金榜集團控股有限公司

GOLDBOND GROUP HOLDINGS LIMITED

Annual Report 2008/09

Stock Code: 00172

Contents

Company Milestones

To be a Mainland Consumer and SME financial service provider...

2003	Jan	Change of substantial shareholders of the Company
	May	Changed Company's name to Goldbond Group Holdings Limited
	Dec	Acquired 25% interests in Nanjing City Plaza
2004	Nov	Acquired 40% interests in Rongzhong, a platform of loan guarantee business in the PRC
	Nov	Acquired 20% interests in Goldbond Capital
2005	Jul	Further acquired 11% interests in Rongzhong, becoming a 51% owned subsidiary of the Company
2006	Apr	Launched bridge financing service in Wuhan through Rongzhong
2007	Feb	Disposed of Golden Plaza in Hong Kong at approximately HK$530 million
	Mar	Disposed of 25% interests in Nanjing City Plaza at approximately HK$125 million
	Apr	Appointed Mr. Wang Jun as Chairman
	Jul	Disposed of 20% interests in Goldbond Capital at approximately US$10.25 million (equivalent to approximately HK$80 million)
	Aug	Acquired additional 20% interests in Rongzhong, resulting a 71% owned subsidiary of the Company
	Sept	Granted RMB115 million 3-year project finance facility to a Zhuhai Property Developer at an annual return over 33%
	Oct	Launched bridge financing service in Chengdu, Chongqing and Jiangsu
2008	Apr	Obtained the wholly foreign owned leasing license from Ministry of Commerce of the PRC
	May	Launched a private equity fund in the PRC
	Dec	Formed a subsidiary in Taizhou to capture the potential business and investment opportunities in the region of Yangtze River Delta
2009	May	Launched bridge financing service in Guangzhou
	May	Included as a constituent stock in Morgan Stanley Capital International Global Small Cap Index

Extensive Network in China

● Cities with our operations

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jun *(Chairman)*
Mr. Wong Yu Lung, Charles
(Deputy Chairman and Chief Executive Officer)
Mr. Ding Chung Keung, Vincent
(Deputy Chief Executive Officer)
Mr. Lan Ning
(Deputy Chief Executive Officer, China Region)
Mr. Kee Wah Sze
Mr. Xie Xiao Qing
Miss Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki
Mr. Cheng Yuk Wo

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Kee Wah Sze

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Units 1901-06, 19/F., Tower One
Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Iu, Lai & Li

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
CITIC Ka Wah Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
UBS AG

KEY DATES

Closure of Registers of Members
20 August 2009 to 26 August 2009
both dates inclusive

Annual General Meeting

26 August 2009

Payment of 2008/09 Final Dividend#

On or about 4 September 2009

WEBSITES

http://www.goldbondgroup.com
http://finance.thestandard.com.hk/en/0172goldbond

STOCK CODE

00172

subject to shareholders' approval of the final dividend at the Annual General Meeting

Five-year Financial Summary

RESULTS

	For the year ended 31 March				
	2009	2008	2007	2006	2005
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Turnover	**351.1**	229.4	59.7	40.0	24.7
Profit before taxation	**211.5**	193.8	38.2	13.0	34.8
Taxation	**(45.1)**	(12.4)	10.5	(9.1)	(7.7)
Profit attributable to shareholders	**166.4**	181.4	48.7	3.9	27.1
Attributable to:					
Equity holders of the Company	**149.4**	180.2	48.7	3.9	27.1
Minority interests	**17.0**	1.2	–	–	–
	166.4	181.4	48.7	3.9	27.1

ASSETS AND LIABILITIES

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Total assets	**1,809.5**	1,512.5	911.3	754.1	628.9
Total liabilities	**(442.0)**	(398.6)	(497.1)	(396.6)	(308.8)
	1,367.5	1,113.9	414.2	357.5	320.1

Board of Directors

From left to right: Miss Wong, Michelle Yatyee, Mr. Ding Chung Keung, Vincent, Mr. Ma Ho Fai SBS JP, Mr. Xie Xiao Qing, Mr. Wang Jun, Mr. Wong Yu Lung, Charles, Mr. Lan Ning, Mr. Melvin Jitsumi Shiraki, Mr. Cheng Yuk Wo and Mr. Kee Wah Sze

Mr. Wang Jun, aged 68, is the Chairman and executive Director of the Company since April 2007. He was the former Chairman of CITIC Group in Beijing, Mr. Wang is currently the chairman of CITIC 21CN Company Limited and the independent non-executive director of China Communications Services Corporation Limited, the issued shares of all the aforesaid companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Wang graduated from Harbin Engineering Institute in the People's Republic of China (the "PRC").

Mr. Wong Yu Lung, Charles, aged 59, is the Deputy Chairman and Chief Executive Officer of the Company. He joined the Company in January 2003 and is responsible for corporate strategic planning of the Group. Mr. Wong has over thirty-two years of worldwide experience in the procurement and logistics of consumer products. He is an international entrepreneur of repute and was the president of Pacific Resources Export Limited ("Pacific Resources"). Pacific Resources had been the worldwide exclusive procurement agent for Wal-mart for twelve years until 2002, with annual turnover reaching approximately US$6.5 billion. Throughout his years in operating Pacific Resources and twenty-nine branch offices spreading over the world including the United States of America ("U.S.A."), South America, Central America, Indian Subcontinent, Middle East, Asia and Europe, Mr. Wong has accumulated valuable experience and profound knowledge, in particular, market mechanism and demand, manufacturing industry, financial market, capital investment and asset management.

Board of Directors

Mr. Wong is the father of Miss Wong, Michelle Yatyee, an executive Director of the Company.

As at the date of this report, Mr. Wong is also a director of Ace Solomon Investments Limited, Aceyork Investment Limited, Allied Golden Investment Limited and Allied Luck Trading Limited, all being companies which had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of the Securities and Futures Ordinance ("substantial shareholders' discloseable interests").

Mr. Ding Chung Keung, Vincent, aged 39, is the Deputy Chief Executive Officer of the Company. He joined the Company in January 2004 and oversees all business operations of the Group. Mr. Ding is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. He has been in the investment, audit and finance industries for more than eighteen years.

Prior to joining the Company, Mr. Ding was the managing director of Cheung Tai Hong Holdings Limited (now known as ITC Properties Group Limited) and Capital Estate Limited, the issued shares of all the aforesaid companies are listed on the Main Board of the Stock Exchange. Mr. Ding holds a bachelor degree in business administration from The Chinese University of Hong Kong.

Mr. Lan Ning, aged 46, is the Deputy Chief Executive Officer, China Region, of the Company. He has been an executive Director since January 2003 and is responsible for China investment and development of the Group. Prior to joining the Group, he was a senior director of China Poly Group Corporation and the founder and chairman of Guangzhou Poly Investment Limited in the PRC. He has extensive experience in wide range of business, including trading, property development and investment in the PRC.

Mr. Kee Wah Sze, aged 61, an executive Director since January 2003, is responsible for legal aspect of the business of the Group. He is a practicing solicitor in Hong Kong and the senior partner of Michael Cheuk, Wong & Kee and also a notary public and a China-Appointed Attesting Officer in Hong Kong. He has over twenty-two years of experience in legal field and has extensive legal practice in commercial and corporate laws both in Hong Kong and the PRC.

Mr. Xie Xiao Qing, aged 48, has been an executive Director since April 2007. He is also a director of Rongzhong Group Limited ("Rongzhong") and most of its subsidiaries in the PRC supervising the businesses of the group of Rongzhong. Mr. Xie is the chairman of the Wuhan Pawn Association, a guest professor of the Management Technology College of the Hubei University of Economy, an arbitrator of the Wuhan Arbitration Commission and a member of Hubei Provincial People's Congress.

Miss Wong, Michelle Yatyee, aged 28, an executive Director since February 2007. She graduated from University of Southern California, California, the United States of America with a bachelor degree of arts in political science and holds a juris doctorate in law from Whittier Law School, California, the U.S.A.

Miss Wong is the daughter of Mr. Wong, the Deputy Chairman and Chief Executive Officer of the Company.

As at the date of this report, Miss Wong is also a director of Ace Solomon Investment Limited, Aceyork Investment Limited and Allied Golden Investment Limited, all being companies which had substantial shareholders' discloseable interests.

Board of Directors

Mr. Ma Ho Fai SBS JP, aged 57, joined the Company as an independent non-executive Director in February 2003. He is a member of both the Company's audit committee and the remuneration committee. Mr. Ma is a partner of Woo, Kwan, Lee & Lo and was admitted as a solicitor in Hong Kong, England and Wales, Australian Capital Territory and Singapore. He is also a China-Appointed Attesting Officer in Hong Kong. In addition, he is a Deputy to the 11th National People's Congress of the PRC and a member of the 10th Yunnan Provincial Committee of the Chinese People Political Consultative Conference.

Mr. Melvin Jitsumi Shiraki, aged 63, joined the Company as an independent non-executive Director and a member of the Company's audit committee in September 2004. He is a business commerce and trade industry professional with more than thirty-one years of experience in the international arena. He has successfully established buying agent offices in various Asian countries, advancing the growth of various U.S.A. retail import programs, negotiating contracts and supervising administrative operations and business services.

Mr. Shiraki is currently the Executive Vice President of Test Rite International Company Limited.

Mr. Cheng Yuk Wo, aged 48, joined the Company as an independent non-executive Director in November 2007. He is also the Chairman of both the Company's audit committee and the remuneration committee. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. He is the proprietor of a certified public accountant practice in Hong Kong.

Mr. Cheng is currently an independent non-executive director of Capital Strategic Investment Limited, Chia Tai Enterprises International Limited, Chong Hing Bank Limited, HKC (Holdings) Limited, South China Land Limited and 21 Holdings Limited (previously known as GFT Holdings Limited), all being companies listed on the Stock Exchange.

Business Review

2008/09 was a difficult but challenging year. The global financial crisis hardly hit the global economy and thus slowed down the economic growth in the PRC. At this difficult time, the demand for SME loans and bridge financing service in the PRC has not dropped but indeed risen sharply. While achieving profit growth is the goal of the Group's management, managing risk is also a key success factor. In this year, the management of the Group has been very selective in taking new customers and in developing new business lines, such as finance lease service and private equity fund management service. With all these efforts from the management, the results of the Group for the year ended 31 March 2009 had achieved steady growth in each business segment, particularly in bridge financing service. In May 2009, the Group was, for the first time, selected as one of the constituent stocks of Morgan Stanley Capital International (MSCI) Global Small Cap Index. It has further enhanced the Group's position in the global capital markets.

RESULTS AND DIVIDEND

Turnover of the Group for the year ended 31 March 2009 was approximately HK$351,128,000 (2008: HK$229,390,000), an increase of 53% over last year. The increase was mainly contributed by the increase in income from the provision of financial services in the PRC. Profit after tax attributable to the equity holders of the Company was approximately HK$149,404,000, representing a decrease of 17% as compared to approximately HK$180,228,000 in 2008. The decrease was mainly due to several non-recurring exceptional events in 2008, which were the gain on disposal of associates of HK$25,364,000, the gain on disposal of property leasing and development business of HK$25,109,000 and the reallocation of accumulated losses of HK$34,093,000 to minority interests resulting from the subscription of additional shares of Rongzhong Group Limited ("Rongzhong") by minority shareholders in April 2007. Net of the effect of these exceptional events, the profit after tax attributable to equity holders of the Company had gone up by 56%.

Included in the profit after tax attributable to the equity holders of the Company for the year ended 31 March 2009, there were some non-cash items which included, but not limited to, equity-settled share based payment expenses of HK$14,629,000 (2008: HK$9,619,000), notional interest on zero coupon convertible note of HK$9,089,000 (2008: HK$7,781,000) and notional interest on redeemable convertible preference shares of HK$237,000 (2008: HK$205,000).

The Board has proposed a final dividend of HK4 cents per share in respect of the year ended 31 March 2009 (2008: Nil). Subject to approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 26 August 2009 (the "AGM"), the proposed final dividend will be paid on or about 4 September 2009 to shareholders as registered at the close of business on 26 August 2009.

Rongzhong

The Group owns 71% equity interest in Rongzhong as at 31 March 2009. Rongzhong and its subsidiaries (collectively "Rongzhong Group") mainly engage in the provision of loan guarantee, bridge financing, finance lease and investment management services. For the year ended 31 March 2009, Rongzhong Group had contributed a turnover of approximately HK$297,025,000 (2008: HK$216,318,000), representing an increase of 37%, which was mainly contributed by the growth in bridge financing service.

In May and August 2007, the Group entered into two loan agreements with Rongzhong, pursuant to which the Group conditionally agreed to advance a HK$60 million and a HK$500 million revolving loan facilities respectively to Rongzhong as general working capital at an interest rate of 16% per annum. As at 31 March 2009, the total outstanding loan amounted to HK$524,161,000 (2008: HK$369,361,000).

Business Review

RESULTS AND DIVIDEND (Continued)

Rongzhong (Continued)

1. *Loan Guarantee*

Rongzhong Group carries on loan guarantee business in seven cities in the PRC, namely Changsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou, principally engaging in the provision of guarantee and related service for individuals in relation to the following major types of loans: (1) consumable purchase; (2) educational fund; (3) residential renovation; (4) mobile phones; (5) motor vehicle; (6) real estate property and (7) SME working capital. The total guarantee amount of Rongzhong Group issued during the year amounted to approximately RMB3.4 billion (2008: RMB3.6 billion). For the year ended 31 March 2009, the segment turnover of loan guarantee service contributed to Rongzhong Group approximately HK$104,561,000 (2008: HK$112,756,000), representing a decline of 7%. However, given the tight operating cost control measure, the segment profit for the current year had gone up by about 11% from HK$64,739,000 to HK$72,041,000. Guarantee income is recognized over the life of the guarantee contracts and, as at 31 March 2009, the deferred income amounted to approximately HK$36,847,000 (2008: HK$24,126,000) which would be recognized in the forthcoming three financial years. Currently, Rongzhong Group has established working relationship with the following banks:

- Bank of Communications
- Changsha Commercial Bank
- Shenzhen Development Bank
- China Construction Bank
- Guangdong Development Bank
- Industrial and Commercial Bank of China
- Shanghai Pudong Development Bank
- China Merchants Bank
- China Minsheng Banking Corporation
- Industrial Bank
- China Everbright Bank
- Bank of Nanjing
- Agricultural Bank of China
- Bank of China

2. *Bridge Financing*

Rongzhong Group first launched the bridge financing service in Wuhan, the PRC, in April 2006. Since then, such service has been extended to Chongqing, Chengdu, Jiangsu and Guangzhou.

Rongzhong Group provides different types of bridge financing service including but not limited to the provision of bridging loans for management buyout, and short term working capital financing for SME and property developers. As at 31 March 2009, Rongzhong Group had a gross loan portfolio of approximately HK$615,793,000 (2008: HK$625,238,000). This loan portfolio continues to achieve an attractive yield and contributing a turnover of approximately HK$191,317,000 (2008: HK$103,562,000) to Rongzhong Group during the year, representing an increase of 85%.

Rongzhong Group will continue expanding the bridge financing business to other mainland cities when opportunities arise. To fully utilize our extensive network throughout the many platforms we had built over the years, Rongzhong Group intends to further expand into locations where we have been providing guarantee service, namely Hangzhou and Changsha.

RESULTS AND DIVIDEND (Continued)

Rongzhong (Continued)

3. *Finance Lease*

In April 2008, Rongzhong Group was granted a wholly-foreign owned leasing licence by the Ministry of Commerce in the PRC. In August 2008, Rongzhong International Financial Leasing Co., Ltd.# (融眾國際融資租賃有限公司) first launched its finance lease service in Wuhan, the PRC, and then extended its service to customers located at Hebei, Tianjin and Guangdong. For the year ended 31 March 2009, the contributed turnover was approximately HK$1,147,000. The Board believes that the leasing licence can further complement our existing service portfolio and will provide stable income stream in the foreseeable future by capitalizing on Rongzhong Group's business network, financing backing and industry relationships.

4. *Private Equity Fund Management*

Launched in May 2008, Wuhan Rongzhong Growth Fund# (武漢融眾高成長投資中心) ("Fund") is a private equity fund seeking opportunities for investment primarily in the PRC where Rongzhong's operating expertise and sector knowledge can guide the strategic direction of its portfolio and create sustainable value. As at 31 March 2009, the fully paid-up capital was approximately RMB183 million in which 27.34% was owned by Rongzhong Group, the manager of the Fund. For the first year ended 31 December 2008, the Fund achieved an annualized return of 20.7% and, pursuant to the Fund Partnership Agreement, Rongzhong Group was awarded a performance bonus of approximately RMB3.8 million, equivalent to 20% of the Fund's net profit for the year before sharing among the partners. For the Group's financial year ended 31 March 2009, the total recognized share of profit from the Fund was approximately HK$7,910,000 and the management fee income earned by Rongzhong Group was approximately HK$3,059,000, calculated at 2% per annum of the fully paid-up capital amount of the Fund.

In December 2008, Taizhou Rongzhong Venture Investment Company Limited# (泰州融眾創業投資有限公司), a 76.67% owned subsidiary of Rongzhong Group engaged in the provision of investment management service, was formed with an aim to capture the potential business and investment opportunities in the region of Yangtze River Delta.

Famous Apex

In September 2007, Famous Apex Limited ("Famous Apex") entered into two loan agreements with Zhuhai Poly Sanhao Company Limited# (珠海市保利三好有限公司) ("Poly Sanhao") and Worldpro International Investment Limited ("Worldpro"), pursuant to which Famous Apex conditionally agreed to make available term loans of RMB100 million and RMB15 million to Poly Sanhao and Worldpro respectively. The loan of RMB100 million was secured by mortgages of the 85% equity interest in Zhuhai City China-King Real Estate Co., Ltd.# (珠海市中廣置業有限公司) and 51% equity interest in Poly Sanhao. The loan of RMB15 million was secured by the first fixed and floating charge on all assets owned by Worldpro and mortgage of the entire issued share capital of Worldpro. These loans were fully drawn in January 2008 and collectively provided to the Group with a potential investment return of over 33% per annum for a term of three years. In January 2009, Famous Apex received the first instalment of RMB12 million as scheduled. For the year ended 31 March 2009, these loans contributed a turnover of approximately HK$54,103,000 (2008: HK$10,280,000) to the Group.

For identification purpose only

Business Review

FUTURE PLANS

Although the income and profitability level of the Group remained satisfactory during the year, the market condition in the foreseeable future will continue to be challenging as a result of the unstable financial markets and the economic downturn. Given that the demand for SME loans and bridge financing in future years is expected to remain high, the Group will definitely put more effort in financing service segment to capture such growth opportunity. However, the Group will continue being conservative in developing new business in order to maintain the quality of the loan portfolio. In term of business expansion, the Group will seek to explore new investment opportunities with an aim to provide full spectrum of financial services to customers. Together with the steady economic growth in the PRC, strong business network and effective risk management strategy of the Group, the Board believes all of these moves will make a positive contribution to the Group in the future.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2009, the Group had outstanding bank borrowings of RMB109,000,000 (2008: RMB100,000,000) granted by two banks in the PRC and secured by the properties held for sale and the charges over the Group's and the minority shareholders' indirect interests in Rongzhong Investment Group Limited[#] (融眾投資集團有限公司) ("Rongzhong Investment"), a 71% owned subsidiary of the Company. The Company, Rongzhong Investment and a director of the Company had given guarantees to a bank in securing the bank borrowing of not more than RMB100,000,000 (equivalent to approximately HK$112,360,000) in aggregate. The guarantee provided by the Company was in proportion to its 71% equity interest in the borrower. All these banking facilities bore interest with reference to the rate offered by the People's Bank of China. At present, the Group has not used any derivative to hedge against the interest rate risk exposure.

On 2 October 2007, the Company issued a convertible note with principal amount of HK$135,000,000 maturing on 2 October 2010 to a related company for acquisition of 20% issued share capital of Rongzhong. This note is interest free and convertible into ordinary shares at a conversion price of HK$1.08 per ordinary share, subject to adjustment upon occurrence of certain events. The value of this note was split into liability and derivative components and goodwill of HK$103,686,000 was recognized on the date of issuance. During the year, part of this note with a nominal value of HK$54,000,000 was converted into 50,000,000 ordinary shares at HK$1.08 each. As at 31 March 2009, the fair values of the liability and the derivative components were at HK$70,568,000 and HK$1,964,000 (2008: HK$107,286,000 and HK$18,070,000), respectively. A gain on change in fair value of derivative component of HK$15,801,000 (2008: HK$14,463,000) was recorded during the year.

The Group has always maintained strong liquidity position. As at 31 March 2009, the aggregate amount of cash, bank balances and short term bank deposits was approximately HK$579,852,000 (2008: HK$429,592,000) and the net debt to equity ratio was analyzed as follows:

	2009 **HK$'000**	2008 HK$'000
Debt *(Note a)*	**122,472**	109,890
Cash and cash equivalents	**(495,083)**	(429,592)
Net debt	**(372,611)**	(319,702)
Equity *(Note b)*	**1,367,502**	1,113,943
Net debt to equity ratio *(Note c)*	**N/A**	N/A

Notes:

(a) Debt comprises bank borrowings.

(b) Equity includes all capital, reserves and minority interests of the Group.

(c) Not applicable as no net debt as at 31 March 2009 and 31 March 2008.

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

Financial Review

EFFECT ON EXCHANGE RATE FLUCTUATION

The Group's transactions, monetary assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and Renminbi ("RMB"). On 1 July 2007, the Group adopted RMB as its functional currency since the major operations of the Group are carried out in the PRC, and are transacted and recorded in RMB. Accordingly, the exchange rate risk exposure to the Group is considered minimal and, at present, no derivative instrument is used by the Group to hedge against any exchange rate risk exposure.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2009, the Group's banking facilities were granted by several banks in the PRC and in Hong Kong, which are secured by the following:

(a) the properties held for sale of the Group with an aggregate carrying value of RMB8,010,000 (2008: RMB8,010,000) equivalent to approximately HK$9,000,000 (2008: HK$8,802,000);

(b) a charge over the Group's and the minority shareholders' indirect interests in Rongzhong Investment; and

(c) a floating charge over the interest in subsidiaries and certain assets of Rongzhong with an aggregate carrying value of HK$527,050,000 (2008: HK$515,466,000) and HK$176,574,000 (2008: HK$70,476,000) respectively. As at 31 March 2009, the facilities have not been utilized. The floating charge was subsequently discharged in May 2009.

As at 31 March 2009, the guarantee facilities granted to the Group were secured by the security deposits in an aggregate of approximately HK$105,302,000 (2008: HK$67,097,000).

CONTINGENT LIABILITIES

As at 31 March 2009, the Group had contingent liabilities of RMB2,510,018,000, equivalent to approximately HK$2,820,245,000 (2008: RMB1,276,074,000, equivalent to approximately HK$1,402,279,000) in relation to the provision of the financial guarantee service in the PRC. At the balance sheet date, an amount of RMB6,150,000, equivalent to approximately HK$6,910,000 (2008: RMB3,679,000, equivalent to approximately HK$4,043,000) was recognized in the consolidated balance sheet as liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2009, the Group's total number of staff was approximately 590 in Hong Kong and the PRC. The Group remunerates its employees based on their performance, experience and prevailing industry practices. Other benefits offered to the employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

Major Properties

Particulars of major properties as at 31 March 2009 are as follows:

A. PROPERTIES HELD FOR SALE

Location	Gross floor area (square meter)	Existing use	Group's effective interest
Guizi Garden 1st Floor, Building 9-10 No. 428 Xiongchu Avenue Hongshan District Wuhan the PRC	2,521	Commercial	71%
Guizi Garden Basement, Building 9-10 No. 428 Xiongchu Avenue Hongshan District Wuhan the PRC	2,683	Car park	71%

Corporate Governance Report

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Recognising the importance of shareholders' transparency and accountability, the Directors of the Company (the "Board") believe that shareholders can enhance their benefits from good corporate governance.

Throughout the year ended 31 March 2009 under review (the "Year"), the Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules (the "Model Code"). All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the Year.

BOARD OF DIRECTORS

The Board assumes responsibility for leadership and control of the Company and its subsidiaries (the "Group") and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

Board Composition

As at the date of this report and throughout the Year, the Board comprises ten members. Seven are Executive Directors and three are Independent Non-executive Directors. Their biographical details and respective relationships with other Directors of the Company are set out on pages 6 to 8 and whose respective interests in the Company, if any, are set out on page 24 of this annual report. Save as disclosed therein, there is no financial, business, family or other material/relevant relationship among the Directors.

Appointment, Re-election and Removal of Directors

Pursuant to the Company's articles of association (the "Articles"), a person may be appointed as a member of the Board at any time either by the Shareholders in a general meeting or by the Board. In addition to the Articles, pursuant to Appendix 3 of the Listing Rules, Director so appointed must retire at the next annual general meeting ("AGM") after his appointment but shall be eligible for re-election at such meeting.

According to the Articles and the CG Code, no less than one-third of the Directors for the time being shall retire from office by rotation at each AGM provided that every director shall be subject to retirement by rotation at least once every three years. Retiring directors shall be eligible for re-election.

The Company may remove any Director by an ordinary resolution at a general meeting pursuant to the Articles.

In accordance with the CG Code, independent non-executive Directors have been appointed for a term of three years upon their appointment, and are eligible for re-appointment and subject to the retirement and re-election provisions contained in the Articles. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all of them meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Corporate Governance Report

Board Practices

The Board operates in accordance with the Articles. It meets from time to time according to the business requirement of the Company. During the Year, the Board held regular meetings and met more frequently as and when required. Details of the Directors' attendance at the regular board meetings during the Year are set out on page 19 of this annual report. In order to make timely decision and have effective implementation of the Company's policy and decision, written resolutions signed by all Directors have been adopted from time to time.

The Board is supported by two Board committees, namely Remuneration Committee and Audit Committee. Each committee has its defined scope of duties and terms of reference and the committee members are empowered to make decisions on matters within the terms of reference of each committee. The terms of reference of each committee are available on the Company's websites.

At least 14 days' notice of a regular Board/committee meeting is given to all Directors/committee members to provide them with an opportunity to attend and they are given an opportunity to include matters in the agenda for a Board/committee meeting. Agenda and accompanying board papers are sent in full to all Directors/committee members at least 3 days before the intended date of a Board/committee meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors/committee members are unable to attend a meeting, they are advised the matters to be discussed and given an opportunity to make their views known to the Company Secretary, on behalf of the Chairman and the chairman of the committee, prior to the convening of each Board meeting/committee meeting.

Directors/committee members are free to contribute alternative views at meetings and major decisions would only be taken after deliberation at Board/committee meetings. If a Director has a conflict of interest in a manner to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee but a Board meeting would be held. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed, would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution proposed at the Board meeting.

The Company Secretary is responsible for taking minutes of Board and committee meetings, which would be sent to Directors/committee members within a reasonable time after each meeting and be made available for inspection by Directors/committee members.

All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are followed and complied with, and advising the Board on compliance matters.

Appropriate insurance cover on Directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of the Chairman and Chief Executive Officer of the Board are held by separate individuals to maintain and preserve independence and an effective segregation of duties in respect of the management of the Board and the day-to-day management of the Group's business.

The Chairman provides leadership to the Board so that the Board works effectively and discharges its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman has delegated the responsibility for drawing up the notice and agenda for each Board meeting to the Company Secretary. With the support of executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Corporate Governance Report

The Chief Executive Officer is responsible for the formulation of business directions and operational decisions of the management and performance of the Group. The Chief Executive Officer, together with the other Executive Directors and management team, is responsible for the implementation of strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group.

REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS

The Remuneration Committee meets at least once a year. Details of its composition are set out on page 4 of this annual report. The principal responsibilities of Remuneration Committee include, among others, making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time. No Director and executive can determine his own remuneration. The terms of reference of the Remuneration Committee are posted on the Company's websites.

During the Year, the Remuneration Committee held one meeting and reviewed the remuneration packages of all Directors and the overall remuneration policy of the Company. It also made recommendations to the Board regarding the above. Details of the committee members' attendance at the meeting during the Year are set out on page 19 of this annual report.

The remuneration for the executive Directors comprises basic salary, discretionary bonus, pensions and share options. They are determined based on the skill, knowledge and involvement in the Company's affairs of each executive Director and are determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. Details of the amount of Directors' remuneration for the Year are set out in Note 9 to the financial statements of this annual report. Details of the Company's share option scheme are set out in the Directors' Report and Note 37 to the financial statements of this annual report.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year with its primary duties to oversee the financial reporting process and the adequacy and effectiveness of the Company's system of internal controls. All of its members are appointed from the independent non-executive Directors, with its Chairman having appropriate professional qualification and experience in financial matters. Details of its composition are set out on page 4 of this annual report. The terms of reference of the Audit Committee are posted on the Company's websites.

During the Year, the Audit Committee met on two occasions, in addition to a number of informal discussions, in furtherance of its duties to review the truth and fairness of the Group's financial statements and to consider the nature and scope of external audit reviews. Details of the committee members' attendance at the meeting during the Year are set out on page 19 of this annual report.

NOMINATION OF DIRECTORS

The Company does not have a nomination committee, and the power to nominate or appoint additional directors is vested in the Board according to the Articles, in addition to the power of the shareholders to nominate any person to become a director of the Company in accordance with the Articles and the Companies Ordinance of Hong Kong.

The Board from time to time considers replenishing the composition of the Board whenever the Company requires to meet the business demand, opportunities and challenges and to comply with the laws and regulations. The nomination procedures basically follow the Articles which empowers the Board from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. The Directors will select and evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time by such means as the Company may deem fit. The Directors shall consider the candidate from a wide range of backgrounds, on his/her merits and against objective criteria set out by the Board and taking into consideration his/her time devoted to the position.

DIRECTORS'/COMMITTEE MEMBERS' ATTENDANCE

	Number of meetings attended/held while being a Director/committee member during the Year		
Name of Directors during the Year	**Board**	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Mr. Wang Jun	3/7	–	–
Mr. Wong Yu Lung, Charles	7/7	–	–
Mr. Ding Chung Keung, Vincent	7/7	–	–
Mr. Lan Ning	3/7	–	–
Mr. Kee Wah Sze	5/7	–	0/1
Mr. Xie Xiao Qing	4/7	–	–
Miss Wong, Michelle Yatyee	3/7	–	–
Independent Non-Executive Directors			
Mr. Ma Ho Fai SBS JP	4/7	2/2	1/1
Mr. Melvin Jitsumi Shiraki	5/7	1/2	–
Mr. Cheng Yuk Wo *(Chairman of both Audit Committee and Remuneration Committee)*	4/7	2/2	1/1

Corporate Governance Report

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following continuing connected transactions subject to annual review requirement pursuant to the Listing Rules:

(1) On 28 April 2008, the Company, as tenant, and Wah Link Investments Limited ("Wah Link"), as landlord, executed a tenancy agreement whereby the Company agreed to lease certain areas located at Unit 1901 and portion of Units 1902-3, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for a term of two years commencing from 1 May 2008 at a monthly rental of HK$184,548 (exclusive of management fees, rate, government rent and operating expenses (the "Lease")).

Wah Link is beneficially owned by the spouse of Mr. Wong Yu Lung, Charles ("Mr. Wong"), the Deputy Chairman and Chief Executive Officer of the Company, and a close relative of Mr. Wong and is regarded as a connected person of the Company according to the Listing Rules. Therefore, the Lease constituted continuing connected transaction for the Company. Details of which were announced on 28 April 2008.

(2) On 28 April 2008, Rongzhong, as tenant, entered into a tenancy agreement with Wah Link, as landlord, whereby Rongzhong agreed to lease certain areas located at Units 1905-6, 19th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for a term of two years commencing from 1 May 2008 at a monthly rental of HK$31,434 (exclusive of management fees, rate, government rent and operating expenses). Same as point no. (1) above, this lease by Rongzhong also constituted continuing connected transaction for the Company. Details of which were announced on 28 April 2008.

The above continuing connected transactions had been reviewed by the independent non-executive Directors who had confirmed that they were entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on normal commercial terms which are fair and reasonable so far as the shareholders of the Company were concerned; and

(c) in accordance with the terms of the relevant agreement.

The external auditor of the Company had also confirmed in writing that the above continuing connected transactions:

(a) had been approved by the Board;

(b) were entered into in accordance with the relevant agreement governing the respective transaction; and

(c) the relevant amounts of the respective continuing connected transaction did not exceed the limit as set out in the relevant announcement.

RELATED PARTY TRANSACTIONS

The Group also entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Certain details of these transactions are set out in Note 42 to the financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

With the assistance of the Finance and Accounting Department, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 30.

AUDITOR'S REMUNERATION

The remuneration for the Year in respect of audit and non-audit services paid to the Company's auditor amounted to approximately HK$1,900,000 and approximately HK$658,000 respectively.

INTERNAL CONTROLS

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and the Company's assets. The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. The design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

The management reviews the internal control system and evaluates its adequacy, effectiveness and compliance. It has reported to the Audit Committee from time to time during the Year, in conjunction with key findings identified by the external auditor, findings and actions or measures taken in addressing those internal controls. The Audit Committee in turn reports any material issues to the Board. The Board, also reviews plan and progress on continuous improvement work of the Company's internal control system on a periodic basis.

COMMUNICATION WITH SHAREHOLDERS

The Company's AGM is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM.

In accordance with the revised Listing Rules effective from 1 January 2009, the vote of shareholders at general meetings will be taken by poll and the poll results will be posted on the designated websites of the Stock Exchange and the Company on the same day following the shareholders' meeting.

Information about the Company can be found in the Company's website including, but not limited to, descriptions of the business, announcements and the annual/interim reports.

Directors' Report

The Directors submit their report together with the audited financial statements of the Group for the Year.

PLACE OF INCORPORATION OF THE COMPANY AND PRINCIPAL ACTIVITIES OF THE GROUP

The Company is an investment holding company incorporated in Hong Kong. The principal activities and other particulars of its subsidiaries are set out in Note 43 on the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the state of the Group's and the Company's affairs as at 31 March 2009 are set out in the financial statements on pages 31 to 100.

The Directors recommend the payment of a final dividend in respect of the Year of HK4 cents (2008: Nil) per share to the shareholders on the register of members of the Company on 26 August 2009, estimated to be approximately HK$106.78 million (2008: Nil). The recommended final dividend will be voted by the shareholders of the Company at the AGM to be held on 26 August 2009.

SEGMENT INFORMATION

The Group's turnover and profit from operating activities for the Year were derived from (i) financial services in the PRC; and (ii) property leasing and development. Segment analysis is set out in Note 6 on the financial statements.

FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 5 of this annual report.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group and the Company are set out in Note 14 on the financial statements.

PROPERTIES

Particulars of the major properties and property interests of the Group are shown on page 15 of this annual report.

RESERVES AND DISTRIBUTABLE RESERVES

Movement during the Year in the reserves of the Group is set out in the consolidated statement of changes in equity on page 35 of this annual report and movement in the reserves of the Company is set out in Note 31 to the financial statements.

As at 31 March 2009, the Company had, before dividends, approximately HK$133.35 million (2008: Nil) distributable reserves as calculated under Section 79B of the Hong Kong Companies Ordinance.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 March 2009 are set out in Note 28 of the financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in Note 30 to the financial statements.

CONVERTIBLE NOTES

Details of the convertible notes are set out in Note 32 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the five largest customers of the Group accounted for approximately 42% of the Group's turnover and the largest customer accounted for approximately 15% of the Group's turnover.

Due to the nature of the activities of the Group, there is no major supplier contributed significantly in the Group's purchases.

At no time during the Year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have any interest in any of the Group's five largest customers.

CHANGE IN AUDITOR

The Company changed its auditor from KPMG to Deloitte Touche Tohmatsu in November 2006.

RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund scheme. Particulars of which are set out in Note 41 on the financial statements.

DIRECTORS AND SERVICE CONTRACTS

The Directors during the Year were:

Executive Directors

Mr. Wang Jun
Mr. Wong Yu Lung, Charles
Mr. Ding Chung Keung, Vincent
Mr. Lan Ning
Mr. Kee Wah Sze
Mr. Xie Xiao Qing
Miss Wong, Michelle Yatyee

Independent Non-Executive Directors

Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki
Mr. Cheng Yuk Wo

Pursuant to articles 117 and 118 of the Articles, Messrs. Kee Wah Sze, Xie Xiao Qing, Melvin Jitsumi Shiraki and Miss Wong, Michelle Yatyee shall retire from the Board at the forthcoming AGM. All retiring Directors, being eligible, offer themselves for re-election at the AGM. Details of the retiring Directors standing for re-election are set out in the circular to the Company's shareholders sent together with this report.

No Director being proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries which are not determinable by the Group within one year without payment of compensation other than normal statutory obligations.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages 6 to 8 of this annual report.

DIRECTORS' REMUNERATION

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Listing Rules are set out in Note 9 to the financial statements.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the paragraph headed "Continuing Connected Transactions" on page 20 of this annual report and in Note 42 to the financial statements in connection with the related party transactions, no contracts of significance in relation to the Group's business to which the Company and any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly subsisted at the year-end or at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 31 March 2009, the Directors and chief executive of the Company ("Chief Executive") and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO:

Interests in Shares/underlying Shares of the Company

Name of Director	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Number of underlying Shares of the Convertible Note	Approximate percentage of issued share capital of the Company
Mr. Wang Jun ("Mr. Wang")	Interest in controlled corporation	101,251,300 *(Note 1)*	–	–	3.80%
	Beneficial owner	–	25,000,000 *(Note 2)*	–	0.94%
Mr. Wong	Interest in controlled corporation	855,808,725 *(Note 1 on page 26)*	–	–	32.06%
	Beneficial owner	–	25,000,000 *(Note 2)*	–	0.94%
	Beneficial owner	16,000,000	–	–	0.60%
Miss Wong, Michelle Yatyee ("Miss Michelle Wong")	Interest in controlled corporation	552,806,792 *(Note 3 on page 26)*	–	–	20.71%
	Beneficial owner	–	16,000,000 *(Note 3)*	–	0.60%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	46,000,000	–	–	1.72%
	Beneficial owner	–	25,000,000 *(Note 2)*	–	0.94%
Mr. Kee Wah Sze	Beneficial owner	38,000,000	–	–	1.42%
Mr. Lan Ning ("Mr. Lan")	Interest in controlled corporation	29,677,000 *(Note 4)*	–	–	1.11%
	Beneficial owner	2,500,000	–	–	0.09%
Mr. Xie Xiao Qing ("Mr. Xie")	Interest in controlled corporation	–	–	75,000,000 *(Note 5)*	2.81% *(Note 6)*
	Interest in controlled corporation	50,000,000 *(Note 7)*	–	–	1.87%
	Beneficial owner	1,900,000	–	–	0.07%
	Beneficial owner	–	16,000,000 *(Note 3)*	–	0.60%
Mr. Ma Ho Fai SBS JP	Beneficial owner	1,200,000	–	–	0.04%
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	Beneficial owner	5,540,000	–	–	0.21%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	–	1,600,000 *(Note 8)*	–	0.06%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (Continued)

Interests in ordinary shares of the associated corporation

Name of Director	Capacity	Name of associated corporation	Number of shares	Approximate percentage
Mr. Xie	Interest in controlled corporation	Rongzhong	4,942,600	19.01%

Notes:

1. These Shares were held by Canasia Profits Corporation (which was wholly-owned by Mr. Wang).

2. On 17 August 2007, each of Mr. Wang, Mr. Wong and Mr. Ding was granted 25,000,000 options under the share option scheme of the Company (the "Share Option Scheme") to subscribe for 25,000,000 Shares, exercisable at a price of HK$1.014 per Share during the period from 17 August 2010 to 16 August 2017.

3. On 29 March 2007, each of Mr. Xie and Miss Michelle Wong was granted 16,000,000 options under the Share Option Scheme to subscribe for 16,000,000 Shares, exercisable at a price of HK$0.256 per Share during the period from 29 March 2010 to 28 March 2017.

4. These Shares were held by Ease Ample Limited (which was wholly-owned by Mr. Lan).

5. The Convertible Note was issued to Yong Hua International Limited ("Yong Hua") a company wholly-owned by Mr. Xie.

6. Assuming the Convertible Note but no other options or convertible notes (if any) is fully exercised.

7. These Shares were held by Yong Hua.

8. On 23 May 2008, Mr. Cheng was granted 1,600,000 options under the Share Option Scheme to subscribe for 1,600,000 Shares, exercisable at a price of HK$0.692 per Share during the period from 23 May 2011 to 22 May 2018.

All the interests stated above represent long positions.

Save for those disclosed above, at 31 March 2009, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or the Chief Executive or any its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the Directors and the Chief Executive (including their spouses and children under the age of 18) had, at 31 March 2009, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

At 31 March 2009, the interests in Shares and/or underlying Shares of the Company of every person (other than the Directors and Chief Executive) as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Number of underlying Shares of share options of the Company	Approximate percentage of issued share capital of the Company
Allied Luck Trading Limited ("Allied Luck")	Beneficial owner	855,808,725 *(Note 1)*	–	32.06%
Mrs. Wong Fang Pik Chun ("Mrs. Wong")	Interest in controlled corporation	855,808,725 *(Note 1)*	–	32.06%
	Interest of spouse	16,000,000	–	0.60%
	Interest of spouse		25,000,000 *(Note 2)*	0.94%
Ace Solomon Investments Limited ("Ace Solomon")	Beneficial owner	552,806,792 *(Note 3)*	–	20.71%
Aceyork Investment Limited ("Aceyork")	Interest in controlled corporation	552,806,792 *(Note 3)*	–	20.71%
Allied Golden Investment Limited ("Allied Golden")	Interest in controlled corporation	552,806,792 *(Note 3)*	–	20.71%
Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong")	Interest in controlled corporation	552,806,792 *(Note 3)*	–	20.71%
Martin Currie (Holdings) Limited	Interest in controlled corporation	159,130,000	–	5.96%

Notes:

1. These Shares were held by Allied Luck which in turn owned as to 50% by Mr. Wong and as to 50% by Mrs. Wong, the spouse of Mr. Wong. As such, each of Mr. Wong and Mrs. Wong was respectively taken to have an interest in such Shares by virtue of their respective shareholding interests in Allied Luck.

2. As disclosed in Note 2 on page 25 of this report, Mr. Wong was granted 25,000,000 options under the Share Option Scheme to subscribe for 25,000,000 Shares. As such, Mrs. Wong was taken to have such interest in the underlying Shares under the provisions of the SFO.

3. These Shares were held by Ace Solomon, which was owned as to 50% by Aceyork (a company wholly-owned by Miss Michelle Wong and as to 50% by Allied Golden (a company wholly-owned by Miss Jacqueline Wong). As such, each of Aceyork, Allied Golden, Miss Michelle Wong and Miss Jacqueline Wong were deemed to be interested in all these Shares.

All the interests stated above represent long positions.

Save for those disclosed above, at 31 March 2009, the Company had not been notified of any persons who had interests or short position in Shares and underlying Shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

Particulars of the Share Option Scheme are set out in Note 37 to the financial statements.

Details of the movements of share options during the Year were as follows:

Grantee	Date of grant	Exercise price *(HK$)*	Exercisable period *(Note 1)*	Outstanding at 31/3/08	Granted during the Year	Exercised during the Year *(Note 2)*	Lapsed/ Cancelled during the Year	Outstanding at 31/3/09
Directors								
Mr. Wang	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	–	–	25,000,000
Mr. Wong	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	–	–	25,000,000
Mr. Ding	7/7/2006	0.210	1/1/2010 – 6/7/2016	8,000,000	–	(8,000,000) *(Note 6)*	–	–
	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	–	–	25,000,000
Mr. Shiraki	29/7/2005	0.132	1/1/2007 – 28/7/2015	1,600,000	–	(1,600,000)	–	–
Miss Michelle Wong	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	–	–	–	16,000,000
Mr. Xie	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	–	–	–	16,000,000
Mr. Cheng	23/5/2008	0.692 *(Note 3)*	23/5/2011 – 22/5/2018	–	1,600,000	–	–	1,600,000
Eligible employees (in aggregate)	7/7/2006	0.210	1/1/2010 – 6/7/2016	15,000,000	–	(12,000,000) *(Note 6)*	(3,000,000) *(Note 7)*	–
	17/8/2007	1.014	17/8/2010 – 16/8/2017	22,000,000	–	–	(2,200,000) *(Note 8)*	19,800,000
	23/5/2008	0.692 *(Note 3)*	23/5/2011 – 22/5/2018	–	4,000,000	–	–	4,000,000
	31/12/2008	0.345 *(Note 4)*	31/12/2011 – 30/12/2018	–	6,000,000	–	–	6,000,000
	13/3/2009	0.360 *(Note 5)*	13/9/2011 – 12/3/2019	–	1,000,000	–	–	1,000,000
	13/3/2009	0.360 *(Note 5)*	13/3/2012 – 12/3/2019	–	2,200,000	–	–	2,200,000
				153,600,000	14,800,000	(21,600,000)	(5,200,000)	141,600,000

SHARE OPTION SCHEME (Continued)

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period;

2. The weighted average closing price of the Shares immediately before the dates on which the options were exercised in the Year was HK$0.668 (31 March 2008: HK$0.606);

3. The closing price immediately before the date of grant was HK$0.69;

4. The closing price immediately before the date of grant was HK$0.33;

5. The closing price immediately before the date of grant was HK$0.345;

6. Exercised during the period from the conditional mandatory general offer announced on 1 April 2008 jointly by the Company and Allied Luck (the "General Offer") became unconditional to the close of the General Offer pursuant to the Share Option Scheme;

7. Cancelled by accepting the General Offer; and

8. Lapsed.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities during the Year.

SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Company has applied the principles and complied with the applicable code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of more than 25% of the Shares in the market as required under the Listing Rules.

AUDITOR

Deloitte Touche Tohmatsu ("DTT") retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of DTT as auditor of the Company is to be proposed at such meeting.

On behalf of the Board

Wong Yu Lung, Charles
Deputy Chairman and Chief Executive Officer

Hong Kong
6 July 2009

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF GOLDBOND GROUP HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 100, which comprise the consolidated and the Company's balance sheets as at 31 March 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 6 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Continuing operations			
Turnover	5	**351,128**	226,598
Other income		**29,674**	25,794
Change in fair value of derivative component of convertible note		**15,801**	14,463
Gain on disposal of associates	16	**–**	25,364
Staff costs		**(62,519)**	(48,131)
Other operating expenses		**(108,329)**	(56,857)
Share of profits of associates		**7,910**	4,218
Finance costs	7	**(21,963)**	(22,569)
Profit before taxation	8	**211,702**	168,880
Taxation	10	**(45,142)**	(12,794)
Profit for the year from continuing operations		**166,560**	156,086
Discontinued operation			
(Loss) profit for the year from discontinued operation	8 & 11	**(169)**	25,330
Profit for the year		**166,391**	181,416
Attributable to:			
Equity holders of the Company		**149,404**	180,228
Minority interests		**16,987**	1,188
		166,391	181,416
Earnings per share	13		
From continuing and discontinued operations			
– Basic		**5.68 cents**	7.82 cents
– Diluted		**5.18 cents**	6.56 cents
From continuing operations			
– Basic		**5.68 cents**	6.72 cents
– Diluted		**5.18 cents**	5.61 cents

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Plant and equipment	14	**9,904**	9,491
Consideration receivable from disposal of associates	16	**–**	12,465
Deposit		**11,415**	–
Interest in an associate	17	**63,149**	–
Goodwill	18	**103,686**	103,686
Intangible assets	19	**2,090**	2,459
Loan receivables	20	**167,989**	124,954
Finance lease receivables	21	**10,243**	–
Club debentures	22	**16,545**	16,181
		385,021	269,236
Current assets			
Properties held for sale	23	**9,000**	8,802
Consideration receivable from disposal of associates	16	**20,437**	–
Account receivables and advances provided to customers	24	**692,098**	697,345
Prepayments and deposits		**9,533**	25,501
Finance lease receivables	21	**8,235**	–
Security deposits	25	**105,302**	67,097
Short term bank deposits	26		
– with original maturity within three months		**157,921**	342,907
– with original maturity more than three months		**84,769**	–
Bank balances and cash	26	**337,162**	86,685
		1,424,457	1,228,337
Non-current assets classified as held for sale	11	**–**	15,000
		1,424,457	1,243,337
Current liabilities			
Amount due to an associate	17	**17,188**	–
Other payables and accrued charges		**144,295**	108,177
Deferred income	27	**22,737**	13,537
Taxation		**18,995**	10,460
Bank borrowings	28	**122,472**	109,890
Liabilities arising from financial guarantee contracts	29	**6,910**	4,043
		332,597	246,107
Liabilities associated with non-current assets classified as held for sale	11	**–**	15,000
		332,597	261,107
Net current assets		**1,091,860**	982,230
		1,476,881	1,251,466

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Capital and reserves			
Share capital	30	**266,956**	259,796
Reserves		**996,548**	777,102
Equity attributable to equity holders of the Company		**1,263,504**	1,036,898
Minority interests		**103,998**	77,045
Total equity		**1,367,502**	1,113,943
Non-current liabilities			
Customer deposits	21	**5,245**	–
Deferred income	27	**14,110**	10,589
Convertible notes	32	**72,532**	125,356
Redeemable convertible preference shares	33	**1,815**	1,578
Deferred taxation	34	**15,677**	–
		109,379	137,523
		1,476,881	1,251,466

The consolidated financial statements on pages 31 to 100 were approved and authorised for issue by the Board of Directors on 6 July 2009 and are signed on its behalf by:

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Plant and equipment	14	**2,424**	1,705
Interest in subsidiaries	15	**136,277**	212,827
Advances to a subsidiary	15	**114,203**	103,858
Club debentures	22	**16,545**	16,181
		269,449	334,571
Current assets			
Amounts due from subsidiaries	15	**664,039**	540,236
Other receivables and prepayments		**268**	846
Short term bank deposits	26		
– with original maturity within three months		**157,247**	339,785
– with original maturity more than three months		**83,758**	–
Bank balances and cash	26	**408**	623
		905,720	881,490
Current liabilities			
Amounts due to subsidiaries	15	**148,917**	401,204
Other payables and accrued charges		**4,661**	5,771
		153,578	406,975
Net current assets		**752,142**	474,515
		1,021,591	809,086
Capital and reserves			
Share capital	30	**266,956**	259,796
Reserves	31	**680,288**	422,356
Total equity		**947,244**	682,152
Non-current liabilities			
Convertible notes	32	**72,532**	125,356
Redeemable convertible preference shares	33	**1,815**	1,578
		74,347	126,934
		1,021,591	809,086

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes reserve HK$'000 *(Note 32)*	General reserve HK$'000	Statutory surplus reserve HK$'000 *(Note)*	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2007	167,444	98,634	3,000	4,773	22,297	6,000	–	5,555	106,487	414,190	–	414,190
Exchange differences on translation of foreign operations, representing net income recognised directly in equity	–	–	–	–	–	–	–	29,664	–	29,664	7,799	37,463
Profit for the year	–	–	–	–	–	–	–	–	180,228	180,228	1,188	181,416
Total recognised income for the year	–	–	–	–	–	–	–	29,664	180,228	209,892	8,987	218,879
Sub-total	167,444	98,634	3,000	4,773	22,297	6,000	–	35,219	286,715	624,082	8,987	633,069
Issue of shares upon private placement	26,800	289,440	–	–	–	–	–	–	–	316,240	–	316,240
Issue of shares upon exercise of share options	11,120	5,172	–	–	–	–	–	–	–	16,292	–	16,292
Exercise of share options	–	3,937	–	(3,937)	–	–	–	–	–	–	–	–
Issue of shares upon conversion of convertible notes	54,432	28,568	–	–	–	–	–	–	–	83,000	–	83,000
Conversion and redemption of convertible notes	–	18,305	–	–	(22,297)	–	–	–	3,992	–	–	–
Expenses incurred in connection with issue of shares	–	(8,744)	–	–	–	–	–	–	–	(8,744)	–	(8,744)
Lapse of share options	–	–	–	(527)	–	–	–	–	527	–	–	–
Recognition of equity-settled share-based payments	–	–	–	9,619	–	–	–	–	–	9,619	–	9,619
Transferred to statutory surplus reserve	–	–	–	–	–	–	1,017	–	(1,017)	–	–	–
Realisation of translation reserve upon disposal	–	–	–	–	–	–	–	(3,591)	–	(3,591)	–	(3,591)
Subscription from minority interests (Note 38)	–	–	–	–	–	–	–	–	–	–	99,372	99,372
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(31,314)	(31,314)
At 31 March 2008 and 1 April 2008	259,796	435,312	3,000	9,928	–	6,000	1,017	31,628	290,217	1,036,898	77,045	1,113,943
Exchange differences on translation of foreign operations, representing net income recognised directly in equity	–	–	–	–	–	–	–	12,094	–	12,094	2,101	14,195
Profit for the year	–	–	–	–	–	–	–	–	149,404	149,404	16,987	166,391
Total recognised income for the year	–	–	–	–	–	–	–	12,094	149,404	161,498	19,088	180,586
Sub-total	259,796	435,312	3,000	9,928	–	6,000	1,017	43,722	439,621	1,198,396	96,133	1,294,529
Issue of shares upon exercise of share options	2,160	2,251	–	–	–	–	–	–	–	4,411	–	4,411
Exercise of share options	–	1,889	–	(1,889)	–	–	–	–	–	–	–	–
Issue of shares upon conversion of convertible note	5,000	41,112	–	–	–	–	–	–	–	46,112	–	46,112
Expenses incurred in connection with issue of shares	–	(44)	–	–	–	–	–	–	–	(44)	–	(44)
Lapse and cancellation of share options	–	–	–	(431)	–	–	–	–	431	–	–	–
Recognition of equity-settled share-based payments	–	–	–	14,629	–	–	–	–	–	14,629	–	14,629
Transferred to statutory surplus reserve	–	–	–	–	–	–	5,605	–	(5,605)	–	–	–
Capital contribution from minority shareholders	–	–	–	–	–	–	–	–	–	–	7,865	7,865
At 31 March 2009	**266,956**	**480,520**	**3,000**	**22,237**	**–**	**6,000**	**6,622**	**43,722**	**434,447**	**1,263,504**	**103,998**	**1,367,502**

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China ("PRC"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profits after taxation in accordance with the relevant PRC accounting rules and financial regulations before any distribution of dividends to equity holders each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 **HK$'000**	2008 HK$'000
Operating activities		
Profit before taxation	**211,532**	193,790
Adjustments for:		
Allowance for bad and doubtful debts	**35,020**	12,135
Amortisation of intangible assets	**424**	288
Depreciation of plant and equipment	**4,121**	2,861
Equity-settled share-based payment expenses	**14,629**	9,619
Finance costs	**21,963**	23,254
Loss on deemed disposal of an associate	**941**	–
Loss on disposal of plant and equipment	**8**	319
Change in fair value of derivative component of convertible note	**(15,801)**	(14,463)
Interest income	**(9,194)**	(24,533)
Share of profits of associates	**(7,910)**	(4,218)
Dividend income from jointly controlled entities	**–**	(130)
Gain on disposal of associates	**–**	(25,364)
Gain on disposal of property leasing and development business	**–**	(25,109)
Income from amortisation of financial guarantee contracts	**–**	(36)
Share of losses of jointly controlled entities	**–**	772
Effect of foreign exchange rate	**(3,503)**	32,982
Operating cash flows before movements in working capital	**252,230**	182,167
Increase in loan receivables	**(40,227)**	(124,954)
Increase in account receivables and advances provided to customers	**(14,232)**	(577,162)
Decrease (increase) in prepayments and deposits	**16,541**	(16,560)
Increase in finance lease receivables	**(18,478)**	–
Increase in security deposits	**(36,697)**	(25,711)
Increase in other payables and accrued charges	**25,810**	45,828
Increase in liabilities arising from financial guarantee contracts	**2,776**	1,630
Increase in deferred income	**12,721**	13,025
Increase in customer deposits	**5,245**	–
Cash from (used in) operations	**205,689**	(501,737)
Hong Kong Profits Tax paid	**(2,484)**	(1,962)
PRC Enterprise Income Tax paid	**(18,624)**	(6,426)
Net cash from (used in) operating activities	**184,581**	(510,125)

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Investing activities		
Increase in short term bank deposits with original maturity more than three months	**(84,769)**	–
Capital contribution in an associate	**(56,180)**	–
Deposit paid	**(11,415)**	–
Purchase of plant and equipment	**(4,433)**	(7,684)
Interest received	**8,722**	23,649
Proceeds from disposal of plant and equipment	**92**	620
Proceeds from disposal of investment properties	**–**	515,240
Proceeds from disposal of jointly controlled entities	**–**	125,089
Proceeds from disposal of associates	**–**	60,295
Repayment from an associate	**–**	40,291
Dividend received from jointly controlled entity	**–**	130
Loan to associate	**–**	(40,000)
Loans to employees	**–**	(20,991)
Purchase of club debentures	**–**	(12,380)
Net cash (used in) from investing activities	**(147,983)**	684,259
Financing activities		
New loans raised	**74,719**	416,359
Advance from an associate	**17,188**	–
Capital contribution from minority shareholders/ subscription from minority interests	**7,865**	99,372
Proceeds from issue of shares	**4,411**	332,532
Repayment of bank loans	**(64,606)**	(556,709)
Interest paid	**(12,638)**	(19,558)
Expenses paid in connection with the issue of shares	**(44)**	(8,744)
Release of pledged deposits	**–**	24,076
Repayment of loans from a related company	**–**	(46,900)
Repayment of loan from minority interests	**–**	(18,000)
Redemption of convertible notes	**–**	(17,000)
Net cash from financing activities	**26,895**	205,428
Net increase in cash and cash equivalents	**63,493**	379,562
Cash and cash equivalents at beginning of the year	**429,592**	46,392
Effect of foreign exchange rate changes	**1,998**	3,638
Cash and cash equivalents at end of the year	**495,083**	429,592
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**337,162**	86,685
Short term bank deposits with original maturity within three months	**157,921**	342,907
	495,083	429,592

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

1. GENERAL AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company is a public limited company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the Annual Report.

The Company is an investment holding company. The principal activities of the Group are provision of financial services. In prior year, the Group was also engaged in the business of property leasing and development which was discontinued in May 2007 (see Note 11).

The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

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

In the current year, the Group has applied the following amendments of Hong Kong Financial Reporting Standards ("HKFRS"s), Hong Kong Accounting Standards ("HKAS"s) and interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

Besides, the Group has early adopted HKFRS 8 "Operating segments" ("HKFRS 8") in the current year in advance of its effective date. Amounts reported for the prior year have been restated on the new basis.

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

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of financial statements[3]
HKAS 23 (Revised)	Borrowing costs[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[3]
HKFRS 3 (Revised)	Business combinations[4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendment)	Embedded derivatives[5]
HK(IFRIC) – INT 13	Customer loyalty programmes[6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[7]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners[4]
HK(IFRIC) – INT 18	Transfer of assets from customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfer on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

Acquisition of additional interest in a subsidiary

Where the Group acquires an additional interest in a subsidiary, the excess of the cost of acquisition over the carrying amounts of net assets acquired is recognised as goodwill.

Goodwill

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

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

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint ventures

Jointly controlled entities

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

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

Guarantee and related financial service income is recognised in the consolidated income statement and amortised on a straight line basis over the guarantee period.

Management fee income is recognised when the management service is rendered.

Rental income from operating leases is recognised in the income statement on a straight line basis over the term of the relevant lease.

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

Plant and equipment

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

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

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

Intangible assets

Intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

Gain or loss arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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 those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period.

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

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

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated at the lower of cost or net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including consideration receivable from disposal of associates, loan receivables, finance lease receivables, account receivables and advances provided to customers, advances to a subsidiary, amounts due from subsidiaries, other receivables, security deposits, short term bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. (See accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments. The Group designated club debentures as available-for-sale financial assets.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

Impairment losses on available-for-sale assets will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Other financial liabilities

The Group's financial liabilities include amount due to an associate, other payables, customer deposits and bank borrowings. The Company's financial liabilities include amounts due to subsidiaries and other payables. These financial liabilities of the Group and the Company are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes containing liability and conversion option derivative components

Convertible loan notes issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Convertible notes containing liability and equity components

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible notes containing liability and equity components (Continued)

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

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

Redeemable convertible preference shares

Preference shares that are redeemable and convertible to ordinary shares at the option of the holder, where the option will result in the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, are accounted for as described in the policy of "Convertible notes containing liability and equity components".

Equity instruments

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial guarantee contracts (Continued)

Derecognition

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

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (employee share-based compensation reserve).

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2009, the carrying amount of goodwill is HK$103,686,000 (2008: HK$103,686,000).

Estimated impairment of loan receivables, finance lease receivables, account receivables and advances provided to customers

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2009, the total carrying amount of loan receivables, finance lease receivables, account receivables and advances provided to customers are HK$878,565,000 (2008: HK$822,299,000).

Provision for financial guarantees

Determining whether there are liabilities arising from the financial guarantee business, the management estimates the provision based on prior experience and default history of the business. As at 31 March 2009, liabilities arising from financial guarantee business are HK$6,910,000 (2008: HK$4,043,000).

5. TURNOVER

Turnover represents the financial service income arising on provision of financing service, loan guarantee service and finance lease service in the People's Republic of China other than Hong Kong (the "PRC"), and the gross rental income derived from the investment properties situated in Hong Kong.

	2009 **HK$'000**	2008 HK$'000
Continuing operations		
Financing service income *(Note)*	**245,420**	113,842
Loan guarantee service income	**104,561**	112,756
Finance lease service income	**1,147**	–
	351,128	226,598
Discontinued operation		
Gross rental income	**–**	2,792
	351,128	229,390

Note: Included in financing service income is interest income of HK$67,825,000 (2008: HK$16,328,000). The remaining balance represents handling fee income and consultancy fee income received in relation to the financial service provided.

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 in advance of its effective date, with effect from 1 April 2008. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's operating segments has changed.

In prior years, segment information reported externally was analysed on the basis of the types of services provided by the Group's operating divisions (i.e., financing service, loan guarantee service, consultancy and management service, and property leasing and development division). However, information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance focuses more specifically on the category of customers for financing service, loan guarantee service and the provision of finance lease service which was commenced in August 2008, and property leasing and development division which was discontinued in 2007 and considering that the consultancy and management service is only ancillary service of financing service and loan guarantee service. The Group's reportable segments under HKFRS 8 are therefore as follows:

(a) Provision of financing service including bridge financing and provision of long term loans in the PRC;

(b) Provision of loan guarantee service for guaranteeing loans for consumable purchase, educational fund, residential renovation, mobile phones, motor vehicles, real estate property, etc.; and

(c) Provision of finance lease service.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

An analysis of the Group's turnover and results by operating segments is as follows:

Year ended 31 March 2009

	Continuing operations				Discontinued operation	
	Financing service HK$'000	Loan guarantee service HK$'000	Finance lease service HK$'000	Total HK$'000	Property leasing and development HK$'000	Consolidated HK$'000
Revenue from external customers	245,420	104,561	1,147	351,128	–	351,128
Segment results	147,190	72,041	877	220,108	–	220,108
Investment income				9,193	1	9,194
Change in fair value of derivative component of convertible note				15,801	–	15,801
Unallocated corporate expenses				(19,347)	(171)	(19,518)
Finance costs				(21,963)	–	(21,963)
Share of profits of an associate				7,910	–	7,910
Profit (loss) before taxation				211,702	(170)	211,532
Taxation				(45,142)	1	(45,141)
Profit (loss) for the year				166,560	(169)	166,391

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6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Year ended 31 March 2008 (restated)

	Continuing operations				Discontinued operation	
	Financing service HK$'000	Loan guarantee service HK$'000	Finance lease service HK$'000	Total HK$'000	Property leasing and development HK$'000	Consolidated HK$'000
Revenue from external customers	113,842	112,756	–	226,598	2,792	229,390
Segment results	86,998	64,739	–	151,737	1,025	152,762
Gain on disposal of property leasing and development business				–	25,109	25,109
Investment income				24,305	228	24,533
Gain on disposal of associates				25,364	–	25,364
Change in fair value of derivative component of convertible note				14,463	–	14,463
Unallocated corporate (expenses) income				(28,638)	5	(28,633)
Finance costs				(22,569)	(685)	(23,254)
Share of profits of associates				4,218	–	4,218
Share of losses of jointly controlled `entities				–	(772)	(772)
Profit before taxation				168,880	24,910	193,790
Taxation				(12,794)	420	(12,374)
Profit for the year				156,086	25,330	181,416

All of the segment revenue reported above is from external customers.

Segment results represent the profit earned by each segment without allocation of central administration costs, investment income, change in fair value of derivative component of convertible note, finance costs, share of profits of associates, share of losses of jointly controlled entities, gain on disposal of associates and gain on disposal of property leasing and development business. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is as follows:

Year ended 31 March 2009

	Continuing operations					Discontinued operation	
	Financing service HK$'000	Loan guarantee service HK$'000	Finance lease service HK$'000	Unallocated HK$'000	Total HK$'000	Property leasing and development HK$'000	Consolidated HK$'000
Assets							
Segment assets	937,964	160,709	18,770	–	1,117,443	–	1,117,443
Interest in an associate					63,149	–	63,149
Unallocated assets							628,886
Total assets							1,809,478
Liabilities							
Segment liabilities	61,072	139,249	5,392	–	205,713	–	205,713
Unallocated liabilities							
– bank borrowings							122,472
– deferred taxation							15,677
– corporate liabilities							98,114
Total liabilities							441,976
Other material non-cash items:							
Expenditure for reportable segment non-current assets	724	2,155	258	1,296	4,433	–	4,433
Amortisation of intangible assets	424	–	–	–	424	–	424
Depreciation of plant and equipment	203	3,133	48	735	4,119	2	4,121
Allowance for bad and doubtful debts, net	30,366	4,654	–	–	35,020	–	35,020

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Year ended 31 March 2008 (restated)

	Continuing operations					Discontinued operation	
	Financing service HK$'000	Loan guarantee service HK$'000	Finance lease service HK$'000	Unallocated HK$'000	Total HK$'000	Property leasing and development HK$'000	Consolidated HK$'000
Assets							
Segment assets	885,688	141,789	–	–	1,027,477	15,000	1,042,477
Unallocated assets							470,096
Total assets							1,512,573
Liabilities							
Segment liabilities	587	128,341	–	–	128,928	16,557	145,485
Unallocated liabilities							
– bank borrowings							109,890
– corporate liabilities							143,255
Total liabilities							398,630
Other material non-cash items:							
Expenditure for reportable segment non-current assets	106,615	5,318	–	2,184	114,117	–	114,117
Amortisation of intangible assets	288	–	–	–	288	–	288
Depreciation of plant and equipment	137	2,271	–	449	2,857	4	2,861
Allowance for bad and doubtful debts	12,228	(100)	–	–	12,128	7	12,135

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments, the Chief Executive Officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to operating segments other than properties held for sale, club debentures, consideration receivable from disposal of associates, bank balances and cash, short term bank deposits, and certain corporate assets for central administrative uses. All liabilities are allocated to operating segments other than taxation payable, convertible notes, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Geographical information

In 2009, all revenue was generated from the country of domicile, the PRC. In 2008, about HK$226,598,000 of revenue was generated from PRC customers while the remaining revenue was generated from Hong Kong customers.

As at 31 March 2009, about HK$366,052,000 (2008: HK$238,885,000) of non-current assets were located in the PRC. The remaining non-current assets of HK$18,969,000 (2008: HK$30,351,000) were located in Hong Kong.

Information about major customers

The Group's revenue to customers which accounted for 10% or more of its total revenue are as follows:

	2009	2008
	HK$'000	HK$'000
Customer A in the financing service segment	**54,103**	10,280
Customer B in the financing service segment	**–**	43,956
	54,103	54,236

7. FINANCE COSTS

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest on borrowings						
– wholly repayable within five years	**12,637**	14,583	**–**	–	**12,637**	14,583
– not wholly repayable within five years	**–**	–	**–**	685	**–**	685
Interest on convertible notes	**9,089**	7,781	**–**	–	**9,089**	7,781
Interest on redeemable convertible preference shares	**237**	205	**–**	–	**237**	205
	21,963	22,569	**–**	685	**21,963**	23,254

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8. PROFIT (LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit (loss) before taxation has been arrived at after charging:						
Staff costs	**45,713**	36,939	**–**	125	**45,713**	37,064
Staff's retirement benefits scheme contributions	**2,177**	1,573	**–**	–	**2,177**	1,573
Equity-settled share based payment expenses	**14,629**	9,619	**–**	–	**14,629**	9,619
Total staff costs (including directors' remuneration)	**62,519**	48,131	**–**	125	**62,519**	48,256
Allowance for bad and doubtful debts, net	**35,020**	12,128	**–**	7	**35,020**	12,135
Amortisation of intangible assets (included in other operating expenses)	**424**	288	**–**	–	**424**	288
Auditor's remuneration	**2,651**	2,167	**20**	240	**2,671**	2,407
Depreciation of plant and equipment	**4,119**	2,857	**2**	4	**4,121**	2,861
Loss on disposal of plant and equipment	**8**	319	**–**	–	**8**	319
Operating lease rentals in respect of properties	**11,605**	8,174	**–**	–	**11,605**	8,174
Repairs and maintenance expenses of investment properties	**–**	–	**29**	29	**29**	29
and after crediting:						
Net exchange gain	**5,133**	2,567	**–**	–	**5,133**	2,567
Gain on disposal of associates	**–**	25,364	**–**	–	**–**	25,364
Gain on disposal of property leasing and development business	**–**	–	**–**	25,109	**–**	25,109
Income from club debentures	**68**	90	**–**	–	**68**	90
Interest income	**9,193**	24,305	**1**	228	**9,194**	24,533
Management fee income received from an associate	**7,329**	–	**–**	–	**7,329**	–
Reversal of allowance for consideration receivable from disposal of associates	**7,500**	–	**–**	–	**7,500**	–
Renal income from investment properties less direct outgoings of HK$487,000 (2009: Nil)	**–**	–	**–**	2,305	**–**	2,305

9. DIRECTORS' AND EMPLOYEES' REMUNERATION

The remuneration of each director for the year ended 31 March 2009 is set out below:

	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors						
Mr. Wang Jun	–	1,440	–	1,000	3,176	5,616
Mr. Wong Yu Lung, Charles	–	1,440	12	600	3,176	5,228
Mr. Kee Wah Sze	–	960	12	60	–	1,032
Mr. Lan Ning	–	960	12	–	–	972
Mr. Ding Chung Keung, Vincent	–	1,800	12	2,500	3,588	7,900
Mr. Xie Xiao Qing	–	1,386	31	–	659	2,076
Miss Wong, Michelle Yatyee	–	400	12	500	763	1,675
Independent non-executive directors						
Mr. Cheng Yuk Wo	120	–	–	–	167	287
Mr. Ma Ho Fai SBS JP	120	–	–	–	–	120
Mr. Melvin Jitsumi Shiraki	60	–	–	–	–	60
Total	300	8,386	91	4,660	11,529	24,966

9. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

The remuneration of each director for the year ended 31 March 2008 is set out below:

	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors						
Mr. Wang Jun	–	1,440	–	1,000	1,984	4,424
Mr. Wong Yu Lung, Charles	–	1,440	12	700	1,984	4,136
Mr. Kee Wah Sze	–	960	12	60	–	1,032
Mr. Lan Ning	–	960	12	–	–	972
Mr. Ding Chung Keung, Vincent	–	1,800	12	3,000	2,220	7,032
Mr. Xie Xiao Qing	–	1,250	15	–	661	1,926
Miss Wong, Michelle Yatyee	–	260	12	400	765	1,437
Independent non-executive directors						
Mr. Cheng Yuk Wo	50	–	–	–	–	50
Mr. Ma Ho Fai SBS JP	120	–	–	–	–	120
Mr. Melvin Jitsumi Shiraki	60	–	–	–	–	60
Mr. Ip Yin Wah	35	–	–	–	–	35
Total	265	8,110	75	5,160	7,614	21,224

Notes:

(a) The discretionary bonus is determined with reference to the operating results and individual performance in both years.

(b) No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Employees' emoluments:

The five highest paid individuals in the Group in both years were all directors of the Company and details of their emoluments are included above.

10. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
The charge (credit) comprises:						
Current tax						
Hong Kong Profits Tax						
– Provision for the current year	**172**	–	**–**	4,046	**172**	4,046
– (Over) under provision in prior years	**–**	–	**(1)**	61	**(1)**	61
PRC Enterprise Income Tax	**29,293**	12,794	**–**	–	**29,293**	12,794
	29,465	12,794	**(1)**	4,107	**29,464**	16,901
Deferred taxation (Note 34)	**15,677**	–	**–**	(4,527)	**15,677**	(4,527)
	45,142	12,794	**(1)**	(420)	**45,141**	12,374

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Taxation for subsidiaries in the PRC is calculated at the appropriate current rates of taxation in the PRC.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate to 25% for certain subsidiaries from 1 January 2008.

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10. TAXATION (Continued)

The taxation charge for the year can be reconciled to the profit (loss) before taxation per the consolidated income statement as follows:

	2009 HK$'000	2008 HK$'000
Profit (loss) before taxation		
Continuing operations	**211,702**	168,880
Discontinued operation	**(170)**	24,910
	211,532	193,790
Tax at the domestic income tax rate of 25% (2008: 33%)	**52,883**	63,951
Tax effect of income not taxable for tax purposes	**(11,392)**	(39,251)
Tax effect of expenses not deductible for tax purposes	**9,537**	13,233
Tax effect of tax losses not recognised	**3,292**	4,507
Tax effect of utilisation of tax losses	**(213)**	(3,184)
Effect from tax rates of different jurisdictions	**(9,292)**	(12,480)
Effect of income tax on concessionary rates for certain subsidiaries	**(2,807)**	(14,463)
(Over) under provision in prior years	**(1)**	61
Others	**3,134**	–
Taxation charge for the year	**45,141**	12,374

Note: The tax rate for tax reconciliation above changed from 33% to 25% during the year, because of the full year implementation of the New Law during the year.

11. DISCONTINUED OPERATION

In February 2007, the Group entered into sale and purchase agreements with an independent third party to dispose of the investment properties (the "Transactions"). The Transactions were completed in May 2007. The details of the Transactions are disclosed in the circular dated 28 March 2007 issued by the Company.

According to the sale and purchase agreements of the Transactions, upon the completion of the Transactions, Apex Honour Limited procured that Perfect Manor Limited (as licensee) (the "Licensee"), the Company (as guarantor) and the purchaser (as licensor) (the "Licensor") to enter into the licence agreement ("Licence Agreement"), as annexed to the sale and purchase agreements, pursuant to which the Licensor will lease to and the Licensee will lease certain areas of the exterior wall (the "Licensed Area") from the Licensor at a monthly licence fee of HK$108,333 for the first 12 months, payable in advance in one total sum of HK$1,300,000 upon signing of this Licence Agreement, commencing from the date of signing of the Licence Agreement (the "First Year Term") and at a monthly licence fee of HK$119,166 for the next 12 months, payable in advance on the first day of each calendar month, following the First Year Term (the "Second Year Term"). Apex Honour Limited and Perfect Manor Limited are wholly owned subsidiaries of the Company.

Pursuant to the Licence Agreement, the Licensee will perform its duty under the Licence Agreement to install and maintain new signs and signage on the Licensed Area for advertising purpose in such format and structure to the satisfaction of the Purchaser and obtain all necessary approvals from relevant regulatory authorities (the "Installation"). Upon expiry of the First Year Term and in the event that the Installation has been completed, the Licence Agreement will terminate accordingly. During the Second Year Term, the Licensee will have the right to terminate the Licence Agreement by giving the Licensor a 60 days' prior written notice at any time after the completion of the Installation.

In addition, (i) upon expiry of the Second Year Term if the Installation has not been completed or (ii) at anytime when the Licensee is in breach of the Licence Agreement and at the time of such breach, the Installation has not been completed, the Licensor shall have the right to require the Licensee to purchase the Licensed Area, the Upper Wall and the Lower Wall, from the Licensor at a total consideration of HK$15,000,000 (the "Put Option").

The above condition was fulfilled and the Licence Agreement was terminated in November 2008. The disposal of the exterior walls was completed. The exterior wall of HK$15,000,000 was derecognised and the consideration received in advance of HK$15,000,000 was recognised as revenue with no gain or loss on this disposal during the year.

In March 2007, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire interest in a subsidiary, Sino Dynasty Investments Limited (the "Disposal"). Sino Dynasty Investments Limited had a 25% equity interest in both Nanjing City Plaza Construction Co., Ltd. and Ace Intelligent Consultants Limited. The Disposal was completed in June 2007. The details of the Disposal are disclosed in the circular dated 19 April 2007 issued by the Company.

As a result of the above Transactions and Disposal, the property leasing and development business is classified as a discontinued operation.

11. DISCONTINUED OPERATION (Continued)

The major classes of assets and liabilities comprising the property leasing and development business are as follows:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Assets classified as held for sale Investment properties	**–**	15,000
Liabilities associated with assets classified as held for sale		
Other payables and accrued charges	**–**	15,000

Notes:

(a) The fair value of the Group's investment properties at 31 March 2008 was arrived at on the basis of a valuation carried out on that date by Knight Frank Petty Limited ("Knight Frank"), independent qualified professional valuers not connected with the Group. Knight Frank were members of the Institute of Valuers, and had appropriate qualifications and experiences in the valuation of similar properties in the relevant locations. The valuation had been performed on an open market value basis by reference to the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

(b) The investment properties were situated in Hong Kong and were held under long leases.

The (loss) profit for the year from the discontinued operation is analysed as follows:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Loss of property leasing and development business before taxation	**(170)**	(199)
Gain on disposal of property leasing and development business	**–**	25,109
(Loss) profit before taxation	**(170)**	24,910
Taxation	**1**	420
(Loss) profit for the year	**(169)**	25,330

11. DISCONTINUED OPERATION (Continued)

The results of the property leasing and development business are as follows:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Turnover	**–**	2,792
Direct outgoings	**(24)**	(487)
Other income	**141**	538
Other operating expenses	**(287)**	(1,585)
Share of losses of jointly controlled entities	**–**	(772)
Finance costs	**–**	(685)
Loss before taxation	**(170)**	(199)
Taxation	**1**	420
(Loss) profit for the year	**(169)**	221

During the year, the property leasing and development business utilised HK$170,000 (2008: contributed HK$1,258,000) of the Group's net operating cash flows. The property leasing and development business also utilised HK$685,000 in respect of financing activities for the year ended 31 March 2008 (2009: Nil).

The net assets at the dates of Transactions and Disposal were as follows:

	THE GROUP
	HK$'000
Net assets disposed of:	
Investment properties	510,000
Interest in jointly controlled entities	96,199
Amount due from a jointly controlled entity	13,086
Liabilities arising from financial guarantee contracts	(480)
	618,805
Realisation of translation reserve	(3,591)
Expenses incurred	6
Gain on disposal	25,109
Total consideration satisfied by cash	640,329

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12. DIVIDEND

A final dividend of HK4 cents (2008: Nil) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting of the Company.

13. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2009	2008
	HK$'000	HK$'000
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	**149,404**	180,228
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative component of convertible notes	**(15,801)**	(14,463)
Interest on convertible notes	**9,089**	7,781
Earnings for the purpose of diluted earnings per share	**142,692**	173,546
Number of shares:	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,631,025**	2,303,701
Effect of dilutive potential ordinary shares:		
Share options	**14,723**	62,149
Convertible notes	**110,479**	278,299
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,756,227**	2,644,149

The comparative figure of earnings for the purpose of calculating the diluted earnings per share has been restated by including the change in fair value of derivative component of convertible notes in the calculation.

13. EARNINGS PER SHARE (Continued)

From continuing operations

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

	2009	2008
	HK$'000	HK$'000
Earnings:		
Profit for the year attributable to equity holders of the Company	**149,404**	180,228
Add: Loss (profit) for the year from discontinued operation	**169**	(25,330)
Earnings for the purpose of basic earnings per share from continuing operations	**149,573**	154,898
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative component of convertible notes	**(15,801)**	(14,463)
Interest on convertible notes	**9,089**	7,781
Earnings for the purpose of diluted earnings per share from continuing operations	**142,861**	148,216

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

The comparative figure of earnings for the purpose of calculating the diluted earnings per share has been restated by including the change in fair value of derivative component of convertible notes in the calculation.

From discontinued operation

Basic loss per share from discontinued operation is HK0.0064 cents, based on the loss for the year from the discontinued operation of HK$169,000 and denominator detailed above. The diluted loss per share is HK0.0061 cents, which is anti-dilutive.

Basic earnings per share and diluted earnings per share from discontinued operation in 2008 were HK1.10 cents and HK0.96 cents respectively, based on the profit for the year from the discontinued operation of HK$25,330,000 and denominators detailed above for both basic and diluted earnings per share.

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14. PLANT AND EQUIPMENT

	Furniture, fixtures and other fixed assets	
	2009	2008
	HK$'000	HK$'000
THE GROUP		
COST		
At 1 April	**13,722**	7,733
Exchange adjustments	**328**	1,025
Additions	**4,433**	7,684
Disposals	**(583)**	(2,720)
At 31 March	**17,900**	13,722
ACCUMULATED DEPRECIATION		
At 1 April	**4,231**	2,780
Exchange adjustments	**127**	371
Charge for the year	**4,121**	2,861
Eliminated on disposals	**(483)**	(1,781)
At 31 March	**7,996**	4,231
NET CARRYING VALUES		
At 31 March	**9,904**	9,491
THE COMPANY		
COST		
At 1 April	**2,126**	985
Exchange adjustments	**48**	111
Additions	**1,296**	1,895
Disposals	**–**	(865)
At 31 March	**3,470**	2,126
ACCUMULATED DEPRECIATION		
At 1 April	**421**	762
Exchange adjustments	**12**	19
Charge for the year	**613**	368
Eliminated on disposals	**–**	(728)
At 31 March	**1,046**	421
NET CARRYING VALUES		
At 31 March	**2,424**	1,705

The above items of plant and equipment are depreciated on a straight line basis at the rates of 20% to $33^1/_3$% per annum.

15. INTEREST IN SUBSIDIARIES/ADVANCES TO A SUBSIDIARY/AMOUNTS DUE FROM SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

	THE COMPANY	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**197,075**	197,075
Deemed capital contributions	**19,261**	19,261
	216,336	216,336
Impairment losses recognised	**(80,059)**	(3,509)
	136,277	212,827
Advances to a subsidiary	**114,203**	103,858
Amounts due from subsidiaries	**664,039**	540,236
	778,242	644,094

Particulars of the principal subsidiaries at 31 March 2009 are set out in Note 43.

Impairment losses of HK$3,509,000 (2008: HK$3,509,000) and HK$76,550,000 (2008: Nil) were made for the deemed capital contribution and the cost of the unlisted shares respectively since the relevant subsidiaries were inactive and the respective deemed capital contribution and the cost of the unlisted shares were considered as non-recoverable.

The advances to a subsidiary are denominated in Hong Kong dollars, unsecured and will not be repayable within one year. Included in the advances is an amount of HK$10,683,000 (2008: HK$7,549,000) which is interest bearing at 35% (2008: 35%) per annum, and the remaining advances are interest free.

The amounts due from subsidiaries are denominated in Hong Kong dollars, unsecured, interest free and repayable within one year.

The Company has amounts due to subsidiaries of HK$148,917,000 as at 31 March 2009 (2008: HK$401,204,000) which are denominated in Hong Kong dollars, unsecured, interest free and have no fixed terms of repayment.

16. CONSIDERATION RECEIVABLE FROM DISPOSAL OF ASSOCIATES/GAIN ON DISPOSAL OF ASSOCIATES

(a) On 3 July 2007, Flourish Global Limited ("Flourish Global"), a wholly owned subsidiary of the Company, entered into a conditional equity purchase agreement with independent third parties to dispose of Flourish Global's entire 20% equity interest in Goldbond Capital Holdings Limited ("GCHL") at a consideration of US$10,240,000, equivalent to approximately HK$79,874,000. Consideration receivable of US$7,730,000, equivalent to approximately HK$60,295,000 was received in October 2007. The remaining balance will be fully settled by October 2009 in accordance with the escrow agreement signed between Flourish Global, other shareholders of GCHL and the buyer. The details of the escrow agreement are disclosed in the circular dated 27 July 2007 issued by the Company. This transaction was completed in October 2007 and a gain on disposal of interest in associates amounting to HK$25,364,000 (after a provision of HK$7,500,000 in respect of the claims and legal costs as mentioned in Note b below) was recognised in prior year.

(b) A notice of claim was received in March 2008 from Piper Jaffray Companies, the buyer of GCHL, in relation to the misappropriation of client's funds by the account executives of GCHL before its completion of disposal by the Group. A provision of HK$7,500,000 was made in prior year based on the claimed amount and the estimated legal costs involved. Part of the claimed amount was settled through the escrow account during the year. During the year, the provision of HK$7,500,000 was reversed as the claimed amount and the estimated legal costs were able to be recovered by Piper Jaffray Companies from their insurers.

17. INTEREST IN AN ASSOCIATE/AMOUNT DUE TO AN ASSOCIATE

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Cost of investment in an associate	**56,180**	–
Share of post acquisition profits	**6,969**	–
	63,149	–

Particulars of the associate as at 31 March 2009 are as follows:

Name of associate	Form of business structure	Place of establishment and operation	Particulars of registered capital	Effective ownership interest indirectly held by the Company	Proportion of voting power held by the Company	Principal activity
武漢融眾高成長投資中心*	Limited partnership	The PRC	RMB182,900,000	19.41%	27.34%	Investment funds

* The associate is held by a 71% owned subsidiary of the Company and has a financial year end of 31 December. According to the relevant PRC Income Tax Laws and Guidance, this associate is not subject to PRC Enterprise Income Tax, which should be borne by the partners of this associate based on income then derived.

Strategic partners contributed capital to the associate throughout the year in various phases. The Group's interest in the associate was diluted from the original 46.1% to 19.41% ultimately during the year and a loss on deemed disposal of an associate of HK$941,000 was recognised in the consolidated income statement.

17. INTEREST IN AN ASSOCIATE/AMOUNT DUE TO AN ASSOCIATE (Continued)

Summarised financial information on associate

The summarised financial information of the associate as extracted from the management accounts at 31 March 2009 is set out below:

	2009 **HK$'000**	2008 HK$'000
Total assets	**231,044**	–
Total liabilities	**(44)**	–
Net assets attributable to the equity holders of associate	**231,000**	–
Group's share of net assets of associate	**63,149**	–
Revenue	**32,930**	–
Profit for the year	**25,495**	–
Group's share of result of associate for the year	**7,910**	–

The Group has an amount due to an associate of HK$17,188,000 as at 31 March 2009 (2008: Nil) which is unsecured, interest free and repayable on demand.

18. GOODWILL

THE GROUP

	HK$'000
At 1 April 2007	–
Arising on acquisition of additional interest in a subsidiary	103,686
At 31 March 2008 and 31 March 2009	103,686

Notes:

(a) On 15 August 2007, Perfect Honour Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Yong Hua International Limited, the minority shareholder of Rongzhong Group Limited ("Rongzhong"), to acquire an additional 20% issued share capital of Rongzhong, a then 51% owned subsidiary of the Company, at the consideration of HK$135,000,000. The consideration was satisfied by the issue of a zero coupon convertible note in the principal amount of HK$135,000,000 by the Company. The acquisition was completed in October 2007. The fair value of this convertible note was HK$135,000,000 at the date of completion and a goodwill of HK$103,686,000 was recognised.

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18. GOODWILL (Continued)

Notes: (continued)

(b) Goodwill from acquisition of additional interest in a subsidiary is allocated to Rongzhong, the cash generating unit ("CGU") of the financing service.

The recoverable amount of the CGU is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to service charges and direct costs during the period. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in service charges and direct costs are based on past practices and expectations of future changes in the market.

During the year, the Group performed impairment review for goodwill based on cash flow forecast derived from the respective most recent financial budget for the next four years approved by management using a discount rate of 11.81% (2008: 9%) which reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rate per annum is approximately 5% (2008: 15%) in light of the Group's industry growth forecast. This growth rate does not exceed the average long-term growth rate for the relevant industry. No impairment loss was considered necessary.

19. INTANGIBLE ASSETS

	Pawn shop licences HK$'000
THE GROUP	
COST	
At 1 April 2007	–
Additions	2,747
At 31 March 2008	2,747
Exchange adjustments	62
At 31 March 2009	2,809
AMORTISATION	
At 1 April 2007	–
Charge for the year	288
At 31 March 2008	288
Exchange adjustments	7
Charge for the year	424
At 31 March 2009	719
NET CARRYING VALUES	
At 31 March 2009	2,090
At 31 March 2008	2,459

The pawn shop licences have definite useful lives and the costs are amortised on a straight line basis over their estimated useful lives of six to seven years.

20. LOAN RECEIVABLES

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Principal	**129,213**	126,374
Add: Accrued interest receivable	**38,776**	–
Less: Unamortised interest receivable	**–**	(1,420)
	167,989	124,954

On 6 September 2007, Famous Apex Limited ("Famous Apex"), a wholly owned subsidiary of the Company, entered into loan agreements to provide financing of RMB100,000,000 to 珠海市保利三好有限公司 ("Poly Sanhao") (the "First Loan") and RMB15,000,000 to Worldpro International Investment Limited ("Worldpro") (the "Second Loan") for financing the development of properties in the PRC. These loans were disbursed to the borrowers in January 2008 and will be repayable in full in January 2011. Poly Sanhao and Worldpro are independent third parties of the Group.

The First Loan is interest bearing at 10% per annum and is secured by the following:

(a) a mortgage of 85% equity interest in 珠海市中廣置業有限公司 owned by Poly Sanhao;

(b) a mortgage of the 51% equity interest in Poly Sanhao owned by Worldpro; and

(c) a personal guarantee by the beneficial owner ("Mr. Wu") of the entire equity interest in 珠海市三好房地產開發有限公司, which holds a 40% equity interest in Poly Sanhao, in favour of Famous Apex.

The Second Loan is interest bearing at 40% per annum and is secured by the following:

(a) a first fixed and floating charge on all assets including, among others, any land and properties, intellectual property rights, receivables and securities legally and/or beneficially owned by Worldpro;

(b) a mortgage of the entire issued share capital of Worldpro and assignment and subordination of all loans owing from Worldpro to the beneficial owner of the entire equity interest in Worldpro ("Mr. Chan");

(c) Mr. Chan's personal guarantee in favour of Famous Apex; and

(d) Mr. Wu's personal guarantee in favour of Famous Apex.

On 2 January 2009, Worldpro, Mr. Chan and Mr. Wu executed a supplemental deed of undertaking ("Supplemental Deed") in favour of Famous Apex and Birdsong Management Limited (another wholly owned subsidiary of the Company). Under the Supplemental Deed, Famous Apex granted 珠海市中廣置業有限公司, a subsidiary of Poly Sanhao, the consent to charge or mortgage its property for the purpose of obtaining finance. The Group will receive a sum of RMB28,000,000 for this arrangement. During the year, the Group received RMB500,000 relating to the Supplemental Deed. The remaining balance ("remaining balance") will be due upon the settlement of the loans.

20. LOAN RECEIVABLES (Continued)

Both loans are repayable in three years commencing from the date on which the loans are advanced. The effective interest rate of the loan receivables was 33.13% per annum, after taking into account of the arrangement and other fees, and was adjusted to 39.43% upon the execution of the Supplemental Deed taking into account of the RMB28,000,000 as an additional interest for the consent to the Supplemental Deed.

Subsequent to the balance sheet date, a revised Supplemental Deed ("Revised Deed") was signed by Mr. Wu in favour of Famous Apex. Under the Revised Deed, the remaining related balance has been revised to RMB15,000,000 and will be settled by three instalments of RMB5,000,000 each throughout the loan period.

21. FINANCE LEASE RECEIVABLES/CUSTOMER DEPOSITS

The Group commenced to provide finance lease service in the PRC during the year ended 31 March 2009. All interest rates inherent in the leases are fixed at the respective contract dates over the lease terms.

	Minimum lease payments 2009 HK$'000	Present value of minimum lease payments 2009 HK$'000
Finance lease receivables comprise:		
Within one year	**10,408**	**8,235**
In more than one year but not more than five years	**11,361**	**10,243**
	21,769	**18,478**
Less: Unearned finance income	**(3,291)**	
Present value of minimum lease payment receivables	**18,478**	
Analysed for reporting purposes as:		
Current assets		**8,235**
Non-current assets		**10,243**
		18,478

The Group's finance lease receivables are denominated in RMB which is the functional currency of the relevant group entity.

The effective interest rates of the above finance leases are from 9.3% to 28.0% per annum.

Finance lease receivables are secured over the equipment leased and deposits of approximately HK$5,245,000 placed by the customers which are repayable upon the end of the lease period or to be used to set off part of the outstanding instalments. The Group is not permitted to sell or re-pledge the collateral in the absence of default by the lessee.

22. CLUB DEBENTURES

The club debentures are classified as available-for-sale financial assets. The fair values of the club debentures were determined by reference to recent market prices for similar debentures.

23. PROPERTIES HELD FOR SALE

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Properties held for sale, at cost	**9,000**	8,802

The properties held for sale comprise properties in the Wuhan region, the PRC. It is not the Group's intention to hold these properties in the long term for capital appreciation or rental income.

24. ACCOUNT RECEIVABLES AND ADVANCES PROVIDED TO CUSTOMERS

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Account receivables	**106,796**	85,103
Advances provided to customers	**615,793**	625,238
	722,589	710,341
Less: Allowance for bad and doubtful debts		
– account receivables	**(5,488)**	(768)
– advances provided to customers	**(25,003)**	(12,228)
	692,098	697,345

Notes:

(a) For the financial service business, the Group allows an average loan period of 30 days to a maximum of 180 days to its customers.

(b) The advances provided to customers bear fixed interest rates ranging from 4.8% to 7.2% (2008: 5.2% to 5.4%) per annum and repayable according to the loan agreements which usually cover a period of one to six months. Included in the balances are loans of approximately HK$533,545,000 (2008: HK$546,402,000) secured by assets placed by customers such as properties and equity interests in certain private PRC entities, and advances to employees of approximately HK$57,245,000 (2008: HK$30,391,000) secured by the entire equity interest in a company owned by the employees. This company is incorporated and engaged in mining business in the PRC. The advances to employees bear fixed interest rate of 6% (2008: 6%) per annum and repayable within one year. The Group is not permitted to sell or re-pledge the collateral in the absence of default by the customers.

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For the year ended 31 March 2009

24. ACCOUNT RECEIVABLES AND ADVANCES PROVIDED TO CUSTOMERS (Continued)

The following is an aging analysis of account receivables and advances provided to customers as of the balance sheet date:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Outstanding balances aged:		
– within one month	**129,323**	257,516
– more than one month but less than three months	**169,948**	167,043
– more than three months but less than six months	**155,883**	204,246
– more than six months	**236,944**	68,540
	692,098	697,345

The Group has set up a credit team in each location responsible for the evaluation of customers' credit rating to ensure that all customers have healthy financial background and adequate repayment abilities. Management has set up the credit limits which are subject to the discretionary power of the general managers of each location. Any further extension of credit beyond these approval limits has to be first approved by senior management and then by the directors of Rongzhong. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks and on the repayment of advances from the Group. Management considers that the receivables that are neither past due nor impaired to be of a good credit quality.

Account receivables and advances provided to customers are assessed for impairment individually. The management considers the repayment history and the values of the assets pledged in the impairment review. Included in the Group's account receivables and advances provided to customers are debtors with aggregate carrying amount of HK$253,255,000 (2008: HK$6,799,000) which are past due at the reporting date for which the Group has not provided for impairment loss due to good quality. Included in the balances are amounts of HK$251,766,000 (2008: HK$3,422,000) which are secured by assets placed by customers.

24. ACCOUNT RECEIVABLES AND ADVANCES PROVIDED TO CUSTOMERS (Continued)

The following is an aged analysis of account receivables and advances provided to customers which are past due but not impaired at the balance sheet dates:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Less than one month	**24,994**	4,081
More than one month but less than three months	**26,834**	1,743
More than three months but less than six months	**69,506**	450
More than six months	**131,921**	525
	253,255	6,799

Movement in the allowance for bad and doubtful debts

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Balance at beginning of the year	**12,996**	717
Currency realignment	**341**	190
Impairment losses recognised	**36,921**	12,135
Impairment losses reversed	**(1,901)**	–
Amounts written off as uncollectible	**(17,866)**	(46)
Balance at end of the year	**30,491**	12,996

25. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure the Group's due performance in relation to the financial service business in the PRC. The security deposits carry interest at prevailing market rates which range from 0.36% to 0.72% (2008: 0.72% to 0.81%) per annum.

26. SHORT TERM BANK DEPOSITS/BANK BALANCES AND CASH

All bank deposits of the Group and the Company carry interest at prevailing market rates which range from 0.01% to 3.51% and 0.01% to 1.90% (2008: 0.01% to 4.14% and 0.01% to 3.19%) per annum respectively.

Included in short term bank deposits and bank balances and cash are the following amounts denominated in currencies other than the functional currencies of the group entities:

		THE GROUP		THE COMPANY	
	Currency	**2009**	2008	**2009**	2008
		HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollars	HKD	**45,996**	34,716	**31,884**	33,897
United States dollars	USD	**209,583**	307,321	**209,525**	306,511

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27. DEFERRED INCOME

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Non-current	**14,110**	10,589
Current	**22,737**	13,537
	36,847	24,126

Deferred income represents income received under the financial guarantee business which is amortised and recognised as revenue on a straight line basis over the guarantee period.

28. BANK BORROWINGS

At 31 March 2009, the Group's bank borrowings are fixed-rate borrowings which carry annual interests at the range of the rate offered by the People's Bank of China ("PBOC") to 125% of the rate offered by the PBOC. At 31 March 2008, the Group's bank borrowings were fixed-rate borrowing which carried annual interest at 125% of the rate offered by the PBOC.

At 31 March 2009, the Group's bank borrowings are secured and are repayable within one year. The Group's banking facilities are granted by several banks in the PRC and Hong Kong, which are secured by the following items:

(a) A bank loan of RMB100,000,000 equivalent to approximately HK$112,360,000 (2008: RMB100,000,000 equivalent to approximately HK$109,890,000) are secured by charges over the Group's and the minority shareholders' interests in Rongzhong Investment Group Limited ("Rongzhong Investment"), a non-wholly owned subsidiary of the Company. The Company, Rongzhong Investment and a director of the Company had given guarantees to the bank for the granting of the above borrowing of not more than RMB100,000,000 in aggregate, which was fully utilised as at 31 March 2009. The guarantee provided by the Company was in proportion to its equity interest in the borrower.

(b) A bank loan of RMB9,000,000 equivalent to approximately HK$10,112,000 (2008: Nil) is secured by the properties held for sale with an aggregate carrying value of RMB8,010,000 equivalent to approximately HK$9,000,000. This bank loan was fully utilised by Wuhan City Rongzhong Investment Guarantee Co. Ltd., a non-wholly owned subsidiary of the Company, as at 31 March 2009.

(c) The Group executed a floating charge over the interest in subsidiaries and certain assets of a subsidiary of the Group with an aggregate carrying value of HK$527,050,000 (2008: HK$515,466,000) and HK$176,574,000 (2008: HK$70,476,000) respectively in favour of a bank for banking facilities granted. As at 31 March 2009, the facilities have not been utilised. The floating charge was subsequently discharged in May 2009.

The Group's borrowings are denominated in RMB which is the functional currency of the relevant group entities.

29. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

As at 31 March 2009, the Group provided financial guarantees of RMB2,510,018,000 equivalent to approximately HK$2,820,245,000 (2008: RMB1,276,074,000 equivalent to approximately HK$1,402,279,000) to customers under the financial guarantee service business. Liabilities arising from the financial guarantee business represent the management's best estimate of the Group's liability based on prior experience and default history of the business.

30. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2007, 31 March 2008 and 31 March 2009	25,000,000	2,500,000
Issued and fully paid:		
At 1 April 2007	1,674,440	167,444
Issue of shares upon private placement *(note a)*	268,000	26,800
Issue of shares upon exercise of share options *(note b)*	111,200	11,120
Issue of shares upon conversion of convertible notes *(note c)*	544,323	54,432
At 31 March 2008	2,597,963	259,796
Issue of shares upon exercise of share options *(note d)*	21,600	2,160
Issue of shares upon conversion of convertible note *(note e)*	50,000	5,000
At 31 March 2009	2,669,563	266,956

Notes:

(a) On 20 July 2007, arrangements were made for a private placement to professional and institutional investors of 268,000,000 ordinary shares of HK$0.10 each at a price of HK$1.18 per share by Goldbond Securities Limited, a connected company of the Company. The price of HK$1.18 per share represented a discount of approximately 5.6% to the closing market price of the Company's shares of HK$1.25 per share as quoted on the Stock Exchange on 18 July 2007, the last trading date prior to the placing. On the same date, the Company entered into a subscription agreement with Ace Solomon Investments Limited, a related company, for the subscription of 268,000,000 new ordinary shares of HK$0.10 each at a price of HK$1.18 per share. The subscription price is equivalent to the placing price mentioned above. The net proceeds from the subscription were used for expansion of the bridge financing business in the PRC and for general working capital purposes of the Group. The new shares were issued on 2 August 2007 under the general mandate granted to the board of directors on 13 September 2006.

(b) In prior year, 89,000,000, 16,000,000, 3,200,000 and 3,000,000 share options were exercised at a subscription price of HK$0.148, HK$0.136, HK$0.132 and HK$0.174 per share respectively, resulting in the issue of 111,200,000 ordinary shares of HK$0.10 each in the Company.

(c) In prior year, convertible notes with nominal values of HK$53,000,000 and HK$30,000,000 were converted into 311,764,705 ordinary shares at a conversion price of HK$0.170 per ordinary share and 232,558,138 ordinary shares at a conversion price of HK$0.129 per ordinary share respectively.

(d) During the year, 1,600,000 and 20,000,000 share options were exercised at a subscription price of HK$0.132 and HK$0.210 per share respectively, resulting in the issue of 21,600,000 ordinary shares of HK$0.10 each in the Company.

(e) During the year, convertible note with a nominal value of HK$54,000,000 was converted into 50,000,000 ordinary shares at a conversion price of HK$1.08 per ordinary share.

All the shares issued during the year rank pari passu with the then existing shares in all respects.

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31. RESERVES

	Share premium HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000
THE COMPANY								
At 1 April 2007	98,634	3,000	4,773	22,297	6,000	–	(54,158)	80,546
Exchange differences on translation of financial statements recognised directly in equity	–	–	–	–	–	24,792	–	24,792
Loss for the year	–	–	–	–	–	–	(7,037)	(7,037)
Total recognised income (loss) for the year	–	–	–	–	–	24,792	(7,037)	17,755
Sub-total	98,634	3,000	4,773	22,297	6,000	24,792	(61,195)	98,301
Issue of shares upon private placement	289,440	–	–	–	–	–	–	289,440
Issue of shares upon exercise of share options	5,172	–	–	–	–	–	–	5,172
Exercise of share options	3,937	–	(3,937)	–	–	–	–	–
Issue of shares upon conversion of convertible notes	28,568	–	–	–	–	–	–	28,568
Conversion and redemption of convertible notes	18,305	–	–	(22,297)	–	–	3,992	–
Expenses incurred in connection with issue of shares	(8,744)	–	–	–	–	–	–	(8,744)
Lapse of share options	–	–	(527)	–	–	–	527	–
Recognition of equity-settled share-based payments	–	–	9,619	–	–	–	–	9,619
At 31 March 2008 and 1 April 2008	435,312	3,000	9,928	–	6,000	24,792	(56,676)	422,356
Exchange differences on translation of financial statements recognised directly in equity	–	–	–	–	–	10,392	–	10,392
Profit for the year	–	–	–	–	–	–	189,592	189,592
Total recognised income for the year	–	–	–	–	–	10,392	189,592	199,984
Sub-total	435,312	3,000	9,928	–	6,000	35,184	132,916	622,340
Issue of shares upon exercise of share options	2,251	–	–	–	–	–	–	2,251
Exercise of share options	1,889	–	(1,889)	–	–	–	–	–
Issue of shares upon conversion of convertible note	41,112	–	–	–	–	–	–	41,112
Expenses incurred in connection with issue of shares	(44)	–	–	–	–	–	–	(44)
Lapse and cancellation of share options	–	–	(431)	–	–	–	431	–
Recognition of equity-settled share-based payments	–	–	14,629	–	–	–	–	14,629
At 31 March 2009	**480,520**	**3,000**	**22,237**	**–**	**6,000**	**35,184**	**133,347**	**680,288**

32. CONVERTIBLE NOTES

On 5 August 2004, the Company issued convertible notes with a nominal value of HK$70,000,000 to a related company which is under common control of a director of the Company. The notes were interest free and matured on 5 August 2007. In prior year, convertible notes with a nominal value of HK$53,000,000 were converted by the then note holder into 311,764,705 ordinary shares at a conversion price of HK$0.17 per ordinary share. The remaining balances were redeemed at the maturity date at the nominal value.

On 31 December 2004, the Company issued convertible notes with a nominal value of HK$30,000,000 to a related company which has common directors. The notes were interest free and matured on 5 August 2007. In prior year, all convertible notes were converted into 232,558,138 ordinary shares by the then notes holders at a conversion price of HK$0.129 per ordinary share.

The convertible notes issued in 2004 were split into liability and equity components of HK$77,703,000 and HK$22,297,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component was subsequently carried at amortised cost and the equity component was recognised in the convertible notes reserve. The effective interest rate of the liability component was 8.75% per annum.

The movement of the liability component of the convertible notes issued in 2004 was set out below:

	HK$'000
At 1 April 2007	97,038
Interest charge	2,962
Redemption during the year	(17,000)
Conversion during the year	(83,000)
At 31 March 2008 and 31 March 2009	–

On 2 October 2007, the Company issued a zero coupon convertible note ("New Convertible Note") with the principal amount of HK$135,000,000 to Yong Hua International Limited, a related company, to acquire an additional 20% issued share capital of Rongzhong (as detailed in Note 18). The New Convertible Note will mature on 2 October 2010. It may be converted into ordinary shares of the Company by phases commencing from 2 October 2008 at a conversion price of HK$1.08 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the New Convertible Note shall be converted into 125,000,000 ordinary shares of the Company.

During the year, New Convertible Note with a nominal value of HK$54,000,000 was converted by the note holder into 50,000,000 ordinary shares at a conversion price of HK$1.08 per ordinary share.

The New Convertible Note contains two components, liability component and conversion option derivative. The effective interest rate of the liability component is 9.19% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in the profit or loss.

32. CONVERTIBLE NOTES (Continued)

THE GROUP AND THE COMPANY

The movement of the liability component and conversion option derivative of the New Convertible Note is set out as below:

	Liability component HK$'000	Conversion option derivative HK$'000	Total HK$'000
Convertible notes issued	102,467	32,533	135,000
Interest charge	4,819	–	4,819
Gain arising on changes of fair value	–	(14,463)	(14,463)
At 31 March 2008	107,286	18,070	125,356
Interest charge	9,089	–	9,089
Gain arising on changes of fair value	–	(15,801)	(15,801)
Conversion during the year	(45,807)	(305)	(46,112)
At 31 March 2009	70,568	1,964	72,532

Fair value of conversion option derivative and assumptions

The estimate of the fair value of the conversion option derivative is measured based on a trinomial lattice model. Details of the assumptions of conversion option derivative are as follows:

Date of valuation	**31.3.2009**	15.12.2008 (date of conversion)	31.3.2008	2.10.2007 (date of issue)
Share price (HK$)	**0.35**	0.36	0.52	0.72
Exercise price (HK$)	**1.08**	1.08	1.08	1.08
Expected volatility (expressed as a weighted average volatility used in the modelling under trinomial lattice model)	**73.174%**	71.151% to 79.084%	81.400% to 92.485%	71.350% to 81.470%
Maturity period	**3 years**	3 years	3 years	3 years
Conversion period	**1 – 2 years**	1 – 2 years	1 – 2 years	1 – 2 years

33. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

THE GROUP AND THE COMPANY

At 31 March 2009, 68,400,000 preference shares were in issue (2008: 68,400,000 preference shares).

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue on 18 September 2001 at a redemption value of HK$10.00 per preference share. The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September 2004 and the conversion rights attached to the preference shares lapsed with no conversion since then.

The preference shares were split into liability and equity components of HK$811,000 and HK$6,029,000, respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component is carried at amortised cost and the equity component has been included in retained profits since the conversion rights lapsed in 2004. The effective interest rate of the liability component is 13.97% per annum.

34. DEFERRED TAXATION

THE GROUP

The followings are the major deferred taxation liabilities recognised by the Group and movements thereon during the current and prior years:

	Tax allowance for liabilities from financial guarantee contracts over accounting allowance HK$'000	Deferred income HK$'000	Allowance for doubtful debts and bad debts written off HK$'000	Accelerated tax depreciation HK$'000	Revaluation surplus of investment properties HK$'000	Total HK$'000
At 1 April 2007	–	–	–	770	3,757	4,527
Credit to income statement (Note 10)	–	–	–	(770)	(3,757)	(4,527)
At 1 April 2008	–	–	–	–	–	–
Debit (credit) to income statement (Note 10)	32,511	(9,212)	(7,622)	–	–	15,677
At 31 March 2009	32,511	(9,212)	(7,622)	–	–	15,677

34. DEFERRED TAXATION (Continued)

THE GROUP (Continued)

At 31 March 2009, the Group had unrecognised tax losses of approximately HK$152,419,000 (2008: HK$134,981,000) available to offset against future profits. No deferred taxation asset has been recognised due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of HK$140,697,000 (2008: HK$126,887,000) that may be carried forward indefinitely and the remaining balance will expire at various dates in the coming five years.

Deferred taxation has not been provided for in the financial statements in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in the PRC amounting to HK$219,063,000 (2008: HK$16,808,000) starting from 1 January 2008 under the New Law of the PRC that requires withholding tax upon the distribution of such profits to the shareholders as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

THE COMPANY

At 31 March 2009, the Company has unrecognised tax losses of approximately HK$140,439,000 (2008: HK$125,397,000) available to offset against future profits. The tax losses may be carried forward indefinitely. No deferred taxation asset has been recognised due to the unpredictability of future profit streams.

35. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**1,599,906**	1,353,979	**1,019,825**	985,299
Available-for-sale – club debentures	**16,545**	16,181	**16,545**	16,181
Financial liabilities				
Amortised costs	**354,346**	311,685	**224,892**	513,622
Derivative instruments	**1,964**	18,070	**1,964**	18,070
Financial guarantee contracts	**6,910**	4,043	**–**	–

Financial risk management objectives and policies

The Group and the Company's major financial instruments include consideration receivable from disposal of associates, loan receivables, finance lease receivables, account receivables and advances provided to customers, deposits, security deposits, bank balances, amount due to an associate, other payables, bank borrowings, customer deposits and convertible notes. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Currency risk

The Company and several subsidiaries of the Company have foreign currency denominated monetary assets and liabilities, thus exposing the Group and the Company to foreign currency risk.

THE GROUP

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Assets		Liabilities	
	Currency	**2009**	2008	**2009**	2008
		HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollars	HKD	**47,086**	35,782	**75,976**	112,418
United States dollars	USD	**209,731**	307,321	**–**	–

THE COMPANY

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Assets		Liabilities	
	Currency	**2009**	2008	**2009**	2008
		HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollars	HKD	**810,148**	677,999	**224,893**	513,622
United States dollars	USD	**209,673**	307,299	**–**	–

The Group and the Company currently do not have any foreign exchange hedging policy to eliminate the currency exposure. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

THE GROUP

The Group is mainly exposed to USD and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB, the functional currency of respective group entities, against USD and HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% weakening of USD and HKD against RMB and a positive number below indicates a decrease in profit for the year. For a 5% strengthening of USD and HKD against RMB, there would be an equal and opposite impact on the profit for the year. The decrease in profit for the year is mainly attributable to the exposure on outstanding bank balances denominated in USD and HKD at the year end.

	USD impact		**HKD impact**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Decrease (increase) in profit for the year	**10,487**	15,366	**(1,445)**	(3,832)

THE COMPANY

The Company is mainly exposed to USD and HKD.

The following table details the Company's sensitivity to a 5% increase and decrease in RMB against USD and HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% weakening of USD and HKD against RMB and a positive number below indicates a decrease in profit for the year. For a 5% strengthening of USD and HKD against RMB, there would be an equal and opposite impact on the profit for the year. The decrease in profit for the year is mainly attributable to the exposure on outstanding bank balances and intercompany balances denominated in HKD at the year end.

	USD impact		**HKD impact**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Decrease in profit for the year	**10,484**	15,365	**29,263**	8,219

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loan receivables, finance lease receivables, advances provided to customers, security deposits, fixed-rate bank deposits, fixed-rate borrowings, convertible notes and redeemable convertible preference shares (see notes 20, 21, 24, 25, 26, 28, 32 and 33 for details of these financial instruments respectively). The Company is exposed to fair value interest rate risk in relation to advances to a subsidiary, fixed-rate bank deposits, convertible notes and redeemable convertible preference shares (see notes 15, 26, 32 and 33 for details of these financial instruments respectively). The management of the Company monitors the related interest rate risk exposure closely to minimise these interest rate risks.

Credit risk

THE GROUP AND THE COMPANY

As at 31 March 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 40.

At 31 March 2009, the Company's maximum exposure to credit risk in the event of that counterparties fail to perform their obligations as at 31 March 2009 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

In order to minimise the credit risk in relation to loan receivables, account receivables, advances provided to customers, finance lease receivables, advances to a subsidiary and amounts due from subsidiaries, credit limits and credit terms granted to customers should be approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual loan receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group and the Company's credit risk is significantly reduced.

The Group's exposure in relation to the financial guarantee business is the failure of the counterparties to perform their obligations to repay to the banks on time as detailed in Note 40. In order to minimise the credit risk in relation to the financial guarantee business, the Group has set up a credit team in each location responsible for the evaluation of customers' credit rating to ensure that all customers have healthy financial backgrounds and adequate repayment ability. Management has set up the credit limits which are subject to the discretionary power of the general managers of each location. Any further extension of credit beyond these approval limits has to be first approved by senior management and then by the directors of Rongzhong. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks.

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk on advances to customers as at 31 March 2009 is mainly from five major customers which accounted for 41.5% (2008: 39.8%) of advances to customers mainly from the PRC. The Group has closely monitored the recoverability of the advances to customers and taken effective measures to ensure timely collection of outstanding balances.

The Company's concentration of credit risk on receivables as at 31 March 2009 is mainly from the advances to a subsidiary and amounts due from subsidiaries. The Company has closely monitored the recoverability of these balances and taken effective measures to ensure timely collection of outstanding balances.

The Group's concentration of geographical risk on turnover is mainly from the PRC which accounted for 100% (2008: 99%) of the total turnover. The Group has closely monitored the business performance and diversified its customer bases.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group and the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

THE GROUP

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2009 HK$'000
2009						
Non-derivative financial liabilities						
Amount due to an associate	–	17,188	–	–	17,188	17,188
Other payables	–	137,058	–	–	137,058	137,058
Liabilities arising from financial guarantee contracts	–	6,910	–	–	6,910	6,910
Bank borrowings*	9.29	127,279	–	–	127,279	122,472
Customer deposits	–	–	–	5,245	5,245	5,245
Convertible note	9.19	–	81,000	–	81,000	70,568
Redeemable convertible preference shares	13.97	–	–	684,000	684,000	1,815
		288,435	81,000	689,245	1,058,680	361,256

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
2008						
Non-derivative financial liabilities						
Other payables	–	92,931	–	–	92,931	92,931
Liabilities arising from financial guarantee contracts	–	4,043	–	–	4,043	4,043
Bank borrowings*	9.34	112,455	–	–	112,455	109,890
Convertible note	9.19	–	–	135,000	135,000	107,286
Redeemable convertible preference shares	13.97	–	–	684,000	684,000	1,578
		209,429	–	819,000	1,028,429	315,728

* The interest rates applied to project undiscounted cash flows of fixed rate loans are the interest rates at the balance sheet date.

THE COMPANY

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2009 HK$'000
2009						
Non-derivative financial liabilities						
Other payables	**–**	**3,592**	**–**	**–**	**3,592**	**3,592**
Amounts due to subsidiaries	**–**	**148,917**	**–**	**–**	**148,917**	**148,917**
Convertible note	**9.19**	**–**	**81,000**	**–**	**81,000**	**70,568**
Redeemable convertible preference shares	**13.97**	**–**	**–**	**684,000**	**684,000**	**1,815**
		152,509	**81,000**	**684,000**	**917,509**	**224,892**

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
2008						
Non-derivative financial liabilities						
Other payables	–	3,554	–	–	3,554	3,554
Amounts due to subsidiaries	–	401,204	–	–	401,204	401,204
Convertible note	9.19	–	–	135,000	135,000	107,286
Redeemable convertible preference shares	13.97	–	–	684,000	684,000	1,578
		404,758	–	819,000	1,223,758	513,622

Fair value

The fair values of financial assets and financial liabilities are determined based on discounted cash flow analysis using prices or rates from observable current market transactions.

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

37. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants, including the Company's directors and other eligible participants of the Group. The Scheme became effective on 18 September 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. On 29 August 2003, amendments were made to give clarity to the Scheme.

The maximum number of shares which may be issued upon exercise of all outstanding options granted but not yet exercised under the Scheme and any other share option scheme shall not in aggregate exceed 30 percent of the shares in issue of the Company from time to time. The total number of shares may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme must not in aggregate exceed 10 percent of shares in issue as at the date of approval of the Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period shall not exceed 1 percent of the issued share capital of the Company for the time being.

The offer of a grant of share options may be accepted no later than 21 days from the date of offer with HK$1 as consideration being payable by the grantee. The exercise period of the share options granted is determinable by the directors.

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37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

The subscription price of a share option is determined by the directors, but may not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

A summary of the movements of the outstanding options and their related weighted average exercise prices during each of the two years ended 31 March 2009 under the Company's share option scheme is as follows:

			Number of share options					
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2008	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 March 2009
29.7.2005	1.1.2007 – 28.7.2015	0.132	1,600,000	–	(1,600,000)	–	–	–
7.7.2006	1.1.2010 – 6.7.2016	0.210	23,000,000	–	(20,000,000)	–	(3,000,000)	–
29.3.2007	29.3.2010 – 28.3.2017	0.256	32,000,000	–	–	–	–	32,000,000
17.8.2007	17.8.2010 – 16.8.2017	1.014	97,000,000	–	–	(2,200,000)	–	94,800,000
23.5.2008	23.5.2011 – 22.5.2018	0.692	–	5,600,000	–	–	–	5,600,000
31.12.2008	31.12.2011 – 30.12.2018	0.345	–	6,000,000	–	–	–	6,000,000
13.3.2009	13.9.2011 – 12.3.2019	0.360	–	1,000,000	–	–	–	1,000,000
13.3.2009	13.3.2012 – 12.3.2019	0.360	–	2,200,000	–	–	–	2,200,000
			153,600,000	14,800,000	(21,600,000)	(2,200,000)	(3,000,000)	141,600,000
			HK$	HK$	HK$	HK$	HK$	HK$
Weighted average exercise price per share			0.727	0.480	0.204	1.014	0.210	0.787

37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2008
			Number of share options				
8.11.2004	1.1.2007 – 7.11.2014	0.148	99,000,000	–	(89,000,000)	(10,000,000)	–
30.5.2005	1.1.2007 – 29.5.2015	0.136	16,000,000	–	(16,000,000)	–	–
29.7.2005	1.1.2007 – 28.7.2015	0.132	4,800,000	–	(3,200,000)	–	1,600,000
7.7.2006	1.1.2010 – 6.7.2016	0.210	32,000,000	–	–	(9,000,000)	23,000,000
6.2.2007	1.6.2007 – 5.2.2017	0.174	3,000,000	–	(3,000,000)	–	–
29.3.2007	29.3.2010 – 28.3.2017	0.256	32,000,000	–	–	–	32,000,000
17.8.2007	17.8.2010 – 16.8.2017	1.014	–	97,000,000	–	–	97,000,000
			186,800,000	97,000,000	(111,200,000)	(19,000,000)	153,600,000
			HK$	HK$	HK$	HK$	HK$
Weighted average exercise price per share			0.176	1.014	0.147	0.177	0.727

As at 31 March 2008, the Group had 1,600,000 (2009: Nil) exercisable share options.

Details of the options held by the directors included in the above table are as follows:

Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2008	Granted during the year	Exercised during the year	Outstanding at 31 March 2009
			Number of share options			
29.7.2005	1.1.2007 – 28.7.2015	0.132	1,600,000	–	(1,600,000)	–
7.7.2006	1.1.2010 – 6.7.2016	0.210	8,000,000	–	(8,000,000)	–
29.3.2007	29.3.2010 – 28.3.2017	0.256	32,000,000	–	–	32,000,000
17.8.2007	17.8.2010 – 16.8.2017	1.014	75,000,000	–	–	75,000,000
23.5.2008	23.5.2011 – 22.5.2018	0.692	–	1,600,000	–	1,600,000
			116,600,000	1,600,000	(9,600,000)	108,600,000

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37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Date of grant	Exercisable period	Exercise price HK$	Number of share options: Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Outstanding at 31 March 2008
8.11.2004	1.1.2007 – 7.11.2014	0.148	64,000,000	–	(64,000,000)	–
29.7.2005	1.1.2007 – 28.7.2015	0.132	4,800,000	–	(3,200,000)	1,600,000
7.7.2006	1.1.2010 – 6.7.2016	0.210	8,000,000	–	–	8,000,000
29.3.2007	29.3.2010 – 28.3.2017	0.256	32,000,000	–	–	32,000,000
17.8.2007	17.8.2010 – 16.8.2017	1.014	–	75,000,000	–	75,000,000
			108,800,000	75,000,000	(67,200,000)	116,600,000

The weighted average share price at the dates of exercise of share option during the year was HK$0.674 (2008: HK$0.64).

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on trinomial lattice model/binomial lattice model. The contractual life of the option is used as an input into these models. Expectations of early exercise are incorporated into the trinomial lattice model/binomial lattice model.

For the year ended 31 March 2009

Grant dates	Director 23.5.2008	Employees 23.5.2008	Employee 31.12.2008	Employees 13.3.2009
Fair value of share options and assumptions:				
Fair value at measurement dates (HK$)	0.365	0.285	0.046	0.045
Share price (HK$)	0.690	0.690	0.345	0.345
Exercise price (HK$)	0.692	0.692	0.345	0.360
Expected volatility (expressed as a weighted average volatility used in the modelling under trinomial lattice model)	83.99%	83.99%	78.325%	74.587%
Option life	10 years	10 years	10 years	10 years
Expected dividends	–	–	–	–
Risk-free interest rate (based on Exchange Fund Notes)	2.917%	2.917%	1.191%	1.870%
Expected forfeiture rate	–	21.88%	18.42%	20.51%

37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Fair value of share options and assumptions (Continued)

For the year ended 31 March 2008

	Directors	Employees
Grant dates	17.8.2007	17.8.2007

Fair value of share options and assumptions:

Fair value at measurement dates (HK$)	0.382	0.315
Share price (HK$)	0.820	0.820
Exercise price (HK$)	1.014	1.014
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	68.120% to 70.442%	68.120% to 70.442%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	3.51	3.48
Expected dividends	–	–
Risk-free interest rate (based on Exchange Fund Notes)	4.041% to 4.236%	4.041% to 4.236%

The expected volatility is based on the historical volatility of the Company's share price over the previous 3 to 3.5 years, adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

The vesting period of share options is from the date of grant until the commencement of the exercise period.

The Group recognised total expenses of HK$14,629,000 (2008: HK$9,619,000) relating to share option payment transactions for the year ended 31 March 2009.

38. SUBSCRIPTION OF SHARES OF A SUBSIDIARY

In April 2007, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company and other shareholders of Rongzhong, a then 51% subsidiary of the Company, entered into a subscription agreement pursuant to which all shareholders conditionally agreed to subscribe for a total of 25,999,900 shares in Rongzhong on a pro rata basis at the total subscription consideration of approximately HK$202,799,000. The subscription of shares was completed in April 2007 and did not result in any changes in the shareholding structure of Rongzhong.

As a result of the additional investments by the minority shareholders of Rongzhong, losses of HK$34,093,000 previously allocated against the interests of the Group were reallocated to the minority interests for the year ended 31 March 2008.

39. OPERATING LEASE COMMITMENTS

At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

The Group and the Company are the lessees of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease upon expiry when all terms are re-negotiated.

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**10,494**	5,645	**2,215**	143
After one year but within five years	**9,215**	6,941	**184**	–
Over five years	**–**	65	**–**	–
	19,709	12,651	**2,399**	143

40. CONTINGENT LIABILITIES

As at the balance sheet date, there were contingent liabilities in respect of the following:

(a) The Group has contingent liabilities of RMB2,510,018,000 equivalent to approximately HK$2,820,245,000 (2008: RMB1,276,074,000 equivalent to approximately HK$1,402,279,000) in relation to the provision of the guarantee service in the PRC. As at the balance sheet date, an amount of RMB6,150,000, equivalent to approximately HK$6,910,000 (2008: RMB3,679,000, equivalent to approximately HK$4,043,000) has been recognised in the consolidated balance sheet as liabilities.

(b) The Company, Rongzhong Investment and a director of the Company had given a guarantee to a bank for the granting of the borrowings of not more than RMB100,000,000 equivalent to approximately HK$112,360,000 (2008: RMB100,000,000 equivalent to approximately HK$109,890,000) in aggregate, which was fully utilised by Rongzhong Enterprise Management (Shenzhen) Co., Ltd. ("Rongzhong Shenzhen"), a non-wholly owned subsidiary of the Company as at 31 March 2009. The guarantee provided by the Company was in proportion to its interest in the borrower. No financial liabilities in relation to this financial guarantee granted by the Company to Rongzhong Shenzhen are recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts were not significant during both years.

41. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees; relevant income subject to a cap of monthly relevant income of HK$20,000 (the "Cap"). No forfeited contribution is available to reduce the contribution payable in the future years.

Employees engaged by the Group outside Hong Kong are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

42. RELATED PARTY TRANSACTIONS

Save as disclosed, the Group had the following transactions with related parties during the year.

Key management personnel remuneration

	2009 **HK$'000**	2008 HK$'000
Short-term benefits	**13,346**	13,535
Post-employment benefits	**91**	75
Share-based payments	**11,529**	7,614
	24,966	21,224

The details of the remuneration paid to the key management are set out in Note 9.

Transactions with related parties

	2009 **HK$'000**	2008 HK$'000
Management fee income received from an associate	**7,329**	–
Rental expense paid to a related company with common controlling shareholders	**2,541**	1,922
Rental expense paid to minority shareholder of a subsidiary	**297**	628
Placing commission and other expenses paid to an associate	**–**	8,267
Interest income from an associate	**–**	353
Interest income from jointly controlled entities	**–**	208
Interest expense paid to a related company with common controlling shareholders	**–**	350
Legal and professional fee paid to a related company with common controlling shareholders	**–**	37

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43. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital		Proportion of ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		2009	2008	**2009**	2008	**2009**	2008	
Apex Honour Limited	British Virgin Islands/ Hong Kong	**–**	US$1	**–**	–	**–**	100%	Property investment
Birdsong Management Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**–**	–	**100%**	100%	Provision of management service
Chengdu City Rongzhong Credit Guarantee Co. Ltd. (成都市融眾信用擔保有限公司)*	The PRC	**RMB10,000,000**	RMB10,000,000	**–**	–	**71%**	71%	Provision of loan guarantee service
Chengdu City Yingqiang Pawn Shop Co. Ltd. (成都市映強典當有限責任公司)*	The PRC	**RMB5,000,000**	RMB5,000,000	**–**	–	**71%**	71%	Provision of bridge financing service
Chongqing City Rongzhong Credit Guarantee Co. Ltd. (重慶市融眾信用擔保有限公司)*	The PRC	**RMB60,000,000**	RMB60,000,000	**–**	–	**71%**	71%	Provision of loan guarantee service
Chongqing Goldbond Pawn Shop Co. Ltd. (重慶金榜典當有限公司)*	The PRC	**RMB10,000,000**	RMB10,000,000	**–**	–	**71%**	71%	Provision of bridge financing service
Famous Apex Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**–**	–	**100%**	100%	Provision of financing service loan
Flourish Global Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**100%**	100%	**–**	–	Investment holding
Goldbond Management (Shanghai) Co. Ltd. (金榜商務咨詢（上海）有限公司)**	The PRC	**HK$5,000,000**	HK$5,000,000	**–**	–	**100%**	100%	Provision of management service

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital		Proportion of ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		2009	2008	**2009**	2008	**2009**	2008	
Guangzhou City Rongzhong Credit Guarantee Co. Ltd. (廣州市融眾信用擔保有限公司)*	The PRC	**RMB99,900,000**	RMB99,900,000	**–**	–	**71%**	71%	Provision of loan guarantee service
Hangzhou Rongzhong Guarantee Co. Ltd. (杭州融眾擔保有限公司)*	The PRC	**RMB50,000,000**	RMB50,000,000	**–**	–	**71%**	71%	Provision of loan guarantee service
Hunan Rongzhong Investment Guarantee Co. Ltd. (湖南融眾投資擔保有限公司)*	The PRC	**RMB50,000,000**	RMB50,000,000	**–**	–	**71%**	71%	Provision of loan guarantee service
Jiangsu Rongzhong Investment Guarantee Co. Ltd. (江蘇融眾投資擔保有限公司)*	The PRC	**RMB50,000,000**	RMB50,000,000	**–**	–	**71%**	71%	Provision of loan guarantee service
Jiangsu Rongzhong Pawn Shop Co. Ltd. (江蘇融眾典當有限公司)*	The PRC	**RMB10,000,000**	RMB10,000,000	**–**	–	**71%**	71%	Provision of bridge financing service
Master Profit Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**100%**	100%	**–**	–	Investment holding
Metro Fair Investments Limited	Hong Kong	**HK$2**	HK$2	**–**	–	**100%**	100%	Property investment
On Speed Management Limited	Hong Kong	**HK$2**	HK$2	**100%**	100%	**–**	–	Property management
Perfect Honour Limited	British Virgin Islands/ Hong Kong	**US$1**	US$1	**100%**	100%	**–**	–	Investment holding
Perfect Manor Limited	Hong Kong	**HK$2**	HK$2	**–**	–	**100%**	100%	Property investment
Rongzhong Enterprise Management (Shenzhen) Co. Ltd. (融眾企業管理（深圳）有限公司)**	The PRC	**HK$439,660,000**	HK$439,660,000	**–**	–	**71%**	71%	Provision of management service
Rongzhong Group Limited	British Virgin Islands/ Hong Kong	**US$26,000,000**	US$26,000,000	**–**	–	**71%**	71%	Investment holding

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43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital 2009	Particulars of issued and paid up capital/ registered capital 2008	Proportion of ownership interest held by the Company Directly 2009	Directly 2008	Indirectly 2009	Indirectly 2008	Principal activities
Rongzhong International Financial Leasing Co. Ltd. (融眾國際融資租賃有限公司)*#	The PRC	**US$10,000,000**	–	**–**	–	**71%**	–	Provision of finance lease service
Rongzhong Investment Group Limited (融眾投資集團有限公司)**	The PRC	**RMB500,000,000**	RMB500,000,000	**–**	–	**71%**	71%	Investment holding
Taizhou Rongzhong Venture Investment Co. Ltd. (泰州融眾創業投資有限公司)*#	The PRC	**RMB30,000,000**	–	**–**	–	**54.43%**	–	Provision of bridge financing service
Wuhan City Rongzhong Investment Guarantee Co. Ltd. (武漢市融眾投資擔保有限公司)*	The PRC	**RMB100,000,000**	RMB100,000,000	**–**	–	**71%**	71%	Provision of loan guarantee service
Wuhan Fuyuan Pawn Shop Co. Ltd. (武漢福源典當有限公司)*	The PRC	**RMB10,000,000**	RMB10,000,000	**–**	–	**71%**	71%	Provision of bridge financing service
Wuhan Hanyang Pawn Shop Co. Ltd. (武漢瀚洋典當有限公司)*	The PRC	**RMB10,000,000**	RMB10,000,000	**–**	–	**71%**	71%	Provision of bridge financing service
Wuhan Rongzhong Management Co. Ltd. (武漢融眾咨詢管理有限公司)*	The PRC	**HK$50,000,000**	HK$50,000,000	**–**	–	**71%**	71%	Provision of management service
Wuhan Rongzhong Investment Management Co. Ltd. (武漢融眾投資管理有限公司)*#	The PRC	**RMB20,000,000**	–	**–**	–	**71%**	–	Investment holding
Wuhan Rongzhong Pawn Shop Co. Ltd. (武漢融眾典當有限公司)*	The PRC	**RMB49,000,000**	RMB49,000,000	**–**	–	**71%**	71%	Provision of bridge financing service

* a limited liability company established in the PRC

** a wholly foreign-owned enterprise established in the PRC

PRC companies established during the year

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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