaluation	(7,898)	(8,100)
At the end of the period	94,800	189,900

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 September 2008 HK$'000 (unaudited)	31 March 2008 HK$'000 (audited)
Unlisted *(Note (a))*	27,000	27,000
Less: Fair value adjustment	(27,000)	(4,500)
Listed shares in Hong Kong *(Note (b))*	62,239	62,239
Less: Fair value adjustment	(41,181)	(22,931)
Fair value of individually impaired available-for-sale financial assets	21,058	61,808
Market value of listed shares	21,058	39,308

Notes:

(a) The above unlisted equity security represents an investment in a private company incorporated in the British Virgin Islands which is principally engaged in the business of provision of outdoor media advertising and broadcasting network. During the period of six months ended 30 September 2008, the Group assessed whether there was any objective evidence that the fair value would be impaired. In view of current unfavorable economic environment, adverse financial market and the financial performance of the investment, the Group adopted a prudent approach to make a further impairment of HK$22.5 million.

(b) The Group holds approximately 6% of nominal value of issued share capital of Tomorrow International Holdings Limited which is listed on The Stock Exchange of Hong Kong on 8 August 1995 with Stock Code 760.

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2008 HK$'000 (unaudited)	31 March 2008 HK$'000 (audited)
Trade receivables *(Note (a))*	344	242
Loan receivables	14,000	–
Deposits and prepayments	3,470	1,094
Other receivables	12,832	52,920
Amounts due from related companies	114	442
	30,760	54,698

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

	As at 30 September 2008	**As at 31 March 2008**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current	263	168
One to three months overdue	64	43
Over three months overdue	17	31
	344	242

12. PAYABLES AND ACCRUED CHARGES

	As at 30 September 2008	**As at 31 March 2008**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	1,343	4,819
Accrued charges	8,605	9,174
Amounts due to related companies	223	1,787
Amounts due to former shareholders	4,295	4,295
	14,466	20,075

The aging analysis of trade payables is as follows:

	As at 30 September 2008	**As at 31 March 2008**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within one month	213	4
Over one month but less than three months	122	–
Over three months	1,008	4,815
	1,343	4,819

13. BANK AND OTHER BORROWINGS

	As at 30 September 2008 HK$'000 (unaudited)	31 March 2008 HK$'000 (audited)
Bank loans, secured	26,822	71,966
Bank overdrafts, secured	11,803	11,866
Other borrowings	–	36,000
	38,625	119,832
The borrowings are repayable as follows:		
Within one year or on demand	18,177	60,802
More than one year, but not exceeding two years	6,369	13,588
More than two years, but not exceeding five years	14,079	45,032
More than five years	–	410
	38,625	119,832
Less: Amount due within one year or on demand included in current liabilities	(18,177)	(60,802)
Amount due after one year	20,448	59,030

14. CONVERTIBLE NOTES

HK$150,000,000 secured convertible notes were issued by the Company on 4 February 2008. Upon the share consolidation of five shares consolidated into one consolidated share and the open offer on the basis of one offer share for every two consolidated shares became effective on 28 August 2008 and 17 September 2008 respectively, the conversion price of the shares to be issued under the convertible notes was adjusted to HK$0.43 per share and the total number of shares to be issued under the convertible notes was adjusted to 348,837,209 shares. Conversion may occur at any time between 4 February 2008 and 3 February 2011.

The convertible notes contain 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 six months ended 30 September 2008 are set out below:

	30 September 2008 HK$'000 (unaudited)	As at 31 March 2008 HK$'000 (audited)
Proceeds of issue	150,000	150,000
Equity component	(9,877)	(9,877)
	140,123	140,123
Transaction cost	(3,451)	(2,872)
Interest expense	4,212	1,002
	141,463	137,674

The Company can redeem the convertible notes at a value equal to 105% of the principal amount. Interest of 5% per annum will be paid annually in arrear. Partial outstanding principal amount of HK$42,000,000 of the convertible notes was redeemed on 26 November 2008 and the balance of the outstanding principal amount of the convertible notes of HK$108,000,000 will be fully redeemed on or before 27 February 2009.

15. SHARE CAPITAL

During the period, the movement of share capital of the Company was as follows:–

(a) Pursuant to the circular dated 8 May 2008, a special resolution for the capital reorganization involving of capital reduction, subdivision and share premium cancellation was passed in special general meeting of the Company held on 2 June 2008. Upon the capital reorganization became effective on 2 July 2008, based on 4,160,639,015 shares in issue, the issued share capital of the Company of HK$416,063,901.50 was reduced by HK$411,903,262.485 to HK$4,160,639.015;

(b) Pursuant to the circular dated 11 August 2008, an ordinary resolution for share consolidation was passed in special general meeting of the Company held on 27 August 2008. Upon the share consolidation became effective on 28 August 2008, every 5 shares of the Company at HK$0.001 each was consolidated into 1 consolidated share at HK$0.005 each. Then the number of issued share capital of the Company became 832,127,803 shares at HK$0.005 each;

(c) Upon the share consolidation became effective, the Company proposed to raise approximately of not more than approximately HK$41,600,000 before expenses, by way of an open offer of not more than 416,063,901 offer shares at a prices of HK$0.10 per offer share on the basis of one offer share for every two consolidated shares. The open offer became unconditional on 17 September 2008 and 416,063,901 offer shares at HK$0.005 each were issued. The issued share capital of the Company became HK$6,241,000, representing 1,248,191,704 shares at HK$0.005 each.

	Number of shares	**Amount**
		HK$'000
Authroised:		
At 31 March 2008, ordinary shares of HK$0.1 each	20,000,000,000	2,000,000
At 30 September 2008, ordinary shares of HK$0.005 each	400,000,000,000	2,000,000
Issued and fully paid:		
At 31 March 2008 (audited)	4,160,639,015	416,064
Capital reduction	–	(411,903)
Consolidation of every 5 shares into 1 share	(3,328,511,212)	–
Issue of offer shares	416,063,901	2,080
At 30 September 2008 (unaudited)	1,248,191,704	6,241

16. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties during the six months ended 30 September 2008:

	As at 30 September 2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Rental (paid to):		
Plotio Investment (HK) Limited	(231)	(492)
Service fee (paid to) received from:		
Keung Kee Cleaning Services Company Limited	(4)	(13)
Lee Wai Engineering Company Limited	(34)	(93)
Monchase Underwriters Limited	–	(34)
Plotio Development (HK) Limited	–	1
Plotio Investment (HK) Limited	–	22
Plotio Property and Management Company Limited	(5)	(9)
Plotio Property Consultants Limited	–	11
Plotio Property Consultants Limited	(143)	(216)

Keung Kee Cleaning Services Company Limited, Lee Wai Engineering Company Limited, Monchase Underwriters Limited, Plotio Development (HK) Limited, Plotio Investment (HK) Limited, Plotio Property and Management Company Limited and Plotio Property Consultants Limited are company beneficially held by Mr. Lai Yiu Keung, one of the directors of the Company.

17. POST BALANCE SHEET EVENTS

(a) On 16 July 2008, the Group entered into an acquisition agreement, whereby the Group agreed to acquire the entire issued share capital of and the shareholders loan of Million Good Group Limited, which owns a property situated on House 26, Las Pinadas, 33 Shouson Hill Road, Hong Kong, for an aggregate consideration of HK$37,000,000. Under the acquisition agreement, part of the consideration in sum of HK$2,000,000 was paid and the balance of the consideration in the sum of HK$35,000,000 shall pay to the vendors on or before 270 days from the date of completion of the acquisition at the rate of 4% per annum from the date of completion of the acquisition to the date of actual payment. As a security for due payment of the balance of the consideration and the interest, a share charge over the shares of Million Good Group Limited was executed and its shares were pledged in favour of the vendors. Resolution for the acquisition was passed by shareholders of the Company at the special general meeting held on 22 September 2008. The acquisition was completion on 31 October 2008.

(b) On 8 August 2008, the Group entered into a disposal agreement, whereby the Group agreed to dispose of the entire ordinary shares of and shareholders loans of Oriental Gain Properties Limited, which owns various shops situated on Manly Plaza, Nos. 993-997 King's Road, Quarry Bay, Hong Kong, for an aggregate consideration of HK$42,900,000. Resolution for the disposal was passed by shareholders of the Company at the special general meeting held on 22 September 2008. However, as additional time was required by the purchaser of the disposal agreement to arrange financing for the completion of the disposal, a deed of variation was entered to extend the completion date to 31 January 2009. In addition, if the purchaser fails to complete on or before 31 January 2009, the purchaser shall pay in aggregate a monthly interest of HK$150,000 for the first month from 1 February 2009 and HK$250,000 for each of the second, the third and the fourth month from 1 February 2009 and thereafter at the monthly interest rate of 2.5% on the outstanding amount of the consideration payable for the disposal. To guarantee and secure the due and punctual payment and performance of the purchaser's obligation under the disposal agreement, Mr. Lai Yiu Keung, an executive director of the Company, entered into a deed of guarantee and indemnity.

(c) On 24 November 2008, the Company served a redemption notice to each of the holders of the secured convertible notes to redeem partial of the outstanding principal amount of HK$42,000,000 on 26 November 2008 and the balance of the outstanding principal amount of HK$108,000,000 on 16 December 2008. However, in order for the Company to maintain a sufficient working capital prior to the completion of the rights issue, a new notice of redemption was served to each of the holders of the convertible notes to extend the date of redemption of the balance of the outstanding principal amount of the convertible notes to on or before 27 February 2009.

(d) Referred to the announcement dated 1 December 2008, the Board proposed to implement the share consolidation pursuant to which every twenty existing shares of HK$0.005 each will be consolidated into one consolidated share of HK$0.1 each. Upon the share consolidation becoming effective, the Company proposed to raise not less than approximately HK$62.9 million before expenses by way of the rights issue of 436,867,095 rights shares at a price of HK$0.144 per rights share on the basis of seven rights shares for every consolidated share held on the record date. An underwriting agreement was entered into between Regal Power Investments Limited, Joy Glory Limited and Head & Shoulders Securities Limited as underwriters and the Company. A circular containing, among other things, (i) details of the share consolidation and the rights issue; (ii) a letter of recommendation from the independent board committee of the Company to the independent shareholders in respect of the rights issue; (iii) a letter of advise from the independent financial adviser to the independent board committee of the Company and the independent shareholders on the rights issue; and (iv) a notice to convene the special general meeting to approve the share consolidation and the rights issue will be dispatched to the shareholders as soon as practicable.

4. WORKING CAPITAL SUFFICIENCY

The Directors are satisfied 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 requirements after the Disposal, that is for at least 12 months from the date of this Circular, in the absence of unforeseeable circumstances.

5. INDEBTEDNESS

Borrowings

As at the close of business on 31 January 2009, 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$12,059,000; and

(b) secured bank loans of approximately HK$50,938,000; and

(c) secured Convertible Notes with principal amount of HK$102,240,000.

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 Convertible Notes are due in 2011. According to the announcement of the Company dated 26 February 2009, the Convertible Notes has been fully redeemed on 26 February 2009.

Securities and guarantees

As at the close of business on 31 January 2009, 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 subsidiaries of approximately HK$153,000,000 effective on 5 January 2007 and 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 from 4 February 2008.

Contingent liabilities

At 31 January 2009, the Group had outstanding corporate guarantee given in favour of bank amounting to HK$33,000,000 to secure general banking facilities granted to a former subsidiary in which Mr Lai Yiu Keung has beneficial interest. The total amount of facilities utilized by this former subsidiary amounted to approximately HK$27,000,000.

On 16 July 2008, the Group entered into an acquisition agreement to acquire the entire issued share capital of and the shareholders' loan of Million Good for an aggregate consideration of HK$37,000,000. Under the acquisition agreement, part of the consideration in sum of HK$2,000,000 was paid and the balance of the consideration in the sum of HK$35,000,000 shall be paid to the vendors on or before 270 days from the date of completion of the acquisition together with interest at the rate of 4% per annum accrued from the date of completion of the acquisition to the date of actual payment. As a security for due payment of the balance of the consideration and the interest, a share charge over the shares of Million Good was executed and shares of Million Good were pledged in favour of the vendors. The acquisition was approved by Shareholders at the special general meeting of the Company held on 22 September 2008 and completed on 31 October 2008.

Capital commitments and other commitments

The Group had no material capital and other commitments as at 31 January 2009.

Disclaimer

Save as disclosed above and apart from intra-group liabilities, as at the close of business on 31 January 2009, 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.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the matters as disclosed in the profit warning announcement of the Company dated 13 November 2008, the Directors were not aware of any material adverse changes in the financial of 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 summary of the financial information relating to Million Good Group Limited ("Million Good") including the income statement, statement of changes in equity and cash flow statement for the period from 8 September 2006 (date of incorporation) to 31 March 2007 and 1 April 2007 to 31 March 2008 and the balance sheet as at 31 March 2007 and 2008 as extracted from the circular of the Company dated 4 September 2008 is set out below pursuant to Appendix 1B(31)(3) of the Listing Rules.

A. FINANCIAL INFORMATION

1. Income Statement

	Note	**Period from 1 April 2007 to 31 March 2008** *HK$'000*	**Period from 8 September 2006 (date of incorporation) to 31 March 2007** *HK$'000*
Turnover		–	–
Other operation income	*5*	2	–
		2	–
Operating costs		(46)	(46)
Surplus arising from revaluation of investment properties		17,000	7,511
Profit from operating activities	*6*	16,956	7,465
Finance costs	*7*	(1,472)	(213)
Profit before taxation		15,484	7,252
Taxation	*9*	–	–
Profit for the year/period		15,484	7,252
Attributable to:			
Equity shareholders of Million Good		15,484	7,252

2. Balance Sheet

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties	10	65,000	48,000
Current assets			
Deposits and prepayment		33	33
Bank balance	11	83	181
		116	214
Current liabilities			
Accrued charges		26	12
Bank borrowings			
– due within one year	12	16,067	589
		16,093	601
Net current liabilities		(15,977)	(387)
Total assets less current liabilities		49,023	47,613
Non-current liabilities			
Bank borrowings			
– due after one year	12	25,807	26,610
Other loans	13	479	13,750
		26,286	40,360
Net assets		22,737	7,253
Capital and reserves			
Share capital	14	1	1
Reserve		22,736	7,252
Total equity		22,737	7,253

3. Statement of Changes in Equity

	2008	**2007**
	HK$'000	*HK$'000*
Total equity at beginning of the year/period	7,253	–
Profit for the year/period	15,484	7,252
Total recognized income and expense for the year/period	15,484	7,252
Attributable to:		
Equity shareholders of Million Good	15,484	7,252
Movements in equity arising from capital transaction:		
Share issued	–	1
Total equity at end of the year/period	22,737	7,253

4. Cash Flow Statement

	Note	Period from 1 April 2007 to 31 March 2008	Period from 8 September 2006 (date of incorporation) to 31 March 2007
		HK$'000	*HK$'000*
Cash flows from operating activities			
Profit before taxation		15,484	7,252
Adjustments for:			
Surplus arising from revaluation of investment properties		(17,000)	(7,511)
Interest income		(2)	–
Interest expenses		1,472	213
Operating loss before working capital changes		(46)	(46)
Increase in deposits and prepayment		–	(33)
Increase in accrued charges		14	12
Cash used in operations		(32)	(67)
Interest paid		(1,472)	(213)
Net cash used in operating activities		(1,504)	(280)
Cash flows from investing activities			
Interest received		2	–
Purchase of properties, plant and equipment		–	(40,489)
Net cash from/(used in) investing activities		2	(40,489)
Cash flows from financing activities			
Issue of share capital		–	1
Proceeds from bank borrowings		–	27,300
Repayments of bank borrowings		(589)	(101)
Loans from/(repayments to) directors		(13,271)	13,750
Net cash from/(used in) financing activities		(13,860)	40,950
Net increase/(decrease) in cash and cash equivalents		(15,362)	181
Cash and cash equivalents at beginning of the year/period		181	–
Cash and cash equivalents at end of the year/period		(15,181)	181
Analysis of cash and cash equivalents	*11*		
Bank balance		83	181
Bank overdrafts		(15,264)	–
		(15,181)	181

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Million Good was involved in the principal activity of property investment.

Million Good is a limited liability company incorporated in British Virgin Islands. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Tower, Tortola, British Virgin Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the relevant period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Million Good have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs). The financial statements have been prepared under the historical cost convention except for investment properties which are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Million Good's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Standards, amendment and interpretations

Million Good has adopted all relevant standards, amendment and interpretations effective for the financial period. The directors are of the opinion that the adoption does not have any impact on Million Good's financial statements.

Million Good has not adopted any relevant standards, amendment and interpretations issued subsequent to but not being effective at the relevant period ended 31 March 2008 of which the directors are of the opinion that there will be no material impact on the financial statements for the relevant period of initial application.

2.2 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at relevant period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale investments reserve in equity.

2.3 Investment properties

Property that is held for long-term yields is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, included related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Million Good uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee. These valuation are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is charged to the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to Million Good and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values are recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Million Good has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.6 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where Million Good operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Million Good's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Board has policies (not written) to focus on the unpredictability of financial markets and seek to minimise potential adverse effects on Million Good's financial performance as follows:–

(a) Market risk

(i) Foreign exchange risk

Million Good's business transactions are mainly denominated in Hong Kong dollar and hence its exposure to foreign exchange risk is insignificant.

(ii) Price risk

Million Good is exposed to property price risk because Million Good has adopted "Fair value model" as specified in the HKAS 40 to account for its investment properties. Million Good has had no particular measure to manage the price risk. Had the price index of the property market increased/decreased by 5%, profit for the period ended 31 March 2007 and the year ended 31 March 2008 would have risen/declined by HK$2,400,000 and HK$3,250,000 respectively.

(iii) Cash flow and fair value interest rate risk

As at the relevant period ended, Million Good had bank borrowings, which expose it to cash flow interest-rate risk.

Million Good has had no sophisticated analyses to calculate the impact on profit and loss of a defined interest rate shift. Instead, its calculation is straight-forward. The impact on profit or loss so calculated in response to a 10 basis-point shift would be as follows:–

	Year/Period ended balance		**Effect on profit or loss**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	41,874	27,199	42	27

(b) *Credit risk*

Million Good is a property investment company and has immaterial amount of receivables. Hence, the credit risk is insignificant.

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and obtaining financial support from directors.

Million Good operates with a working capital deficit. The deficiency is fully compensated by the commitment from its director to continually provide the necessary financial support to enable Million Good to meet in full its financial obligations as they fall due for the foreseeable future.

3.2 Capital risk management

Million Good has had no particular measure to manage its capital. Its operations depend on the financial support given by its directors (who are also the Million Good's shareholders) and their other controlled companies. Amounts due to them at the relevant period ended 31 March 2007 and 2008 totalled approximately HK$13,750,000 and HK$479,000 respectively and have been classified as non-current liabilities.

The gearing ratios were as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Total borrowings		
– Bank borrowings *(Note 12)*	41,874	27,199
– Other loans *(Note 13)*	479	13,750
Cash and cash equivalents *(Note 11)*	(83)	(181)
Net debt	42,270	40,768
Total equity (comprising share capital and all reserves)	22,737	7,253
Total capital	65,007	48,021
Gearing ratio	65%	85%

3.3 Fair value estimation

The carrying values less impairment provision of other receivables (current) and other payables (current) are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Million Good for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical judgements in applying the entity's accounting policies

Distinction between investment properties and owner-occupied properties

Million Good determines whether a property qualifies as investment property. In making its judgement, Million Good considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

5. OTHER OPERATING INCOME

	Period from 1 April 2007 to 31 March 2008 *HK$'000*	**Period from 8 September 2006 (date of incorporation) to 31 March 2007** *HK$'000*
Interest income		
– Bank deposits	2	–

6. PROFIT FROM OPERATING ACTIVITIES

	Period from 1 April 2007 to 31 March 2008 *HK$'000*	**Period from 8 September 2006 (date of incorporation) to 31 March 2007** *HK$'000*
Profit from operating activities is arrived at after charging:		
Auditor's remuneration	10	10
Staff costs	–	–

7. FINANCE COSTS

	Period from 1 April 2007 to 31 March 2008 *HK$'000*	**Period from 8 September 2006 (date of incorporation) to 31 March 2007** *HK$'000*
Interest expenses		
– Bank borrowings	1,472	213

8. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

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

	Period from 1 April 2007 to 31 March 2008	**Period from 8 September 2006 (date of incorporation) to 31 March 2007**
	HK$'000	*HK$'000*
Fees	–	–
Other emoluments	1,158	1,014
	1,158	1,014

Million Good did not incur any staff costs during the relevant period.

9. TAXATION

Provision for Hong Kong profits tax is not required as Million Good derived no assessable income for the relevant period.

10. INVESTMENT PROPERTIES

	HK$'000
Valuation	
Additions	40,489
Surplus arising from revaluation	7,511
At 31 March 2007	48,000
At 1 April 2007	48,000
Surplus arising from revaluation	17,000
At 31 March 2008	65,000

The investment properties were revalued at the relevant period ended 31 March 2007 and 2008, by independent, professionally qualified valuers B.I. Appraisals Limited. Valuations were based on current prices in an active market for all properties.

In the income statement, amounts of direct operating expenses relating to investment properties that was unlet is for the relevant period ended 31 March 2007 and 2008 approximately HK$19,000 and HK$22,000 respectively.

Million Good's interest in investment properties and their net book values are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
In Hong Kong held on:		
Leases of between 10 to 50 years	65,000	48,000

11. CASH AND CASH EQUIVALENTS

	2008	2007
	HK$'000	*HK$'000*
Cash at bank	83	181

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2008	2007
	HK$'000	*HK$'000*
Cash and cash equivalents	83	181
Bank overdrafts *(Note 12)*	(15,264)	–
	(15,181)	181

12. BANK BORROWINGS

	2008	2007
	HK$'000	*HK$'000*
Non-current		
– Bank loans	25,807	26,610
Current		
– Bank overdrafts	15,264	–
– Bank loans	803	589
	16,067	589
Total bank borrowings	41,874	27,199

Total bank borrowings include secured liabilities of approximately HK$27,199,000 and HK$41,874,000 at the relevant period ended 31 March 2007 and 2008 respectively. The assets secured for the bank borrowings and their carrying amounts are as follows:–

	2008	2007
	HK$'000	*HK$'000*
Investment properties *(Note 10)*	65,000	48,000

The effective interest rates at the balance sheet date were as follows:

	2008	2007
Bank overdrafts	P-0.375%	–
Bank loans	2.9786%	5.0364%

The carrying amounts of current and non-current bank borrowings are approximate to their fair value.

The carrying amounts of bank borrowings are denominated in Hong Kong dollars.

13. OTHER LOANS

	2008	2007
	HK$'000	*HK$'000*
Loans from directors	479	13,750

Other loans are unsecured, interest free and will not be demanded to be repaid within twelve months from the date of this report.

The directors of Million Good are of the opinion that the fair value of the other loans liabilities cannot be determined because the pattern of the long-term repayment of the loans has not been concluded.

14. SHARE CAPITAL

	2008	2007
	HK$'000	*HK$'000*
Authorized:		
50,000 shares of US$1 @HK$7.8 each	390	390
Issued and fully paid:		
100 shares of US$1 @HK$7.8 each	1	1

Million Good was incorporated in British Virgin Islands on 8 September 2006 with an authorized capital of US$50,000 divided into 50,000 shares of US$1 each. During the relevant period, Million Good issued 100 shares of US$1 each at par, fully paid up, to provide initial working capital.

C. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by Million Good in respect of any period subsequent to 31 March 2008.

D. UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Unaudited Pro Forma Financial Information of the Enlarged Group

Set out herein are the pro forma balance sheet, income statement and cash flow statement of the Enlarged Group (being HyComm Wireless Limited (the "Company") and its subsidiaries (the "Group"), and Million Good Group Limited ("Million Good")) extracted from the circular of the Company dated 4 September 2008, which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of Million Good (the "Acquisition") as if it had taken place on 31 March 2008 for the pro forma balance sheet and for the year ended 31 March 2008 for the pro forma income statement and cash flow statement.

The pro forma financial information has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position, financial results and cash flows of the Enlarged Group had the Acquisition been completed as at 31 March 2008 or at any future date.

I. Unaudited pro forma balance sheet of the Enlarged Group

	The Group as at 31 March 2008	**Million Good as at 31 March 2008**	**Unaudited pro forma adjustments**		**Unaudited pro forma balance sheet as at 31 March 2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	*(Note 2(i))*	*(Note 2(ii))*	
Non-current assets					
Investment properties	189,900	65,000	–	–	254,900
Properties, plant and equipment	5,844	–	–	–	5,844
Interests in leasehold land held for own use under operating leases	13,175	–	–	–	13,175
Interests in associates	1,965	–	–	–	1,965
Available-for-sale financial assets	61,808	–	–	–	61,808
Interest in a subsidiary	–	–	23,216	(23,216)	–
Goodwill	–	–	14,084	–	14,084
	272,692	65,000	37,300	(23,216)	351,776
Current assets					
Receivables, deposits and prepayments	54,698	33	–	–	54,731
Bank and cash balances	201,917	83	(37,300)	–	164,700
	256,615	116	(37,300)	–	219,431
Current liabilities					
Payables and accrued charges	20,075	26	–	–	20,101
Deposits received	22,902	–	–	–	22,902
Amount due to a director	11,805	–	–	–	11,805
Bank and other borrowings – due within one year	60,802	16,067	–	–	76,869
Taxes payable	1,422	–	–	–	1,422
	117,006	16,093	–	–	133,099
Net current assets/(liabilities)	139,609	(15,977)	(37,300)	–	86,332

	The Group as at 31 March 2008	Million Good as at 31 March 2008	Unaudited pro forma adjustments		Unaudited pro forma balance sheet as at 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	*(Note 2(i))*	*(Note 2(ii))*	
Non-current liabilities					
Bank borrowings					
– due after one year	59,030	25,807	–	–	84,837
Other loans	–	479	–	(479)	–
Deferred tax liabilities	3,759	–	–	–	3,759
Convertible notes	137,674	–	–	–	137,674
	200,463	26,286	–	(479)	226,270
NET ASSETS/(LIABILITIES)	211,838	22,737	–	(22,737)	211,838
CAPITAL AND RESERVES					
Share capital	416,064	1	–	(1)	416,064
Share premium and reserves	(207,383)	22,736	–	(22,736)	(207,383)
Total equity attributable to equity shareholders of the Company	208,681	22,737	–	(22,737)	208,681
Minority interests	3,157	–	–	–	3,157
TOTAL EQUITY/ (DEFICIENCY IN ASSETS)	211,838	22,737	–	(22,737)	211,838

II. Unaudited pro forma income statement of the Enlarged Group

	The Group for the year ended 31 March 2008	**Million Good for the year ended 31 March 2008**	**Unaudited pro forma income statement for the year ended 31 March 2008**
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	
Turnover	11,062	–	11,062
Other operating income	3,994	2	3,996
	15,056	2	15,058
Operating costs	(13,920)	(46)	(13,966)
Staff costs	(5,008)	–	(5,008)
Amortization of prepaid lease payments	(40)	–	(40)
Surplus/(deficit) arising from revaluation of investment properties	(8,100)	17,000	8,900
Surplus arising from revaluation of properties, plant and equipment	27	–	27
	(27,041)	16,954	(10,087)
Profit/(Loss) from operating activities	(11,985)	16,956	4,971
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 recognized in respect of available-for-sale financial assets	(27,431)	–	(27,431)
Loss on disposal of a subsidiary	(44)	–	(44)
Finance costs	(7,641)	(1,472)	(9,113)
	(28,421)	15,484	(12,937)
Share of results of associates	(15)	–	(15)

	The Group for the year ended 31 March 2008 *HK$'000* *(Note 1)*	Million Good for the year ended 31 March 2008 *HK$'000* *(Note 1)*	Unaudited pro forma income statement for the year ended 31 March 2008 *HK$'000*
Profit/(Loss) before taxation	(28,436)	15,484	(12,952)
Taxation	152	–	152
Profit/(Loss) for the year	(28,284)	15,484	(12,800)
Attributable to:			
Equity shareholders of the Company	(29,158)	15,484	(13,674)
Minority interests	874	–	874
	(28,284)	15,484	(12,800)

III. Unaudited pro forma cash flow statement of the Enlarged Group

	The Group for the year ended 31 March 2008	Million Good for the year ended 31 March 2008	Unaudited pro forma adjustments	Unaudited pro forma cash flow statement for the year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*	*(Note 2(i))*	
Cash flows from operating activities				
Profit/(loss) before taxation	(28,436)	15,484	–	(12,952)
Adjustments for:				
Amortization of prepaid lease payment	40	–	–	40
Surplus/(deficit) arising from revaluation of:				
Investment properties	8,100	(17,000)	–	(8,900)
Properties, plant and equipment	(27)	–	–	(27)
Impairment loss recognized in respect of available-for-sale financial assets	27,431	–	–	27,431
Profit on disposal of:				
Rural land exploitation right	(800)	–	–	(800)
Available-for-sale financial assets	(17,880)	–	–	(17,880)
Loss on disposal of a subsidiary	44	–	–	44
Share of results of associates	15	–	–	15
Interest income	–	(2)	–	(2)
Interest expenses	7,641	1,472	–	9,113
Depreciation	1,902	–	–	1,902
Operating loss before changes in working capital	(1,970)	(46)	–	(2,016)
Increase in receivables, deposits and prepayments	(639)	–	–	(639)
Increase/(decrease) in payables and accrued charges	(13,522)	14	–	(13,508)
Increase in deposits received	21,787	–	–	21,787
Decrease in amount due to a director	(5,439)	–	–	(5,439)
Cash generated from/(used in) operations	217	(32)	–	185
Interest paid	(5,644)	(1,472)	–	(7,116)
Net cash used in operating activities	(5,427)	(1,504)	–	(6,931)

	The Group for the year ended 31 March 2008 *HK$'000* *(Note 1)*	Million Good for the year ended 31 March 2008 *HK$'000* *(Note 1)*	Unaudited pro forma adjustments *HK$'000* *(Note 2(i))*	Unaudited pro forma cash flow statement for the year ended 31 March 2008 *HK$'000*
Cash flows from investing activities				
Purchase of properties, plant and equipment	(119)	–	–	(119)
Purchase of rural land exploitation right	(58,000)	–	–	(58,000)
Proceed from disposal of rural land exploitation right	5,880	–	–	5,880
Purchase of a subsidiary	–	–	(37,300)	(37,300)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	17,960	–	–	17,960
Purchase of available-for-sale financial assets	(3,239)	–	–	(3,239)
Net proceeds from disposal of available-for-sale financial assets	31,417	–	–	31,417
Interest received	–	2	–	2
Net cash from/(used in) investing activities	(6,101)	2	(37,300)	(43,399)
Cash flows from financing activities				
Net proceeds from issue of share capital	39,513	–	–	39,513
Net proceeds from issue of convertible notes	146,400	–	–	146,400
Repayments of bank borrowings	(8,463)	(589)	–	(9,052)
Proceeds from other borrowings	36,000	–	–	36,000
Repayments of other borrowings	(556)	–	–	(556)
Repayments of loans to directors	–	(13,271)	–	(13,271)
Net cash from/(used in) financing activities	212,894	(13,860)	–	199,034
Net increase/(decrease) in cash and cash equivalents	201,366	(15,362)	(37,300)	148,704
Cash and cash equivalents at beginning of the year	(11,315)	181	–	(11,134)
Cash and cash equivalents at end of the year	190,051	(15,181)	(37,300)	137,570

IV. Notes to the unaudited pro forma financial information of the Enlarged Group

1. BASIS OF PREPARATION

The pro forma financial information is prepared based on the consolidated balance sheet as at 31 March 2008 and the income statement and cash flow statement for the year ended 31 March 2008 of the Group extracted from the Group's published 2008 Annual Report, and the audited balance sheet as at 31 March 2008 and the income statement and cash flow statement for the year ended 31 March 2008 of Million Good extracted from the Accountants' Report set out in Appendix II to this Prospectus, after making certain pro forma adjustments that are summarized in note 2 below.

2. PRO FORMA ADJUSTMENTS

(i) The adjustments represent (a) the payment of a consideration of HK$37 million and estimated expenses incurred directly on the Acquisition of HK$300,000 by the Group by way of cash for the acquisition of the entire issued share capital of Million Good and the entire amounts of loans due from Million Good outstanding as at 31 March 2008 of HK$479,000 approximately, had the Acquisition be completed on 31 March 2008; and (b) the recognition of estimated goodwill of HK$14,084,000 approximately arising from the Acquisition on the basis that no impairment charges concerning the estimated goodwill is considered necessary.

Under Generally Accepted Accounting Principles in Hong Kong, the Group will apply the purchase method to account for the Acquisition. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of Million Good will be recorded on the unaudited pro forma balance sheet of the Enlarged Group at their fair values at the date of the completion, and all the capital and reserves of Million Good upon completion of the Acquisition will be eliminated as the pre-acquisition reserves of the Enlarged Group. Any goodwill arising on the Acquisition will be determined as the excess of the purchase consideration deemed to be incurred by the Group over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of Million Good at the date of completion of Acquisition.

For the purpose of preparing the unaudited pro forma balance sheet of the Enlarged Group after the Acquisition, the net book value of identifiable assets, liabilities and contingent liabilities of Million Good as at 31 March 2008, as extracted from the accountants' report on Million Good set out in the Circular, is applied in the calculation of the estimated goodwill arising from the Acquisition. The actual goodwill arising at the date of the completion of the Acquisition may be different from the estimated goodwill and the calculation on the basis as set out above because the fair value of the assets, liabilities and contingent liabilities of Million Good may be substantially different from their book value used in the preparation of the unaudited pro forma balance sheet.

(ii) The adjustments represent (a) the elimination of the Group's entire equity interests in Million Good; and (b) the elimination of amount due from Million Good to a subsidiary of the Group upon the completion of the Acquisition.

F. MANAGEMENT DISCUSSION AND ANALYSIS ON MILLION GOOD

Million Good was incorporated on 8 September 2006 in the British Virgin Islands and is an investment holding company. The major asset held by Million Good is Million Good Property (as defined in the circular of the Company dated 4 September 2008). On 16 July 2008, the Group entered into an acquisition agreement to acquire the entire issued share capital of and the shareholders' loan of Million Good for an aggregate consideration of HK$37,000,000. Under the acquisition agreement, part of the consideration in sum of HK$2,000,000 was paid and the balance of the consideration in the sum of HK$35,000,000 shall be paid to the vendors on or before 270 days from the date of completion of the acquisition together with interest at the rate of 4% per annum accrued from the date of completion of the acquisition to the date of actual payment. As a security for due payment of the balance of the consideration and the interest, a share charge over the shares of Million Good was executed and shares of Million Good were pledged in favour of the vendors. The acquisition was approved by Shareholders at the special general meeting of the Company held on 22 September 2008 and completed on 31 October 2008. There are no variations in the aggregate of the remuneration payable to and benefits in kind receivable by the directors of Million Good in consequence of the acquisition.

General Overview

No turnover was recorded for the two years ended 31 March 2008 as the Million Good Property was self-used and occupied by the directors of Million Good. Profits for the two years ended 31 March 2008 amounted to approximately HK$7.3 million and approximately HK$15.5 million respectively. It was mainly contributed by the fair value gains on investment property for the two years ended 31 March 2008 of approximately HK$7.5 million and approximately HK$17.0 million respectively.

As at 31 March 2008, the major asset of Million Good was the Million Good Property. The total asset value of Million Good amounted to approximately HK$65 million (2007: approximately HK$48 million).

The total liabilities of Million Good amounted to approximately HK$42.4 million for the year ended 31 March 2008 which comprised bank loans and overdrafts due within one year of approximately HK$16.1 million, bank loans due over five years of approximately HK$25.8 million and amounts due to directors of approximately HK$0.5 million.

The total liabilities of Million Good amounted to approximately HK$41 million for the year ended 31 March 2007 which comprised bank loans due within one year of approximately HK$0.6 million, bank loans due over five years of approximately HK$26.6 million and amounts due to directors of approximately HK$13.8 million.

Financial Position

Save for the bank loans and the bank overdrafts, Million Good did not have any significant capital and financial commitments or other contingent liabilities as at 31 March 2007 and 2008.

Million Good's business transactions are mainly denominated in Hong Kong dollar and hence its exposure to fluctuations in foreign exchange risk is insignificant.

Million Good's interest rate risk arises mainly from bank borrowings which expose it to cash flow interest-rate risk. Million Good has not used derivative financial instruments to hedge its interest rate risk.

Liquidity

As at 31 March 2008, Million Good had a cash balance of approximately HK$83,000 (2007: approximately HK$181,000). The gearing ratio of Million Good is calculated as net debt divided by total capital. The gearing ratio decreased from approximately 85% for the year ended 31 March 2007 to approximately 65% for the year ended 31 March 2008.

Material Acquisition or Disposal of Subsidiaries or Associates

For the year ended 31 March 2008, Million Good did not have any material acquisition or disposal of its subsidiaries.

Staff

No staff was employed for the two years ended 31 March 2008.

Charges on Million Good's Assets

As at 31 March 2008, the total bank borrowings was secured by the Million Good Property at the interest rate equivalent to the best lending rate per annum, as quoted by the relevant bank from time to time, minus 0.375% (2007: Nil) for the bank overdrafts and approximately 2.9786% (2007: approximately 5.0364%) for the bank loans.

Future Investment

Million Good has no future plan for material investment and capital assets.

PROSPECTS OF THE ENLARGED GROUP

One of the principal businesses of the Group is involved in property investment and the rental income derived has been a stable source of revenue of the Group in the last two years. The Directors expect that the Enlarged Group will continue to have a stable source of rental income and enjoy the potential of capital gain by owning the Million Good Property.

1. RESPONSIBILITY STATEMENT

This circular 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 circular 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. DIRECTORS' INTERESTS IN SECURITIES

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.

3. 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.

Name	**Capacity**	**Number of Consolidated Shares held** *(Note 4)*	**Approximate % of shareholding interest** *(Note 4)*
Regal Power Investments Limited *(Note 1)*	Beneficial Owner	148,500,000	29.74
Chan Yuen Ming *(Note 1)*	Interest of controlled corporation	148,500,000	29.74
Joy Glory Limited *(Note2)*	Beneficial Owner	72,000,000	14.42
Lau Chi Yuen, Joseph *(Note 2)*	Beneficial Owner/ Interest of controlled corporation	96,400,000	19.31
Billion Gain Development Limited *(Note 3)*	Beneficial Owner	94,000,000	18.83
Beh Yong Shin *(Note 3)*	Interest of controlled corporation	94,000,000	18.83

Notes:

1. Regal Power Investments Limited ("Regal Power") is wholly and beneficially owned by Mr. Chan Yuen Ming, who is also a director of Regal Power.

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

3. Billion Gain Development Limited ("Billion Gain") is wholly and beneficially owned by Mr. Beh Yong Shin, who is also a director of Billion Gain.

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.

4. 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).

5. LITIGATION

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.

6. 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.

7. 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.

8. EXPERT AND CONSENT

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

Name	Qualification
Guangdong Securities	a licensed corporation to carry on types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular 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, Guangdong Securities 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, Guangdong Securities 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.

9. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, 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 Investments Limited ("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 dated 16 July 2008 and entered into between the Company and Head & Shoulders in relation to the open offer of not more than 416,063,901 offer shares on the basis of one offer share for every two shares held on 27 August 2008 at a price of HK$0.1 per offer share;

(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;

(xi) the underwriting agreement dated 26 November 2008 and entered into between the Company, Regal Power, Joy Glory Limited and Head & Shoulders Limited in relation to the rights issue of not more than 436,867,095 rights shares on the basis of seven rights shares for every share held on 4 February 2009; and

(xii) the Agreement.

10. 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 Room 1211, 12/F., New World Tower, 18 Queen's Road Central, Hong Kong.

(b) The qualified accountant and secretary of the Company is Mr. Chan King Chung, 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 text of this circular shall prevail over the Chinese text.

11. 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 Room 1211, 12/F., Tower 1, New World Tower, 18 Queen's Road Central, Hong Kong, up to and including the date of the SGM:

(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 letter from the Independent Board Committee, the text of which is set out on page 12 of this circular;

(e) a letter from Guangdong Securities, the text of which is set out on pages 13 to 19 of this circular;

(f) a circular dated 7 April 2008 in relation to a discloseable transaction involving acquisition of approximately 5.8% issued shares in Tomorrow International Holdings Limited;

(g) a circular dated 4 September 2008 in relation to major transactions involving 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 and disposal of the entire issued share capital of Oriental Gain Properties Limited and the loans owed by Oriental Gain Properties Limited to the Company, Rexy Investment Limited and Plotio Limited;

(h) a circular dated 20 October 2008 in relation to a discloseable transaction involving disposals on market of an aggregate 28,800,000 shares in Inno-Tech Holdings Limited;

(i) a letter of consent from Guangdong Securities referred to in the section headed "Expert and Consent" in this Appendix;

(j) the Agreement; and

(k) this circular.

HYCOMM WIRELESS LIMITED

華脈無線通信有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

NOTICE IS HEREBY GIVEN that a special general meeting of HyComm Wireless Limited (the "Company") will be held at Units 5701–06, 57/F., The Center, 99 Queen's Road Central, Hong Kong on Friday, 27 March 2009 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution:

ORDINARY RESOLUTION

1. "**THAT** the conditional sale and purchase agreement dated 15 February 2009 (the "**Agreement**") and entered into between Panaco Limited as purchaser and Mobidata Incorporated as vendor in relation to the disposal of a 60% of the entire issued share capital of Global Edge Technology Limited by Mobidata Incorporated to Panaco Limited for an aggregate consideration of HK$4,000,000 (the "**Disposal**") (a copy of the Agreement having been produced to the Meeting and marked "A" and initialed by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and that any one director of the Company be and is hereby authorised to do such acts and things, to sign and execute all such further documents and to take such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Agreement and the Disposal or any transactions contemplated under the Agreement."

By Order of the Board
HyComm Wireless Limited
Lai Yiu Keung
Chairman

Hong Kong, 10 March 2009

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Room 1211, 12/F., Tower 1
New World Tower
18 Queen's Road Central,
Hong Kong

* *for identification purpose only*

Notes:

1. A form of proxy to be used for the meeting is enclosed.

2. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the share register of the Company in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the bye-laws of the Company be deemed joint holders thereof.

3. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

5. The instrument appointing a proxy and (if required by the board of directors (the "Board") of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the special general meeting or adjourned meeting.

6. As at the date of this notice, the executive directors of the Company are Mr. Lai Yiu Keung, Mr. Liu Shun Chuen, and Mr. Yeung Sau Chung and the independent non-executive directors of the Company are Mr. Jacobsen William Keith, Mr. Wu Wang Li and Mr. Ng Wai Hung.