金榜集團控股有限公司

GOLDBOND GROUP HOLDINGS LIMITED

Annual Report 2006/07

Stock Code: 172

Contents

Company Milestones

To be a Mainland Consumer Finance Provider...

2003	Jan	:	Change of substantial shareholders of the Company
	May	:	Change of Company name to Goldbond Group Holdings Limited
	Dec	:	Acquisition of 25% interests in Nanjing City Plaza
2004	Nov	:	Acquisition of Rongzhong which is a platform of loan guarantee business in the PRC
	Nov	:	Acquisition of 20% interests in Goldbond Capital
2006	Jan	:	Pawn shop license granted in Wuhan
	Aug	:	Line up with China Merchant bank to issue credit cards in Chengdu, Wuhan and Hangzhou
2007	Feb	:	Disposal of Golden Plaza in Hong Kong at approximately HK$530 million
	Mar	:	Disposal of 25% interests in Nanjing City Plaza at approximately HK$125 million
	Apr	:	Appointment of Mr. Wang Jun as Chairman
	May	:	Acquisition of 2nd pawn shop in Wuhan
	Jun	:	Acquisition of 3rd pawn shop in Wuhan
	Jun	:	Negotiating, acquiring or incorporating three to five pawn shops in other cities in the PRC (Chongqing, Nanjing, Chengdu, Xian, Shijiazhuang)
	Jul	:	Disposal of 20% interests in Goldbond Capital at approximately US$10.25 million (equivalent to approximately HK$80 million)

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. Ip Yin Wah
Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki

AUDIT COMMITTEE

Mr. Ip Yin Wah *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki

REMUNERATION COMMITTEE

Mr. Ip Yin Wah *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Kee Wah Sze

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITORS

Messrs. 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
46th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS

Iu, Lai & Li
Michael Cheuk, Wong & Kee
Orrick Coudert

PRINCIPAL BANKERS

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

WEBSITES

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

STOCK CODE

0172

Board of Directors

Mr. Wang Jun, aged 66, is the Chairman and executive Director of the Company. He was the former Chairman of CITIC Group in Beijing, Mr. Wang is currently the chairman of Poly (Hong Kong) Investments Limited and CITIC 21CN Company Limited, the honorary chairman of HKC (Holdings) 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 57, 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 years of worldwide experience in the procurement and logistics of consumer products. He is an international entrepreneur of repute and was the co-founder and chief executive officer 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, 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.

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, Allied Luck Trading Limited, Grace Honour Ltd, Goldbond Capital Investment Holdings Limited, Golden Cloud Holdings Group Limited and Legend (Asia Pacific) Investment Limited, all being companies which had interests in the shares or underlying 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 37, is the Deputy Chief Executive Officer of the Company. He joined the Company in January 2004 and oversees all business operations and compliance issues of the Group. Mr. Ding has been in the investment, audit and finance industries for more than 15 years and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. Prior to joining the Company, Mr. Ding was the managing director of Cheung Tai Hong Holdings Limited (now known as Macau Prime Properties Holdings Limited) and the executive director of 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 44, 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. He is also a non-executive director of Prime Investments Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange.

Board of Directors

Mr. Kee Wah Sze, aged 59, 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 years of experience in legal field and has extensive legal practice in commercial and corporate laws both in Hong Kong and the PRC.

As at the date of this report, Mr. Kee is also a director of Ace Solomon Investments Limited, Grace Honour Limited, Goldbond Capital Investment Holdings Limited and Legend (Asia Pacific) Investment Limited, all being companies which had substantial shareholders' discloseable interests.

Mr. Xie Xiao Qing, aged 46, has been an executive Director since April 2007. He is a director of the subsidiaries of Rongzhong Group Limited ("Rongzhong") in the PRC and supervises the business of the group of Rongzhong. Mr. Xie is also the chairman of Wuhan Pawn Association and the guest professor of the Management Technology College of the Hubei University of Economy. Mr. Xie graduated from Hubei Technology Institute in the PRC.

Miss Wong, Michelle Yatyee, aged 26, 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 United States of America ("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 Golden Cloud Holdings Group Limited, Goldbond Capital Investment Holdings Limited, Legend (Asia Pacific) Investment Limited and Wah Link Investments Limited, all being companies which had substantial shareholders' discloseable interests.

Mr. Ip Yin Wah, aged 60, joined the Company as an independent non-executive Director and the chairman of the Company's audit committee in September 2004. He is also the chairman of the Company's remuneration committee. Mr. Ip is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a fellow of Certified Practising Accountants Australia and an associate member of the Institute of Chartered Secretaries and Administrators. He is the sole proprietor of Y. W. Ip & Company, a firm of certified public accountants practicing in Hong Kong. Mr. Ip has more than thirty-four years of executive experience in public accountancy.

Mr. Ma Ho Fai SBS JP, aged 55, 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. Mr. Ma is a member of the 9th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference.

Mr. Melvin Jitsumi Shiraki, aged 61, 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 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.

Business Review

2006/07 is a challenging year for the Group, the disposal of Golden Plaza at HK$530 million (sales and purchase agreement was signed in February 2007 and the transaction was completed in May 2007) firmly acknowledged management's decision of renovation and refurbishment work done in 2004. The value of Golden Plaza increased 42% from HK$370 million as at 31 March 2004 to HK$525 million as at 31 March 2007. Despite the immense growth in the property development market, the Group believes that additional investment in its financial service business will be a long term strategic move. In March 2007, the Group entered into an agreement to dispose of its 25% interests in Nanjing City Plaza Construction Co. Limited ("NCPC") at HK$125.3 million, the transaction was completed in June 2007. In July 2007, the Group also entered into a conditional sales and purchase agreement for disposal of its 20% interest in Goldbond Capital Holdings Limited at approximately US$10.25 million. Leveraging on the Group's expertise and extensive network in the PRC, the Group will further venture in the PRC consumer finance market with propitious prospects. As it is the Group's intention to further advance and expatiate its consumer finance business in the PRC, the Group has acquired 3 pawn shops and is currently negotiating through ways of acquisition or incorporation of up to five more pawn shops throughout other PRC cities.

RESULTS AND DIVIDEND

Turnover of the Group for the year ended 31 March 2007 was approximately HK$59,654,000 (including the turnover relating to discontinued operation) (2006: HK$39,962,000), an increase of 49% over last year mainly due to the increase in income from consumer finance business. The increase in fair value of the Group's investment properties and the operating profit from leasing of investment properties were partly offset by the loss from consumer finance business, resulting in a profit after tax of approximately HK$48,703,000 (2006: HK$3,861,000).

The Board do not recommend the payment of dividend in respect of the year ended 31 March 2007 (2006: Nil).

BUSINESS REVIEW

The principal businesses of the Group during the year were property development and investment and provision of financial services in Hong Kong and the PRC. After the completion of the disposal of Golden Plaza and Nanjing International Center ("NIC"), the Group will concentrate on financial services business in the foreseeable future.

Property development and investment

Golden Plaza, Hong Kong

The rental income derived from Golden Plaza in Hong Kong (after outgoings) for the year under review was approximately HK$28,621,000 (2006: HK$25,831,000), an increase of 11% over last year. Golden Plaza's concept of one-stop shopping experience provides a well established niche market for wedding businesses, hence, resulting in consistent occupancy. The Group owned more than 90% in aggregate from the basement to the 3rd floor of Golden Plaza. As at 31 March 2007, the market value of Golden Plaza was HK$525,000,000 supported by independent professional valuer, comprising an increase of HK$66,300,000 comparing to the carrying value of HK$458,700,000 as at 31 March 2006. In February 2007, a sales and purchase agreement was entered into for disposal of Golden Plaza at HK$530,000,000, the transaction was completed in May 2007.

Nanjing International Center, Nanjing

The Group's jointly controlled entity, NCPC, has a 67% equity interest in Nanjing International Group Limited ("NIG") a joint stock limited liability company incorporated in the PRC which is developing NIC in Nanjing, the PRC. NIC was awarded the "China's Top 10 Landmark Architectures in 2004" by the "China's Top 10 Real Estate" Research Group set up jointly by the Development Research Center of the State Council, the Real Estate Research Center of Tsinghua University and the Index Research Center.

During the year, the construction of Phase I of NIC had not been completed. In March 2007, a sales and purchase agreement was entered into for disposal of the Group's interest in NCPC at HK$125.3 million, the transaction was completed in June 2007. The Board was of the view that the disposal represented a good opportunity for the Group to dispose of NCPC at a premium to its book value and to avoid further capital commitment in this non-core business of the Group. The disposal would also strengthen the Group's financial position to allow the Group to take on other prosperous business opportunities with additional capital received from the disposal, including, but not limited to, further investments in the financial services businesses.

Financial services

Rongzhong Group Limited ("Rongzhong")

The Group had a 51% equity interest in Rongzhong as at 31 March 2007. For the year ended 31 March 2007, Rongzhong and its subsidiaries ("Rongzhong Group") contributed a turnover of approximately HK$24,876,000 and a loss of approximately HK$31,665,000 (2006: HK$8,091,000 and HK$27,976,000 respectively). The loss for the year was partly due to the recognition of deferred income during the financial year ended 31 March 2007 for certain guarantee contracts. As at 31 March 2007, deferred income of the Group amounted to HK$19,618,000 which was to be recognized in the forthcoming 3 financial years.

During the year, the Chinese Government was promoting on domestic spending, versus exports for economic growth, hence, the local banks were more aggressive in expanding the related consumer finance business. In addition, there is enormous demand for loan guarantee as it is very difficult for PRC individuals to obtain loans without sufficient collateral and/or suitable guarantee, as a result, increasing Rongzhong's turnover. Furthermore, through effective management and internal controls, Rongzhong was able to maintain its expenses at a minimum level; together with increase in turnover, Rongzhong was able to breakeven for the month of December 2006 and making a profit starting from January 2007.

In March 2007, the Group and other shareholders of Rongzhong entered into a subscription agreement pursuant to which all shareholders conditionally agreed to subscribe and Rongzhong conditionally agreed to allot and issue of 25,999,900 new shares on a pro rata basis at the subscription consideration of approximately HK$202,799,000. The transaction was completed in April 2007. The subscription allowed the Group to inject capital in Rongzhong to further tap into the PRC consumer finance market and facilitate the operation of the Rongzhong. In May 2007, the Group further entered into a loan agreement with Rongzhong, pursuant to which the Group conditionally agreed to advance a HK$60 million loan to Rongzhong as general working capital at interest rate of 16% per annum. The transaction was completed in June 2007. As at July 2007, the Group is operating 3 pawn shops in Hubei Province and was engaging in the negotiation of incorporating or acquiring up to 5 additional pawn shops in Chengdu, Chongqing, Shenzhen, Changsha and Jiangsu respectively.

Business Review

1. Loan Guarantee

Rongzhong Group carries on loan guarantee business in seven cities in the PRC, namely Chengsha, Chengdu, Chongqing, Wuhan, Guangzhou, Nanjing and Hangzhou, principally engaging in the provision of guarantee and related services for individuals in relation to the following major types of loans: (1) consumable purchase; (2) educational fund; (3) residential renovation; (4) travel and wedding; (5) mobile phones; (6) motor vehicle, (7) real estate property and (8) sole proprietor working capital. The total guarantee amount of Rongzhong Group granted during the year under review amounted to approximately RMB1,510,131,000 (2006: RMB260,000,000). 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

After a long period of the operational reorganization and business fine tuning, guarantee business achieved breakeven and began contributing to the Group’s profits starting from December 2006. The guaranteed loan size reached approximately RMB1,452,000,000 for the period from January to May 2007.

2. Secured Consumer Finance (Pawn Shop)

Rongzhong Group was granted a pawn shop license in Wuhan City the PRC by the Ministry of Commerce of the PRC in January 2006. Wuhan Rongzhong Pawn Company Limited was then established in March 2006, and is engaged in the provision of secured consumer finance services. Types of collateral approved under 典當管理辦法 ("the Dian Dang Administration Rules") include, but not limited to, motor vehicles, real estate properties, machines, financial instruments and jewellery etc. According to the "Dian Dang Administration Rules", incomes generated from the pawn shop loans comprise of interest and handling fee. Interest income is determined with reference to the respective interest rate quoted from time to time by The People's Bank of China and the handling fees are charged at up to 4.2% per month. For the year ended 31 March 2007, total loans granted by Wuhan Rongzhong Pawn Company Limited amounted to RMB410,868,000 (2006: RMB1,062,000). The pawn shop loan portfolio continue to achieve a high yield averaging at above 4% per month. The loan demand was increasing continuously and the total loan granted for the period from January to May 2007 was approximately RMB400 million. In February 2007, Rongzhong entered into an agreement to acquire Hanyang Pawn Company Limited ("Hanyang"), the second pawn shop in Wuhan, the acquisition was completed in May 2007. (As at 31 May 2007, Rongzhong maintain a loan portfolio of approximately RMB180 million under 2 pawn shops.) The acquisition of Fu Yuan Pawn Company Limited was completed in July 2007. In June 2007, Rongzhong Group had submitted the application for the incorporation of two additional pawn shops in Chongqing and Jiangsu. In addition, the Group is negotiating, among others, to acquire more pawn shops in Chengdu, Changsha and Shenzhen. The Directors believe that investment in financial services industry will be a long term strategic move for the Group, leveraging on the Group's expertise and strong network in PRC. The Group plans to operate at least one pawn shop in each of the 7 cities that we are providing guarantee services.

3. Credit Cards

To capitalize on the existing platform and network, Rongzhong Group had lined up with China Merchants Bank ("CMB") to issue credit cards with installment loan feature. In August 2006, the first stage of this operation was launched in three of Rongzhong's operating cities, namely: Chengdu, Wuhan, Hangzhou. Currently, this operation is still at its trial stage in order for CMB and Rongzhong Group to adapt to the operation flow, to explore co-operating merchants and to develop a diligent information technology platform tailored for this exclusive operation.

With a well-recognized brand reputation and solid foundation in the scope of business, Rongzhong will continue to expand related consumer finance business to other mainland cities when opportunities arise.

Business Review

Goldbond Capital Holdings Limited ("Goldbond Capital")

As at 31 March 2007, the Group had a 20% equity interest in Goldbond Capital, which contributed a profit after tax of approximately HK$6,061,000 (2006: HK$5,784,000) during the year under review. Goldbond Capital is principally engaged in the provision of investment and financial-related services, including but not limited to securities and futures trading, distribution and placement of listed and unlisted securities, financial advisory, initial public offering and asset management.

During the year, Goldbond Capital acted as sponsor, lead underwriter and co-manager for a number of initial public offer of shares, including Winbox International (Holdings) Limited, Fufeng Group Limited and Hong Long Holdings Limited. Goldbond Capital also acted as placing agent for fund raising exercises, such as placement of shares of Orient Resources Group Company Limited, Wing Shing International and INNOMAXX Biotechnology Group. In July 2007, the Group entered into a conditional agreement to dispose of the entire interest in Goldbond Capital at a consideration of approximately US$10.25 million (equivalent to HK$80 million). The Directors are of the view that the disposal would have a positive impact on the earnings of the Group. The disposal will also strengthen the Group's financial position to allow the Group to take on other business opportunities with the new capital received from the disposal.

Resources investment

In September 2006, Rongzhong entered into an acquisition agreement (the "Acquisition Agreement") with independent third parties, pursuant to which Rongzhong should purchase the entire equity interest in Shen Nong Jia Zhiyue Mining company Limited ("Zhiyue") at a consideration of RMB30,000,000. Zhiyue owns the exploration rights to a natural phosphorous mine located at Hubei Province, the PRC with area of approximately 8.22 square kilometers. Phosphate rock is an important commercial source of phosphorus, which is used in applications such as production of fine china, laundry detergents and most importantly, the production of phosphate fertilizers for agricultural uses. In December 2006, the Acquisition Agreement was terminated as the vendor required extra time to complete the technical expert report required. However, Rongzhong was granted an exclusive right for a period of 28 months from the date of termination to acquire the Mine from the vendor at the same terms and conditions as the Acquisition Agreement.

Future plan

In April 2007, Mr. Wang Jun, the renowned former Chairman of CITIC Group, joined the Company as the Chairman and Executive Director. The business development of the Group will definitely be benefited from Mr. Wang's impeccable business network. In view of the substantial growth in Hong Kong and the PRC economy, together with the immense business opportunities offered by the 2008 Olympic Game in Beijing, the Group will grasp the opportunity to focus and expand its strategic business developments in the financial service industries. As additional pawn shops come into operation, extra financial resources are required. Accordingly, the disposal of Golden Plaza, NIC and Goldbond Capital would allow the Group to conglomerate its resources to further venture in financial service and other prosperous opportunities.

Financial Review

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2007, the Group had secured mortgage borrowings of HK$151,006,000 (2006: HK$164,580,000) which bear interest with reference to HIBOR (Hong Kong Inter-bank Offered Rate) or the best lending rate offered by the Group's principal banks and will be repayable by installments till 2013. The aforesaid mortgage borrowing had been fully repaid in May 2007 after the completion of disposal of Golden Plaza. The Group has other secured banking facilities of HK$116,000,000 and RMB90,000,000 (2006: HK$116,000,000) granted by several banks in Hong Kong and the PRC, which were secured by the properties, pledged deposits of approximately US$2,573,000 and RMB4,007,000 plus its interest thereupon, a floating charge over the assets of a subsidiary of the Company, and a corporate guarantee and certain properties of related companies. All these banking facilities bore interest with reference to the HIBOR or rate offered by the People's Bank of China and were utilized up to HK$32,000,000 and RMB59,050,000 respectively as at 31 March 2007 (2006: HK$48,500,000).

As at 31 March 2007, the Group had amounts due to a related company in the principal amount of US$2,500,000, HK$22,400,000 and RMB5,000,000 respectively (2006: HK$20,000,000 and RMB5,000,000), which bear interest with reference to the best lending rates offered by the Group's principal banks or the federal reserve target rate offered by the Federal Open Market Committee of the United States of America, and were unsecured and repaid in full in April 2007. Besides, the Group had amounts due to minority shareholders in the principal amount of RMB15,000,000 and HK$3,000,000 respectively (2006: RMB15,000,000 and HK$3,000,000), which bore interest with reference to the best lending rates offered by the Group's principal banks, and were unsecured and repaid in full in April 2007. At present, the Group has not used any derivative to hedge against the interest rate risk exposure.

In August 2004, the Company issued convertible notes with a nominal value of HK$70,000,000 to a related company with a maturity date on 5 August 2007. The notes are interest free and may be converted into ordinary shares of the Company at a conversion price of HK$0.17 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the notes shall be converted into 411,764,705 ordinary shares of the Company.

In December 2004, the Company issued convertible notes with a nominal value of HK$30,000,000 to another related company with a maturity date on 5 August 2007. The notes are interest free and may be converted into ordinary shares of the Company at a conversion price of HK$0.129 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the notes shall be converted into 232,558,140 ordinary shares of the Company.

The convertible notes were split into liability and equity components. As at 31 March 2007, the liability component amounted to HK$97,038,000 (2006: HK$88,904,000).

The Group had maintained adequate liquidity with cash and bank balances and cash of HK$46,392,000 (2006: HK$26,292,000). The gearing ratio as at 31 March 2007, measured as total liabilities to total assets, was 54.55% (2006 (restated): 52.59%).

The Group's transaction, monetary assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and Renminbi. With relatively stable exchange rates of Renminbi to Hong Kong dollar and Hong Kong's linked exchange rate between United States dollar and Hong Kong dollar, the Group's exposure to foreign exchange risk remained low.

Financial Review

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2007, the Group's banking facilities were granted by several banks in Hong Kong and the PRC, which are secured by the following:

(a) certain investment properties of the Group with an with an aggregate carrying value of HK$520,500,000 (2006: HK$454,900,000) and assignment of the rental income derived therefrom;

(b) a charge over the shares of Perfect Manor Limited, a wholly owned subsidiary of the Company, together with the subordination of the Company's loans to Perfect Manor Limited;

(c) a corporate guarantee of HK$200,000,000 issued by the Company;

(d) pledged deposit of US$2,573,000 (2006: US$2,597,000) equivalent to approximately HK$20,070,000 (2006: HK$20,261,000), and RMB4,007,000 (2006: Nil) equivalent to approximately HK$4,007,000 (2006: Nil);

(e) floating charges over interest in subsidiaries and certain assets of Rongzhong with an aggregate carrying value of HK$96,660,000 and HK$47,437,000 respectively (2006: HK$96,660,000 and HK$20,162,000); and

(f) the properties held for sale of the Group with an aggregate carrying value of RMB8,010,000 (2006: RMB7,340,000) equivalent to approximately HK$8,010,000 (2006: HK$7,634,000).

As at 31 March 2007, the guarantee facilities granted to the Group was secured by the security deposits in an aggregate of approximately HK$37,969,000 (2006: HK$18,848,000).

CONTINGENT LIABILITIES

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

(a) The Group has given a guarantee of US$3,750,000, equivalent to approximately HK$29,250,000 (2006: US$3,750,000, equivalent to approximately HK$29,250,000) in respect of banking facilities granted to jointly controlled entity, the Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. Upon the Disposal as detailed in Note 13, the Group's obligation as guarantor was subsequently released or discharged.

(b) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000 equivalent to approximately HK$148,977,000 (2006: RMB148,977,000, equivalent to approximately HK$143,247,000) borrowed by a jointly controlled entity.

    Pursuant to such agreements, the Group has taken on the funding undertaking and buy-back undertakings, details of which were set out in the Company's circular dated 14 June 2005. All these undertakings are in aggregate subject to a maximum of 16.7% of the outstanding amounts and any other associated costs from time to time in respect of such loan, under which the Group will, pursuant to the agreements, purchase the residential units in the North Tower of Phase I of Nanjing International Center at RMB5,000 per square meter or, if required by the bank, and arrange a refinancing facility. Upon the completion of the Disposal as detailed in Note 13, the Group's obligation as guarantor was subsequently released or discharged.

(c) The Group has contingent liabilities in respect of guarantees granted under the financial services business of approximately RMB822,726,000, equivalent to approximately HK$822,726,000 (2006: RMB142,397,000 equivalent to approximately HK$136,920,000) in relation to the provision of the guarantee services in the PRC.

(d) The Company has given a guarantee of HK$200,000,000 to a bank to secure a bank loan on behalf of its subsidiary.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2007, the Group's total number of staff was approximately 585 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.

Five-year Financial Summary

RESULTS

	Year ended 31 March				
	2007	2006	2005	2004	2003
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Turnover	**59.7**	40.0	24.7	23.4	23.2
Profit (loss) before taxation	**38.2**	13.0	34.8	33.5	(71.0)
Taxation	**10.5**	(9.1)	(7.7)	(6.5)	1.2
Profit (loss) attributable to shareholders	**48.7**	3.9	27.1	27.0	(69.8)

ASSETS AND LIABILITIES

	As at 31 March				
	2007	2006 (Re-stated)	2005	2004	2003
	HK$ Million	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Total assets	**911.3**	754.1	628.9	519.5	366.9
Total liabilities	**(497.1)**	(396.6)	(308.8)	(220.5)	(227.5)
	414.2	357.5	320.1	299.0	139.4

The financial information for the year ended 31 March 2006 has been restated to reflect the effect of changes in accounting policies as described in Notes 2 and 3 to the consolidated financial statements. The financial information for the years ended 31 March 2003, 2004 and 2005 has not been adjusted.

Major Properties

Particulars of major properties as at 31 March 2007 are as follows:

A. (i) NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Location	Inland lot number	Tenure of lease	Existing use	Group's interest
Various shop units on the basement, ground, first, second and third floors and the exterior walls of Golden Plaza 745-747 Nathan Road Mongkok Kowloon Hong Kong	23,380/27,452nd shares of and in Section A, Section B and the remaining portion of Kowloon Inland Lot No. 2087 and Kowloon Inland Lot No. 2169	Long term	Retail shops	100%

(ii) PROPERTIES UNDER DEVELOPMENT

Location	Site area (square meter)	Gross floor area (square meter)	Use	Stage of completion	Expected date of completion	Group's effective interest
Nanjing International Center Tongjia Avenue (North) Zhongyanlu (West) Zhongyanmen Jiedao Gulou District Nanjing the PRC	32,481	Phase I – 227,000	Residential	Superstructure completed	2008	16.74%
			Office	Superstructure completed		
			Hotel	Superstructure completed		
			Shopping mall	Superstructure completed		
		Phase II – 245,000	Residential, office, hotel and shopping mall	Planning stage	2010	16.74%

B. PROPERTIES HELD FOR SALE

Location	Site area (square meter)	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	51%
Guizi Garden Basement, Building 9-10 No. 428 Xiongchu Avenue Hongshan District Wuhan the PRC	–	2,683	Car park	51%

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 2007 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"), except for certain deviations as specified with considered reasons for such deviations as explained below under the paragraph headed "Board of Directors".

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.

As at the date of this report, the Board consists of seven executive Directors and three independent non-executive Directors where two executive Directors, namely, Mr. Wang Jun ("Mr. Wang"), our Chairman, and Mr. Xie were newly appointed subsequent to 31 March 2007. Biographies of the Directors, and their respective roles in the Board and the committees are set out on pages 4 and 5 respectively. The information is also available on the Company's websites.

According to the Company's articles of association (the "Articles"), at every annual general meeting, one-third of the Directors (including non-executive Directors) for the time being, or if their number is not a multiple of three then the nearest number to but not less than one-third of the Directors shall retire from office (as amended in the annual general meeting held in 2006). Directors who are appointed by the Board must retire at the first annual general meeting after their appointment, and shall be eligible for re-election at that annual general meeting.

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. All 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.

Corporate Governance Report

Mr. Wang, the Chairman of the Company, with the assistance of the Deputy Chairman and Chief Executive Officer of the Company, oversees the overall management and operations of the Company. Major responsibilities include approving the Company's overall business, financial and technical strategies, approving budgets and major expenditures, supervising and scrutinizing the performance of management. The Chairman has delegated the responsibility for drawing up the 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.

Pursuant to the CG Code, roles of chairman and chief executive officer should be separate. The Board considered the Company has complied with this code since Mr. Wang has joined the Company.

Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer who is delegated with the authority and responsible for running the Group's business, and implementation of the Group's strategy in achieving the overall commercial objectives.

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 four 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.

Corporate Governance Report

REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS

The Remuneration Committee meets at least once a year. Details of its composition are set out on page 3 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 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 11 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 36 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 3 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 six 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 laws 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.

During the Year and up to the date of this report, the Board appointed three additional executive Directors to meet the business needs of the Company.

DIRECTORS'/COMMITTEE MEMBERS' ATTENDANCE

Name of Directors during the Year	Number of meetings attended/held while being a Director/committee member during the Year: Board	Audit Committee	Remuneration Committee
Executive Directors			
Mr. Wong Yu Lung, Charles	3/4		
Mr. Ding Chung Keung, Vincent	4/4		
Mr. Lan Ning	1/4		
Mr. Kee Wah Sze	4/4		0/1
Independent Non-Executive Directors			
Mr. Ip Yin Wah *(Chairman of both Audit Committee and Remuneration Committee)*	4/4	6/6	1/1
Mr. Ma Ho Fai SBS JP	4/4	6/6	1/1
Mr. Melvin Jitsumi Shiraki	1/4	5/6	

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.

Corporate Governance Report

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following connected transactions and continuing connected transactions, details of which are set out below:

(1) On 28 April 2006, a subsidiary of the Company, as the tenant, and Wah Link Investments Limited ("Wah Link"), as the landlord, whereby the Company 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 2006 at a monthly rental of HK$22,000 (exclusive of management fees, rate, government rent and operating expenses (the "Lease")).

Wah Link is beneficially owned by the spouse of 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. Pursuant to the Listing Rules, the Lease constituted continuing connected transaction for the Company. Details of which were announced on 28 April 2006.

(2) On 18 March 2007, the Company entered into a conditional sale and purchase agreement (the "Agreement") with Bateson Investment Limited (the "Purchaser"), a company interested in 50% of 南京國際商城建設有限公司 (Nanjing City Plaza Construction Co. Ltd. ("Nanjing City Plaza")) at the time entering into the Agreement. Pursuant to the Agreement, the Company agreed to sell to the Purchaser the entire issued share capital of, and loan to, a wholly-owned subsidiary of the Company, which was interested in 25% of Nanjing City Plaza, at a total consideration of approximately HK$125.3 million (the "Disposal"). On the same day, Wah Link also entered into a conditional sale and purchase agreement with the Purchaser to dispose of the entire issued share capital of, and loan to, its wholly-owned subsidiary which was interested in 25% of Nanjing City Plaza. Pursuant to the Listing Rules, the Disposal constituted connected transaction for the Company. Details of the above were announced on 28 Mach 2007 and the Disposal was completed on 6 June 2007.

(3) On 20 March 2007, Perfect Honour Limited ("Perfect Honour"), a wholly-owned substantial of the Company, entered into an agreement with Mr. Xie Xiao Qing (a substantial shareholder of Rongzhong Group Limited ("Rongzhong"), a 51% owned subsidiary of the Company, and a Director appointed on 10 April 2007) and the other shareholder of Rongzhong in relation to a subscription of shares in Rongzhong, on a pro-rata basis, at the subscription consideration of HK$103,427,602.2, HK$89,231,656.8 and HK$10,139,961 respectively (the "Subscription"). Since Mr. Xie Xiao Qing is a connected person of the Company, the Subscription constituted a connected transaction for the Company. Details of the above were announced on 28 March 2007 and the Subscription was completed on 23 April 2007.

In addition, the following continuing connected transaction of the Company is subject to annual review requirement under the Listing Rules:

(4) On 25 January 2006, the Company agreed to provide Goldbond Capital an unsecured revolving facility in the amount of up to HK$40,000,000 for a term of three years and an agreement has been entered between the parties.

Mr. Kee Wah Sze, a Director and a connected person of the Company, was indirectly beneficially interested in approximately 41.63% of Goldbond Capital as at the date of such agreement. Pursuant to the Listing Rules, the transaction constituted continuing connected transaction of the Company. Details of which were announced on 26 January 2006.

The continuing connected transactions as stated in point no. 1 and 4 above 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 auditors of the Company had also confirmed in writing that the continuing connected transactions as stated in point no. 1 and 4 above:

(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 amount 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 43 to the financial statements.

Corporate Governance Report

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 Auditors 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 32.

AUDITORS' REMUNERATION

The remuneration for the Year in respect of audit and non-audit services paid to the Company's auditors amounted to approximately HK$1,805,000 and approximately HK$712,000 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 auditors, 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.

Directors' Report

The Directors have pleasure in submitting 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 44 on the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of the Group's and the Company's affairs as at 31 March 2007 are set out in the financial statements on pages 33 to 92.

The Directors did not recommend the payment of a dividend in respect of the Year (2006: Nil).

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 8 on the financial statements.

SUMMARY OF 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 14 of this annual report.

INVESTMENT PROPERTIES AND PLANT AND EQUIPMENT

Details of movements in investment properties and plant and equipment of the Group and the Company are set out in Notes 16 and 17 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

Movements during the Year in the reserves of the Group and the Company are set out in Note 35 to the financial statements.

As at 31 March 2007, the Company had no distributable reserve as calculated under Section 79B of the Hong Kong Companies Ordinance.

BANK LOANS

Particulars of bank loans of the Group and the Company as at 31 March 2007 are set out in Note 29 of the financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in Note 33 to the financial statements.

Directors' Report

CONVERTIBLE NOTES

Details of the convertible notes are set out in Note 30 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover and purchases attributable to the Group's five largest customers and suppliers respectively were both less than 30% during the Year.

CHANGE IN AUDITORS

The Company changed its auditors 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 4 on the financial statements.

DIRECTORS AND SERVICE CONTRACTS

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

Executive Directors

Mr. Wang Jun	(appointed on 2 April 2007)
Mr. Wong Yu Lung, Charles	
Mr. Ding Chung Keung, Vincent	
Mr. Lan Ning	
Mr. Kee Wah Sze	
Mr. Xie Xiao Qing	(appointed on 10 April 2007)
Miss Wong, Michelle Yatyee	(appointed on 1 February 2007)

Independent Non-Executive Directors

Mr. Ip Yin Wah
Mr. Ma Ho Fai SBS JP
Mr. Melvin Jitsumi Shiraki

Pursuant to articles 87, 117 and 118 of the Articles, Mr. Wong Yu Lung, Charles, Mr. Kee Wah Sze, Mr. Melvin Jitsumi Shiraki, Miss Wong, Michelle Yatyee, Mr. Wang Jun and Mr. Xie Xiao Qing shall retire from the Board at the forthcoming annual general meeting (the "Meeting"). All retiring Directors, being eligible, offer themselves for re-election at the Meeting. 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 Meeting 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 4 and 5 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 11 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the paragraph headed "Connected Transactions and Continuing Connected Transactions" on page 20 of this annual report and in Note 43 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 2007, 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 ordinary shares of HK$0.1 each (the "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 convertible notes of the Company	Approximate percentage of issued share capital of the Company
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Interest in controlled corporation	497,232,000 *(note 1 on page 28)*	–	–	29.70%
	Beneficial owner	–	16,000,000 *(note 1)*	–	0.96%
	Interest of spouse	–	–	411,764,705 *(note 3 on page 28)*	17.76% *(note 7 on page 28)*
Mr. Kee Wah Sze ("Mr. Kee")	Interest in controlled corporation	405,889,643 *(note 2)*	–	–	24.24%
	Beneficial owner	–	16,000,000 *(note 1)*	–	0.96%
	Interest in controlled corporation	–	–	232,558,140 *(note 5 on page 28)*	10.03% *(note 7 on page 28)*
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	2,600,000	–	–	0.16%
	Beneficial owner	–	24,000,000 *(notes 1 and 4)*	–	1.43%
Mr. Lan Ning ("Mr. Lan")	Beneficial owner	–	16,000,000 *(note 1)*	–	0.96%
Miss Wong, Michelle Yatyee ("Miss Wong")	Beneficial owner	–	16,000,000 *(note 5)*	–	0.96%
Mr. Ip Yin Wah ("Mr. Ip")	Beneficial owner	–	1,600,000 *(note 3)*	–	0.096%
Mr. Ma Ho Fai SBS JP ("Mr. Ma")	Beneficial owner	–	1,600,000 *(note 3)*	–	0.096%
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	Beneficial owner	2,100,000	–	–	0.13%
	Beneficial owner	–	1,600,000 *(note 3)*	–	0.096%

Directors' Report

Interests in ordinary shares of HK$1.0 each of the associated corporation, namely, Goldbond Capital Holdings Limited

Name of Director	Capacity	Number of shares	Approximate percentage
Mr. Kee	Interest in controlled corporation	75,000,000	50%

Notes:

1. On 8 November 2004, each of Messrs. Wong, Kee, Ding and Lan was granted 16,000,000 options under the share option scheme of the Company to subscribe for 16,000,000 Shares, exercisable at a price of HK$0.148 per Share during the period from 1 January 2007 to 7 November 2014.

2. Out of these Shares, 67,001,300 Shares were held by Canasia Profits Corporation (which was wholly owned by Mr. Kee) and 338,888,343 Shares were held by Ace Solomon Investments Limited (which was owned as to 89% by Mr. Kee and as to 11% by Mr. Wong).

3. On 29 July 2005, each of Messrs. Ip, Ma and Shiraki was granted 1,600,000 options under the share option scheme of the Company to subscribe for 1,600,000 Shares, exercisable at a price of HK$0.132 per Share during the period from 1 January 2007 to 28 July 2015.

4. On 7 July 2006, Mr. Ding was granted 8,000,000 options under the share option scheme of the Company to subscribe for 8,000,000 Shares, exercisable at a price of HK$0.210 per Share during the period from 1 January 2010 to 6 July 2016.

5. On 29 March 2007, Miss Wong was granted 16,000,000 options under the share option scheme of the Company 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.

All the interests stated above represent long positions.

Save for those disclosed above, at 31 March 2007, 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 pursuant to Part XV of the SFO or pursuant to the Model Code contained in 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 2007, 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 2007, 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	Number of underlying Shares of convertible notes of the Company	Approximate percentage of issued share capital of the Company
Allied Luck Trading Limited	Beneficial owner	497,232,000 *(note 1)*	–	–	29.70%
Mrs. Wong Fang Pik Chun ("Mrs. Wong")	Interest in controlled corporation	497,232,000 *(note 1)*	–	–	29.70%
	Interest of spouse	–	16,000,000 *(note 2)*	–	0.96%
	Interest in controlled corporation	–	–	411,764,705 *(note 3)*	17.76% *(note 7)*
Mrs. Kee Yip Yue Lin, Loolina ("Mrs. Kee")	Interest of spouse	405,889,643 *(note 4)*	–	–	24.24%
	Interest of spouse	–	16,000,000 *(note 2)*	–	0.96%
	Interest of spouse	–	–	232,558,140 *(note 5)*	10.03% *(note 7)*
Ace Solomon Investments Limited	Beneficial owner	338,888,343 *(note 6)*	–	–	20.24%
Wah Link	Beneficial owner	–	–	411,764,705 *(note 3)*	17.76% *(note 7)*
Golden Cloud Holdings Group Limited	Interest in controlled corporation	–	–	411,764,705 *(note 3)*	17.76% *(note 7)*
Mr. Wong Yu Hung, Davy	Interest in controlled corporation	–	–	411,764,705 *(note 3)*	17.76% *(note 7)*
Goldbond Capital Investment Holdings Limited	Beneficial owner	–	–	232,558,140 *(note 5)*	10.03% *(note 7)*
Legend (Asia Pacific) Investment Limited	Interest in controlled corporation	–	–	232,558,140 *(note 5)*	10.03% *(note 7)*
Grace Honour Limited	Interest in controlled corporation	–	–	232,558,140 *(note 5)*	10.03% *(note 7)*

Directors' Report

Notes:

1. These Shares were held by Allied Luck Trading Limited 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. and Mrs. Wong was respectively taken to have an interest in such Shares by virtue of their respective shareholding interests in Allied Luck Trading Limited.

2. As disclosed in Note 1 on page 26 of this report, each of Messrs. Wong and Kee was granted 16,000,000 options under the share option scheme of the Company to subscribe for 16,000,000 Shares. As such, each of Mrs. Wong and Mrs. Kee (the spouse of Mr. Kee) was respectively taken to have such interest in the underlying Shares under the provisions of the SFO.

3. These underlying Shares of a convertible note issued by the Company were owned by Wah Link and it is owned as to 99.9996% by Golden Cloud Holdings Group Limited and as to 0.0004% by Gold Choice Management Limited. Each of these companies is directly owned as to 51% by Mr. Wong Yu Hung, Davy, a family member of Mr. Wong and as to 49% by Mrs. Wong. As such, each of Golden Cloud Holdings Group Limited, Mrs. Wong and Mr. Wong Yu Hung, Davy was respectively taken to have an interest in the underlying Shares under the provisions of the SFO.

4. As disclosed in Note 2 on page 26 of this report, these Shares were owned by Mr. Kee. By virtue of the SFO, Mrs. Kee was deemed to be interested in such Shares.

5. These underlying Shares of a convertible note issued by the Company were owned by Goldbond Capital Investment Holdings Limited and it was wholly owned by Legend (Asia Pacific) Investment Limited, which in turn, was owned as to 90% by Grace Honour Limited (which was wholly owned by Mr. Kee) and as to 10% by Central Executive Limited (which was wholly owned by Mr. Wong). As such, each of Goldbond Capital Investment Holdings Limited, Legend (Asia Pacific) Investment Limited, Grace Honour Limited was respectively taken to have an interest in the underlying Shares. Mrs. Kee was also taken to have an interest in the underlying Shares under the provisions of the SFO.

6. Ace Solomon Investments Limited was owned as to 89% by Mr. Kee and as to 11% by Mr. Wong.

7. The approximate percentage was calculated assuming the issued share capital of the Company has been enlarged by the issue of Shares pursuant to the aforesaid convertible notes, but no other options or convertible notes (if any).

All the interests stated above represent long positions.

Save for those disclosed above, at 31 March 2007, 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 Company's share option scheme (the "Scheme") are set out in Note 36 to the financial statements.

Details of the share options granted under the Scheme and the outstanding options as at 31 March 2007 are as follows:

Movements of share options for the year ended 31 March 2007

Grantee	Date of grant	Exercise price (HK$)	Exercise period	Outstanding at 31/3/06	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/3/07	Note
Directors									
Mr. Wong	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	–	–	16,000,000	1
Mr. Ding	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	–	–	16,000,000	1
	7/7/2006	0.210	1/1/2010 – 6/7/2016	–	8,000,000	–	–	8,000,000	2
Mr. Kee	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	–	–	16,000,000	1
Mr. Lan	8/11/2004	0.148	1/1/2007 – 7/11/2014	16,000,000	–	–	–	16,000,000	1
Mr. Ip	29/7/2005	0.132	1/1/2007 – 28/7/2015	1,600,000	–	–	–	1,600,000	1
Mr. Ma	29/7/2005	0.132	1/1/2007 – 28/7/2015	1,600,000	–	–	–	1,600,000	1
Mr. Shiraki	29/7/2005	0.132	1/1/2007 – 28/7/2015	1,600,000	–	–	–	1,600,000	1
Miss Wong	29/3/2007	0.256	29/3/2010 – 28/3/2017	–	16,000,000	–	–	16,000,000	3
Eligible employees	8/11/2004	0.148	1/1/2007 – 7/11/2014	49,000,000	–	(12,000,000)	(2,000,000)	35,000,000	4
(in aggregate)	30/5/2005	0.136	1/1/2007 – 29/5/2015	16,000,000	–	–	–	16,000,000	1
	7/7/2006	0.210	1/1/2010 – 6/7/2016	–	24,000,000	–	–	24,000,000	2
	6/2/2007	0.174	1/6/2007 – 5/2/2017	–	3,000,000	–	–	3,000,000	5
	29/3/2007	0.256	29/3/2010 – 28/3/2017	–	16,000,000	–	–	16,000,000	3
				133,800,000	67,000,000	(12,000,000)	(2,000,000)	186,800,000	

No option granted under the Scheme was cancelled during the Year.

Notes:

1. These option were vested on 1 January 2007;

2. The closing price immediately before the date of grant was HK$0.195 and the related options are to be vested on 1 January 2010;

3. The closing price immediately before the date of grant was HK$0.249 and the related options are to be vested on 29 March 2010;

4. The weighted average closing price of the Company's Shares immediately before the dates on which the options were exercised in the Year was HK$0.238 (2006: N/A); and

5. The closing price immediately before the date of grant was HK$0.175 and the related options were vested on 1 June 2007.

Directors' Report

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.

CONTINUING DISCLOSURE REQUIREMENTS

(A) Pursuant to rule 13.20 of the Listing Rules, the following information, at 31 March 2007, is hereby included:

Name of the entity	**Attributable interest held by the Group**	**Advances/ Guarantee given** *HK$'000*	**Interest rate p.a.**	**Collateral**	**Repayment term**
Jointly controlled entities					
Nanjing City Plaza Construction Co., Ltd ("NCP") *(note 1)*	25%	11,643	2% above prime rate *(note 4)*	Unsecured	September 2007
NCP *(note 2)*	25%	29,250	–	–	–
Nanjing International Group Ltd ("NIG") *(note 3)*	16.74%	24,879	–	–	–
		65,772			

Notes:

1. The advance was used for the purpose of subscribing new shares in NIG in February 2004.

2. The Company provided a guarantee to NCP in June 2004 amounted to US$3,750,000 (equivalent to approximately HK$29,250,000) for a banking facility of US$15,000,000. Such facility had been fully utilized at 31 March 2007.

3. As one of the conditions precedent for a lending bank to grant a loan facility to NIG, the Company took on funding undertakings and buy-back undertakings in May 2005 in an aggregate amount of up to RMB24,879,000 (equivalent to approximately HK$24,879,000). Details of the undertakings are set out in the Company's circular dated 14 June 2005. Such facility had been fully utilized at 31 March 2007.

4. Prime rate represents the best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time.

(B) Pursuant to rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies at 31 March 2007 is hereby presented as below:

Assets and liabilities

	HK$'000
Non-current assets	324,975
Current assets	1,628,432
Current liabilities	(658,063)
Non-current liabilities	(792,269)
Net assets	503,075
Share capital	57,550
Reserves	191,082
Minority interests	254,443
Total equity	503,075
Group's pro forma attributable interest	62,158

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.

AUDITORS

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 auditors 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
9 July 2007

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 33 to 92, which comprise the consolidated and the Company's balance sheets as at 31 March 2007, 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, 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 2007 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, 9 July 2007

Consolidated Income Statement

For the year ended 31 March 2007

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Continuing operation			
Turnover	7	**24,876**	8,091
Other income		**5,391**	4,707
Other operating expenses		**(53,802)**	(39,766)
Impairment loss on amount due from a jointly controlled entity		**–**	(2,888)
Impairment loss recognised in respect of goodwill		**–**	(11,411)
Share of profits of associates		**6,061**	5,784
Finance costs	9	**(20,508)**	(10,545)
Loss before taxation	10	**(37,982)**	(46,028)
Taxation	12	**(466)**	(355)
Loss for the year from continuing operation		**(38,448)**	(46,383)
Discontinued operation			
Profit for the year from discontinued operation	10 & 13	**87,151**	50,244
Profit for the year		**48,703**	3,861
Earnings (loss) per share	15		
From continuing and discontinued operations – Basic		**2.93 cents**	0.23 cents
From continuing operation – Basic		**(2.31) cents**	(2.79) cents

Consolidated Balance Sheet

As at 31 March 2007

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Non-current assets			
Investment properties	16	–	458,700
Plant and equipment	17	**4,953**	5,592
Interest in associates	19	**41,599**	35,538
Interest in jointly controlled entities	20	–	96,504
Club debentures	21	**3,000**	3,000
		49,552	599,334
Current assets			
Amount due from associate	19	**8**	40,260
Amount due from a jointly controlled entity	20	–	11,643
Held for trading securities	22	–	225
Properties held for sale	23	**8,010**	7,634
Debtors, advances provided to customers, prepayments and deposits	24	**110,431**	29,577
Security deposits	25	**37,969**	18,848
Pledged deposits	26	**24,076**	20,261
Bank balances and cash	26	**46,392**	26,292
		226,886	154,740
Non-current assets classified as held for sale	13	**634,849**	–
		861,735	154,740
Current liabilities			
Loans from a related company	27	**48,143**	26,302
Amounts due to minority shareholders	28	**21,047**	15,740
Other payables and accrued charges		**70,605**	29,261
Taxation		**631**	848
Bank borrowings – amount due within one year	29	**81,050**	62,074
Convertible notes	30	**97,038**	–
Liabilities arising from financial guarantee contracts	31	**2,413**	306
		320,927	134,531
Liabilities associated with non-current assets classified as held for sale	13	**160,270**	–
		481,197	134,531
Net current assets		**380,538**	20,209
		430,090	619,543

Consolidated Balance Sheet

As at 31 March 2007

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Capital and reserves			
Share capital	33	**167,444**	166,244
Reserves		**246,746**	191,270
Equity attributable to equity holders of the Company		**414,190**	357,514
Non-current liabilities			
Bank borrowings – amount due after one year	29	**10,000**	151,006
Convertible notes	30	**–**	88,904
Redeemable convertible preference shares	32	**1,373**	1,194
Deferred taxation	34	**4,527**	17,000
Amounts due to minority shareholders	28	**–**	3,194
Liabilities arising from financial guarantee contracts	31	**–**	731
		15,900	262,029
		430,090	619,543

The consolidated financial statements on pages 33 to 92 were approved and authorised for issue by the Board of Directors on 9 July 2007 and are signed on its behalf by:

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

Balance Sheet

As at 31 March 2007

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Non-current assets			
Plant and equipment	17	**223**	496
Interest in subsidiaries	18	**200,584**	200,584
Interest in jointly controlled entities	20	**–**	1,802
Club debentures	21	**3,000**	3,000
		203,807	205,882
Current assets			
Amount due from associate	19	**8**	40,260
Amounts due from subsidiaries	18	**63,780**	163,870
Held for trading securities	22	**–**	225
Other receivables and prepayment	24	**333**	84
Pledged deposits	26	**20,070**	20,261
Bank balances and cash	26	**3,659**	349
		87,850	225,049
Non-current assets classified as held for sale	13	**103,227**	–
		191,077	225,049
Current liabilities			
Amounts due to a subsidiary	18	**21,054**	25,918
Other payables and accrued charges		**12,796**	4,367
Bank borrowings – amount due within one year	29	**12,000**	46,500
Convertible notes	30	**97,038**	–
Liabilities arising from financial guarantee contracts	31	**–**	306
		142,888	77,091
Liabilities associated with non-current assets classified as held for sale	13	**2,633**	–
		145,521	77,091
Net current assets		**45,556**	147,958
		249,363	353,840

Balance Sheet

As at 31 March 2007

	Notes	2007 HK$'000	2006 (Re-stated) HK$'000
Capital and reserves			
Share capital	33	**167,444**	166,244
Reserves	35	**80,546**	94,302
Total equity		**247,990**	260,546
Non-current liabilities			
Convertible notes	30	**–**	88,904
Redeemable convertible preference shares	32	**1,373**	1,194
Liabilities arising from financial guarantee contracts	31	**–**	3,196
		1,373	93,294
		249,363	353,840

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	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$'000 (note 30)	General reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2005	166,244	97,713	3,000	852	22,297	6,000	–	53,742	349,848
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	–	–	–	–	–	–	1,696	–	1,696
Profit for the year	–	–	–	–	–	–	–	3,861	3,861
Total recognised income for the year	–	–	–	–	–	–	1,696	3,861	5,557
Recognition of equity-settled share-based payments	–	–	–	2,109	–	–	–	–	2,109
At 31 March 2006 and 1 April 2006	166,244	97,713	3,000	2,961	22,297	6,000	1,696	57,603	357,514
Exchange differences on translation of operations outside Hong Kong recognised directly in equity	–	–	–	–	–	–	3,859	–	3,859
Profit for the year	–	–	–	–	–	–	–	48,703	48,703
Total recognised income for the year	–	–	–	–	–	–	3,859	48,703	52,562
Sub-total	166,244	97,713	3,000	2,961	22,297	6,000	5,555	106,306	410,076
Issue of shares	1,200	576	–	–	–	–	–	–	1,776
Exercise of share options	–	345	–	(345)	–	–	–	–	–
Lapse of share options	–	–	–	(181)	–	–	–	181	–
Recognition of equity-settled share-based payments	–	–	–	2,338	–	–	–	–	2,338
At 31 March 2007	**167,444**	**98,634**	**3,000**	**4,773**	**22,297**	**6,000**	**5,555**	**106,487**	**414,190**

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007 HK$'000	2006 (Re-stated) HK$'000
Operating activities		
Profit before taxation	**38,179**	12,968
Adjustments for:		
Dividend income from listed securities	**(6)**	(86)
Depreciation	**1,726**	1,014
Finance costs	**28,715**	17,705
Income from amortisation of financial guarantee contracts	**(520)**	(641)
Loss (gain) on disposal of fixed assets	**27**	(5)
Share of profits of associates	**(6,061)**	(5,784)
Share of losses (profits) of jointly controlled entities	**1,982**	(63)
Change in fair value of investment properties	**(66,300)**	(39,838)
Interest income	**(3,170)**	(2,273)
Net realised and unrealised gains on held for trading securities	**(297)**	(2,158)
Equity-settled share-based payment expenses	**2,338**	2,109
Allowance for debtors	**312**	556
Effect of foreign exchange rate	**1,980**	310
Impairment loss recognised in respect of goodwill	**–**	11,411
Impairment loss on amount due from a jointly controlled entity	**–**	2,888
Operating cash flows before movements in working capital	**(1,095)**	(1,887)
(Increase) decrease in debtors, advances provided to customers, prepayments and deposits	**(89,843)**	12,070
Increase in properties held for sale	**(376)**	(7,634)
Increase in security deposits	**(19,121)**	(9,147)
Increase in liabilities arising from financial guarantee contracts	**2,413**	–
Increase in other payables and accrued charges	**50,091**	4,437
Cash used in operations	**(57,931)**	(2,161)
Hong Kong Profits Tax paid	**(1,734)**	(620)
PRC income tax paid	**(466)**	–
Tax refunded	**–**	89
Net cash used in operating activities	**(60,131)**	(2,692)

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 (Re-stated) HK$'000
Investing activities			
Repayment from an associate		**80,726**	–
Repayment from employees		**8,677**	–
Proceeds from disposal of held for trading securities		**2,238**	12,950
Interest received		**1,461**	594
Proceeds from disposal of plant and equipment		**125**	158
Dividend received from listed securities		**6**	86
Loan to associate		**(40,000)**	(40,000)
Purchase of held for trading securities		**(1,716)**	(11,017)
Purchase of plant and equipment and investment properties		**(1,054)**	(5,041)
Net cash inflow upon acquisition of subsidiaries	37	**–**	5,548
Loans to employees		**–**	(18,077)
Dividend received from jointly controlled entity		**–**	500
Net cash from (used in) investing activities		**50,463**	(54,299)
Financing activities			
New bank loans raised		**138,550**	59,500
Advance from a related company		**42,900**	26,302
Issue of shares upon exercise of share options		**1,776**	–
Repayment of bank loans		**(109,574)**	(24,412)
Repayment of loans from a related company		**(21,000)**	–
Interest paid		**(18,161)**	(10,099)
Increase in pledged deposits		**(3,815)**	(20,261)
Advance from minority shareholders		**–**	18,934
Release of pledged deposits		**–**	20,005
Net cash from financing activities		**30,676**	69,969
Net increase in cash and cash equivalents		**21,008**	12,978
Cash and cash equivalents at beginning of the year		**26,292**	13,314
Effect of foreign exchange rate changes		**(908)**	–
Cash and cash equivalents at end of the year, representing bank balances and cash		**46,392**	26,292

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

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 and property leasing and development.

The financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, a number of new HKFRSs, amendments of Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs has resulted in changes to the Group's and the Company's accounting policies in the following areas that have an effect on how the results and financial position for the current or prior accounting periods have been prepared and presented:

Financial guarantee contracts

In the current year, the Group has applied HKAS 39 and HKFRS 4 (Amendments) "Financial Guarantee Contracts" which is effective for annual periods beginning on or after 1 January 2006.

A financial guarantee contract is defined by HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") as "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".

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

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

Financial guarantee contracts (Continued)

The Group and/or the Company acts as the issuer of the financial guarantee contracts in relation to financial guarantees granted to banks over the repayment of loans by the jointly controlled entities and a subsidiary

Prior to 1 January 2006, financial guarantee contracts were not accounted for in accordance with HKAS 39 and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.

Upon the application of these amendments, 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 contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("HKAS 37"); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue" ("HKAS 18").

In relation to financial guarantees granted to banks over the repayment of loans by the jointly controlled entities, the Group has applied the transitional provisions in HKAS 39. The fair value of the financial guarantee contracts at the date of grant of HK$1,802,000, representing a deemed capital contribution to the jointly controlled entities, has been adjusted to the carrying amount of interest in jointly controlled entities and a financial guarantee liability has been recognised. The effect of this change in accounting policy is shown in Note 3.

In relation to financial guarantees granted to banks over the repayment of loans by the subsidiary and the jointly controlled entities, the Company has applied the transitional provisions in HKAS 39. The fair values of the financial guarantee contracts at the respective date of grant of HK$3,509,000 and HK$1,802,000, representing deemed capital contributions to the subsidiary and jointly controlled entities, have been adjusted to the carrying amounts of interest in subsidiaries and interest in jointly controlled entities and financial guarantee liabilities have been recognised. The effect of this change in accounting policy is shown in Note 3.

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

Financial guarantee contracts (Continued)

The Group and/or the Company acts as the issuer of the financial guarantee contracts in relation to financial guarantees granted to banks over the repayment of loans by the jointly controlled entities and a subsidiary (Continued)

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

HKAS 1 (Amendment)	Capital disclosures [1]
HKAS 23 (Revised)	Borrowing costs [2]
HKFRS 7	Financial instruments: disclosures [1]
HKFRS 8	Operating segments [2]
HK(IFRIC)* – INT 8	Scope of HKFRS 2 [3]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives [4]
HK(IFRIC) – INT 10	Interim financial reporting and impairment [5]
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions [6]
HK(IFRIC) – INT 12	Service concession arrangements [7]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 May 2006.
4 Effective for annual periods beginning on or after 1 June 2006.
5 Effective for annual periods beginning on or after 1 November 2006.
6 Effective for annual periods beginning on or after 1 March 2007.
7 Effective for annual periods beginning on or after 1 January 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

THE GROUP

The cumulative effect of the application of the new HKFRSs as at 31 March 2006 is summarised below:

	As at 31 March 2006 (Originally stated) HK$'000	Adjustment HK$'000	As at 31 March 2006 and 1 April 2006 (Re-stated) HK$'000
Balance sheet items			
Interest in jointly controlled entities	95,467	1,037	96,504
Liabilities arising from financial guarantee contracts	–	(1,037)	(1,037)

There is no material impact on the effect of changes in accounting policies described above on the results for the current and prior year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

THE COMPANY

The effect of the application of the new HKFRSs on the results for the current and prior year is as follows:

	2007 **HK$'000**	2006 HK$'000
Income from amortisation of financial guarantee contracts	**870**	992
Increase in profit for the year	**870**	992

The cumulative effect of the application of the new HKFRSs as at 31 March 2006 is summarised below:

	As at 31 March 2006 (Originally stated) HK$'000	**Adjustment** HK$'000	**As at 31 March 2006 and 1 April 2006 (Re-stated)** HK$'000
Balance sheet items			
Interest in subsidiaries	197,075	3,509	200,584
Interests in joint controlled entities	–	1,802	1,802
Liabilities arising from financial guarantee contracts	–	(3,502)	(3,502)
Total effects on assets and liabilities	197,075	1,809	198,884
Accumulated losses	(39,478)	1,809	(37,669)
Total effects on equity	(39,478)	1,809	(37,669)

The effect of the application of the new HKFRSs on the Company's equity at 1 April 2005 is summarised below:

	As at 1 April 2005 (Originally stated) HK$'000	**Adjustment** HK$'000	**As at 1 April 2005 (Re-stated)** HK$'000
Retained profits	6,686	817	7,503
Total effects on equity	6,686	817	7,503

4. SIGNIFICANT ACCOUNTING POLICIES

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

The 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.

Business combinations

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

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

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

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For the year ended 31 March 2007

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a subsidiary 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 subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

For the purposes of impairment testing, goodwill arising from an acquisition of a subsidiary 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 a subsidiary, 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.

4. 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 the profit or loss and of changes in equity 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, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

4. 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.

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

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

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

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

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

Investment properties

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If 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 operations and translated at the date of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the transaction 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

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 income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset 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.

Properties held for sale

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

Financial assets at fair value through profit or loss

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss which include those held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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 amount due from an associate, amount due from a jointly controlled entity, debtors, advances provided to customers, deposits, security deposits, pledged deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. 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. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

Available-for-sale financial assets

Available-for-sale financial assets (including club debentures) are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

4. 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.

Convertible notes

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 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).

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".

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Other financial liabilities

The Group's other financial liabilities include loans from a related company, amounts due to minority shareholders, other payables and bank borrowings. The Company's financial liabilities include amounts due to a subsidiary, other payables and bank borrowings. These financial liabilities of the Group and the Company are subsequently measured at amortised cost, using the effective interest method.

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; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

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 original estimates, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management had made the following estimates that have the most significant effects on the amounts recognised in the consolidated financial statements.

Impairment loss of advances provided to customers

Impairment loss of advances provided to customers are assessed and provided based on the estimation of future cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include debtors, advances provided to customers, security deposits, pledged deposits, bank balances, loans from a related company, amounts due to minority shareholders, other payables, bank borrowings and convertible notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings, loans from a related company and amounts due to minority shareholders (see respective notes). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Credit risk

As at 31 March 2007, 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 issued 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 disclosed in Note 40.

In relation to the secured consumer financing services, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

The Group's loan guarantee service business is to provide guarantees to banks or other parties in favour of customers which exposes the Group to credit risk. 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 Group Limited, a 51% owned subsidiary of the Company. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks. These contingent liabilities have been disclosed in Note 40.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

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

Liquidity risk

The Group finances its operations by a combination of borrowings and equity. Adequate lines of credit are maintained to ensure necessary liquidity is available when required. The management monitors the liquidity position of the Group on a periodical basis to ensure the availability of sufficient liquid funds to meet all obligations.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices 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.

7. TURNOVER

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

An analysis of the Group's turnover for the year, for both continuing operation and discontinued operation are as follows:

	2007 **HK$'000**	2006 HK$'000
Continuing operation		
Financial service income	**24,876**	8,091
Discontinued operation		
Gross rental income	**34,778**	31,871
	59,654	39,962

Notes to the Consolidated Financial Statements

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8. SEGMENT INFORMATION

Business segments

The Group comprises the following main business segments:

(a) Financial services: The provision of loan guarantee services and secured consumer financing services.

(b) Property leasing and development: The leasing of shops/premises to generate rental income and gain from the appreciation in property values in the long term.

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

	Continuing operation Financial services		Discontinued operation Property leasing and development		Consolidated	
	2007 **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 (Re-stated) HK$'000
Revenue from external customers	**24,876**	8,091	**34,778**	31,871	**59,654**	39,962
Change in fair value of investment properties	**–**	–	**66,300**	39,838	**66,300**	39,838
Segment results*	**(34,834)**	(40,716)	**92,395**	65,188	**57,561**	24,472
Investment income					**3,473**	4,517
Unallocated corporate expenses					**(18,727)**	(14,708)
Finance costs					**(8,207)**	(7,160)
Share of profits of associates	**6,061**	5,784			**6,061**	5,784
Share of (losses) profits of jointly controlled entities			**(1,982)**	63	**(1,982)**	63
Profit before taxation					**38,179**	12,968
Taxation					**10,524**	(9,107)
Profit for the year					**48,703**	3,861

* Included in segment results are HK$20,508,000 (2006: HK$10,545,000) finance costs of the continuing operation.

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

An analysis of the Group's balance sheet by business segments is as follows:

	Continuing operation Financial services		Discontinued operation Property leasing and development		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006 (Re-stated)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets						
Segment assets	**196,426**	76,350	**540,548**	468,639	**736,974**	544,989
Interests in associates	**41,599**	35,538			**41,599**	35,538
Interests in jointly controlled entities			**96,971**	96,504	**96,971**	96,504
Unallocated assets					**35,743**	77,043
Total assets					**911,287**	754,074
Liabilities						
Segment liabilities	**205,227**	62,913	**12,092**	11,103	**217,319**	74,016
Unallocated liabilities						
– mortgage loans					**151,006**	164,580
– corporate liabilities					**128,772**	157,964
Total liabilities					**497,097**	396,560
Other information:						
Capital additions	**1,040**	1,144	**14**	3,897	**1,054**	5,041
Depreciation	**1,719**	710	**7**	304	**1,726**	1,014
Impairment loss of						
– amount due from a jointly controlled entity	**–**	2,888	**–**	–	**–**	2,888
– goodwill	**–**	11,411	**–**	–	**–**	11,411
Allowance for debtors	**312**	397	**–**	159	**312**	556

8. SEGMENT INFORMATION (Continued)

Geographical segments

The Group operates, through its subsidiaries, associates and jointly controlled entities in two principal economic environments-Hong Kong and the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital additions are based on the geographical location of assets.

	Hong Kong		PRC		Unallocated		Consolidated	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Revenue from external customers	**34,778**	31,871	**24,876**	8,091	**–**	–	**59,654**	39,962
Segment assets	**556,647**	486,138	**204,436**	83,984	**150,204**	183,952	**911,287**	754,074
Capital additions	**14**	3,897	**1,040**	1,144	**–**	–	**1,054**	5,041

9. FINANCE COSTS

	Continuing operation		Discontinued operation		Consolidated	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Interest on borrowings						
– wholly repayable within five years	**12,195**	2,939	**–**	–	**12,195**	2,939
– not wholly repayable within five years	**–**	–	**8,207**	7,160	**8,207**	7,160
Interest on convertible notes	**8,134**	7,451	**–**	–	**8,134**	7,451
Interest on redeemable convertible preference shares	**179**	155	**–**	–	**179**	155
	20,508	10,545	**8,207**	7,160	**28,715**	17,705

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10. PROFIT (LOSS) BEFORE TAXATION

	Continuing operation		Discontinued operation		Consolidated	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Profit (loss) before taxation has been arrived at after charging:						
Other staff costs	**26,563**	21,411	**593**	663	**27,156**	22,074
Other staff's retirement benefits scheme contributions	**1,422**	1,016	**19**	17	**1,441**	1,033
Equity-settled share based payment expenses	**2,296**	2,053	**42**	56	**2,338**	2,109
Total staff costs (including directors' remuneration)	**30,281**	24,480	**654**	736	**30,935**	25,216
Allowance for debtors	**312**	397	**–**	159	**312**	556
Auditor's remuneration	**1,577**	1,191	**240**	200	**1,817**	1,391
Depreciation	**1,719**	710	**7**	304	**1,726**	1,014
Exchange loss	**–**	328	**–**	–	**–**	328
Loss on disposal of plant and equipment	**27**	–	**–**	–	**27**	–
Operating lease rentals in respect of properties	**5,344**	3,803	**–**	–	**5,344**	3,803
Repairs and maintenance expenses of investment properties	**–**	–	**330**	667	**330**	667
Share of associates' taxation charge	**1,063**	983	**–**	–	**1,063**	983
Share of jointly controlled entities' taxation charge	**–**	–	**–**	1,213	**–**	1,213
and after crediting:						
Dividend income from listed securities	**6**	86	**–**	–	**6**	86
Exchange gain	**1,165**	–	**–**	–	**1,165**	–
Gain on disposal of plant and equipment	**–**	5	**–**	–	**–**	5
Income from club debentures	**123**	143	**–**	–	**123**	143
Interest income	**1,869**	1,363	**1,301**	910	**3,170**	2,273
Net gains on fair value changes of held for trading securities	**297**	2,158	**–**	–	**297**	2,158
Rental income from investment properties less direct outgoings of HK$6,157,000 (2006: HK$6,040,000)	**–**	–	**28,621**	25,831	**28,621**	25,831
Share of jointly controlled entities' taxation credit	**–**	–	**1,727**	–	**1,727**	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

11. DIRECTORS' AND EMPLOYEES' REMUNERATION

The remuneration of each director for the year ended 31 March 2007 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. Wong Yu Lung, Charles	**–**	**1,440**	**12**	**120**	**199**	**1,771**
Mr. Kee Wah Sze	**–**	**960**	**12**	**–**	**199**	**1,171**
Mr. Lan Ning	**–**	**958**	**13**	**–**	**199**	**1,170**
Mr. Ding Chung Keung, Vincent	**–**	**1,300**	**12**	**80**	**372**	**1,764**
Miss Wong, Michelle Yatyee	**–**	**10**	**1**	**–**	**6**	**17**
Independent non-executive directors						
Mr. Ip Yin Wah	**60**	**–**	**–**	**–**	**32**	**92**
Mr. Ma Ho Fai SBS JP	**120**	**–**	**–**	**–**	**32**	**152**
Mr. Melvin Jitsumi Shiraki	**60**	**–**	**–**	**–**	**32**	**92**
Total	**240**	**4,668**	**50**	**200**	**1,071**	**6,229**

The remuneration of each director for the year ended 31 March 2006 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. Wong Yu Lung, Charles	–	1,710	12	120	265	2,107
Mr. Kee Wah Sze	–	900	12	–	265	1,177
Mr. Ko Po Ming	25	–	–	–	110	135
Mr. Lan Ning	–	861	18	–	265	1,144
Mr. Ding Chung Keung, Vincent	–	980	10	80	220	1,290
Ms. Loh Jiah Yee, Katherine	10	–	–	–	–	10
Independent non-executive directors						
Mr. Ip Yin Wah	60	–	–	–	28	88
Mr. Ma Ho Fai SBS JP	120	–	–	–	28	148
Mr. Melvin Jitsumi Shiraki	60	–	–	–	28	88
Mr. Zhang Xiao Shu	20	–	–	–	–	20
Total	295	4,451	52	200	1,209	6,207

11. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

Notes:

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

(2) In the year ended 31 March 2007, Mr. Wong Yu Lung, Charles waived emoluments of HK$550,000. No directors waived emoluments in the year ended 31 March 2006.

Employees' emoluments

During both years, the five highest paid individuals included four directors, details of whose remuneration are included above. The remuneration of the only remaining highest paid individual is as follows:

	2007	2006
	HK$'000	HK$'000
Salaries and other emoluments	**714**	845
Share-based payments	**5**	–
Retirement benefit scheme contributions	**12**	6
	731	851

The emoluments of the aforesaid employee are less than HK$1,000,000.

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 March 2007

12. TAXATION

	Continuing operation		Discontinued operation		Consolidated	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
The charge (credit) comprises:						
Current tax						
Hong Kong Profits Tax						
– Provision for current year	**–**	–	**1,500**	1,176	**1,500**	1,176
– (Over) underprovision in prior years	**–**	–	**(17)**	257	**(17)**	257
PRC income tax	**466**	257	**–**	–	**466**	257
	466	257	**1,483**	1,433	**1,949**	1,690
Deferred tax (note 34)	**–**	98	**(12,473)**	7,319	**(12,473)**	7,417
	466	355	**(10,990)**	8,752	**(10,524)**	9,107

Hong Kong Profits Tax is calculated at 17. 5% (2006: 17. 5%) of the estimated assessable profit for the year. Taxation in the PRC has been provided at the rates prevailing in the respective jurisdictions.

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

	2007 HK$'000	2006 HK$'000
(Loss) profit before taxation		
Continuing operation	**(37,982)**	(46,028)
Discontinued operation	**76,161**	58,996
	38,179	12,968
Tax at the domestic income tax rate of 17. 5% (2006: 17. 5%)	**6,681**	2,269
Tax effect of income not taxable for tax purposes	**(11,499)**	(1,063)
Tax effect of expenses not deductible for tax purposes	**10,581**	8,231
Tax effect of tax losses not recognised	**3,445**	2,529
Tax effect of utilisation of prior year tax losses	**(2,097)**	–
Reversal of deferred taxation liability arising from the change of intention in relation to investment properties	**(12,797)**	–
Effect from tax rates of different jurisdictions	**(4,821)**	(3,116)
(Over) underprovision in prior years	**(17)**	257
Taxation (credit) charge for the year	**(10,524)**	9,107

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

13. 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 (note 42(a)). The details of the Transactions are disclosed in the circular dated 28 March 2007 issued by the Company.

While in March 2007, the Group entered into a sale and purchase agreement with a related company to dispose of its entire interest in a subsidiary, Sino Dynasty Investments Limited (the "Disposal"). Sino Dynasty Investments Limited maintains a 25% interest in both Nanjing City Plaza Construction Co. Limited and Ace Intelligent Consultants Limited. The Disposal was completed in June 2007 (note 42(f)). The details of the Disposal is disclosed in the circular dated 19 April 2007 issued by the Company.

The above Transactions and Disposal constitute the property leasing and development business to be discontinued.

The assets and liabilities attributable to the business, which would be sold within twelve months, have been classified as disposal groups held for sale and are presented separately in the consolidated balance sheet (see below). The net proceeds of the above disposals are expected to exceed the net carrying amounts of the relevant assets and liabilities accordingly, no impairment loss has been recognised.

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

	2007 **HK$'000**	2006 HK$'000
Turnover	**34,778**	31,871
Direct outgoings	**(6,157)**	(6,040)
Other income	**1,483**	2,543
Change in fair value of investment properties	**66,300**	39,838
Other operating expenses	**(10,054)**	(2,119)
Share of (losses) profits of jointly controlled entities	**(1,982)**	63
Finance costs	**(8,207)**	(7,160)
Profit before taxation	**76,161**	58,996
Taxation	**10,990**	(8,752)
Profit for the year	**87,151**	50,244

During the year, the property leasing and development business contributed HK$20,050,000 (2006: HK$26,255,000) to the Group's net operating cash flows, and utilised HK$8,207,000 (2006: HK$7,160,000) in respect of financing activities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

13. DISCONTINUED OPERATION (Continued)

The major classes of assets and liabilities comprising the property leasing and development business as at 31 March 2007 are as follows:

	THE GROUP HK$'000	THE COMPANY HK$'000
Assets classified as held for sale		
Investment properties (note 16)	525,000	–
Interest in jointly controlled entities (note 20)	96,971	1,802
Amount due from a jointly controlled entity (note 20)	12,878	–
Amount due from a subsidiary (note 18)	–	101,425
	634,849	103,227
Liabilities associated with assets classified as held for sale		
Bank borrowings (note 29)	151,006	–
Other payables and accrued charges	8,747	–
Liabilities arising from financial guarantee contracts (note 31)	517	2,633
	160,270	2,633

Note: The fair value of the Group's investment properties at 31 March 2007 has been 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 are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was 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.

14. DIVIDEND

No dividend was paid or proposed during 2007, nor has any dividend been proposed since the balance sheet date (2006: Nil).

15. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share is based on the profit for the year of HK$48,703,000 (2006: HK$3,861,000) and on the weighted average of 1,662,944,000 (2006: 1,662,440,000) shares in issue during the year.

No diluted earnings per share has been presented as the conversion of the convertible notes and share options would increase the loss per share from continuing operation.

From continuing operation

The calculation of the basic loss per share is based on the loss for the year of HK$38,448,000 (2006: HK$46,383,000) and on the weighted average of 1,662,944,000 (2006: 1,662,440,000) shares in issue during the year.

No diluted loss per share has been presented as the conversion of the convertible notes and share options would result in an increase in the loss per share.

From discontinued operation

The basic earnings per share for the discontinued operations is 5.24 cents per share (2006: 3.02 cents per share) based on the profit for the year from the discontinued operation of HK$87,151,000 (2006: HK$50,244,000) and on the weighted average of 1,662,944,000 (2006: 1,662,440,000) shares in issue during the year.

No diluted earnings per share has been presented as the conversion of the convertible notes and share options would increase the loss per share from continuing operation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

16. INVESTMENT PROPERTIES

THE GROUP

	HK$'000
At 1 April 2005	415,108
Additions	3,862
Disposals	(108)
Change in fair value of investment properties	39,838
At 31 March 2006 and 1 April 2006	458,700
Change in fair value of investment properties	66,300
Transfer to non-current assets classified as held for sale (note 13)	(525,000)
At 31 March 2007	–

Notes:

(a) The fair values of the Group's investment properties at 31 March 2006 and at the date of transfer to non-current assets classified as held for sale have been arrived at on the basis of a valuation carried out on the respective date by Knight Frank, independent qualified professional valuers not connected with the Group. Knight Frank are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was 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 are situated in Hong Kong and are held under long leases.

(c) All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and were classified and accounted for as investment properties as at 31 March 2006 and up to the date of transfer to non-current assets classified as held for sale. According to the Transactions as detailed in Note 13, the investment properties, which will be sold within twelve months, have been reclassified to non-current assets classified as held for sale.

17. PLANT AND EQUIPMENT

	Furniture, fixtures and other fixed assets	
	2007	2006
	HK$'000	HK$'000
THE GROUP		
COST		
At 1 April	**6,795**	968
Exchange adjustments	**138**	59
Additions	**1,054**	1,179
Acquisition of subsidiaries	**–**	4,641
Disposals	**(254)**	(52)
At 31 March	**7,733**	6,795
ACCUMULATED DEPRECIATION		
At 1 April	**1,203**	189
Exchange adjustments	**(47)**	7
Charge for the year	**1,726**	1,014
Eliminated on disposals	**(102)**	(7)
At 31 March	**2,780**	1,203
NET CARRYING VALUES		
At 31 March	**4,953**	5,592
THE COMPANY		
COST		
At 1 April	**970**	946
Additions	**15**	24
At 31 March	**985**	970
ACCUMULATED DEPRECIATION		
At 1 April	**474**	178
Charge for the year	**288**	296
At 31 March	**762**	474
NET CARRYING VALUES		
At 31 March	**223**	496

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

18. INTEREST IN SUBSIDIARIES

	THE COMPANY	
	2007 HK$'000	2006 HK$'000
Unlisted shares, at cost	**197,075**	197,075
Deemed capital contribution	**3,509**	3,509
	200,584	200,584
Amounts due from subsidiaries	**165,205**	163,870
Transfer to non-current assets classified as held for sale (note 13)	**(101,425)**	–
	63,780	163,870

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. Subject to the Disposal as detailed in Note 13, amounts due from subsidiaries, which would be sold within twelve months, have been reclassified to non-current assets classified as held for sale.

Particulars of the principal subsidiaries at 31 March 2007 are set out in Note 44.

The Company has an amount due to a subsidiary of HK$21,054,000 as at 31 March 2007 (2006: HK$25,918,000) which is unsecured, interest free and has no fixed terms of repayment.

19. INTEREST IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Share of net assets	**41,599**	35,538	**–**	–
Amount due from associate	**8**	40,260	**8**	40,260

The Company has granted an unsecured revolving facility of up to HK$40,000,000 to Goldbond Capital Holdings Limited ("GCHL") for a term of three years commencing 6 March 2006. The revolving facility is interest bearing at the prime interest rate plus 3% per annum. A commitment fee of 0.25% per annum is imposed on any outstanding undrawn facilities. The loan was settled during the year, and the balance as at 31 March 2007 represents the outstanding commitment fee receivable from GCHL.

Particulars of the associate are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest indirectly held by the Company	Principal activity
GCHL*	Incorporated	Hong Kong	HK$150,000,000	20%	Investment holding company of financial services companies

* The associate has a financial year ending of 31 December.

19. INTEREST IN ASSOCIATES (Continued)

Summarised financial information on associate

The summarised financial information of GCHL and its subsidiaries as extracted from the management accounts at 31 March is set out below:

	2007 HK$'000	2006 HK$'000
Total assets	**378,575**	455,858
Total liabilities	**(170,414)**	(277,902)
Minority interest	**(170)**	(266)
Net assets attributable to the equityholders of associate	**207,991**	177,690
Group's share of net assets of associates	**41,599**	35,538
Revenue	**107,035**	103,369
Profit for the year	**30,305**	28,917
Group's share of result of associate for the year	**6,061**	5,784

20. INTEREST IN JOINTLY CONTROLLED ENTITIES

	THE GROUP		THE COMPANY	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Share of net assets	**60,501**	60,034	**–**	–
Goodwill	**34,668**	34,668	**–**	–
Deemed capital contribution	**1,802**	1,802	**1,802**	1,802
	96,971	96,504	**1,802**	1,802
Transfer to non-current assets classified as assets held for sale (note 13)	**(96,971)**	–	**(1,802)**	–
	–	96,504	**–**	1,802
Amount due from a jointly controlled entity	**12,878**	11,643	**–**	–
Transfer to non-current assets classified as assets held for sale (note 13)	**(12,878)**	–	**–**	–
	–	11,643	**–**	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

20. INTEREST IN JOINTLY CONTROLLED ENTITIES (Continued)

The following list contains only the particulars of a jointly controlled entity, which principally affected the results or net assets of the Group as at 31 March 2007:

Name of jointly controlled entity	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest indirectly held by the Company	Principal activity
Nanjing City Plaza Construction Co., Ltd. 南京國際商城建設有限公司* ("Nanjing City Plaza")	Equity joint venture	The PRC	US$10,000,000	25%	Investment holding

* This jointly controlled entity and its subsidiaries have a financial year ending 31 December.

During the year ended 31 March 2004, the Group entered into a shareholders' loan agreement with Nanjing City Plaza. Pursuant to the agreement, the Group advanced a sum of HK$10,000,000 to Nanjing City Plaza at an interest rate of 2% per annum above the prime interest rate. The amount is unsecured and repayable on demand. At 31 March 2007, the outstanding loan and interest receivable from Nanjing City Plaza amounted to HK$10,000,000 (2006: HK$10,000,000) and approximately HK$2,878,000 (2006: HK$1,643,000) respectively.

Subject to the Disposal as detailed in Note 13, the interest in jointly controlled entities and the amount due from a jointly controlled entity, which would be sold within twelve months, have been reclassified to non-current assets classified as held for sale.

The summarised financial information in respect of the Group's share of interest of the major jointly controlled entity, Nanjing City Plaza and its subsidiaries, as extracted from the management accounts at 31 March is set out below:

	2007 **HK$'000**	2006 (Re-stated) HK$'000
Assets and liabilities		
Non-current assets	**81,244**	78,786
Current assets	**407,108**	365,357
Non-current liabilities	**(198,067)**	(184,724)
Current liabilities	**(164,516)**	(135,558)
	125,769	123,861
Minority interests	**(63,611)**	(62,258)
	62,158	61,603
Income	**–**	–
Expenses	**(1,910)**	(789)
Loss for the year	**(1,910)**	(789)

20. INTEREST IN JOINTLY CONTROLLED ENTITIES (Continued)

As at 31 March 2007, included in current liabilities and non-current liabilities were bank loans totalling RMB901,107,000 (2006: RMB888,382,000) which were secured by the following items:

(i) Certain cash and bank balances of Nanjing City Plaza and its subsidiaries amounting to RMB238,952,000 (2006: RMB253,258,000) were pledged to banks as security for bank loans totalling RMB235,000,000 (2006: RMB250,000,000).

(ii) Certain bank loans with an aggregate amount of RMB117,130,000 (2006: RMB120,405,000) were subject to a charge over the shares of Nanjing International Group Limited ("Nanjing International Group") in which Nanjing City Plaza owns a 66.96% equity interest. The bank loans were further secured by the entire equity interest of Nanjing City Plaza owned by the Group and its other shareholders and the dividends, profits and other monies derived therefrom.

(iii) Certain parts of properties under development with an aggregate carrying value of RMB1,334,206,000 (2006: RMB1,213,850,000) were used to secure bank loans and other borrowing with an aggregate amount of RMB548,977,000 (2006: RMB517,977,000).

21. CLUB DEBENTURES

THE GROUP AND THE COMPANY

The fair values of the club debentures were determined by reference to recent market prices for similar debentures.

22. HELD FOR TRADING SECURITIES

	THE GROUP AND THE COMPANY	
	2007	2006
	HK$'000	HK$'000
Listed securities:		
Equity securities listed in Hong Kong	**–**	225

23. PROPERTIES HELD FOR SALE

	THE GROUP	
	2007	2006
	HK$'000	HK$'000
Properties held for sale, at cost	**8,010**	7,634

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.

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For the year ended 31 March 2007

24. DEBTORS, ADVANCES PROVIDED TO CUSTOMERS, PREPAYMENTS AND DEPOSITS

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Debtors and advances provided to customers	**19,658**	4,613	**–**	–
Loans receivable	**72,432**	1,021	**–**	–
Prepayments, deposits and other receivables	**18,341**	23,943	**333**	84
	110,431	29,577	**333**	84

The loans receivable are secured by assets placed by customers of the pawn shop, interest bearing at 5.4% per annum and repayable according to the loan agreements which usually cover a period of one to three months.

Included in the Group's prepayments, deposits and other receivables are amounts totalling RMB9,400,000 equivalent to approximately HK$9,400,000 (2006: RMB18,800,000 equivalent to approximately HK$18,077,000) which represent advances to employees. Such advances are 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 are interest bearing at 6% per annum and repayable within one year.

For property leasing and development business, the Group allows an average credit period of 30 days to its tenants. For the financial service business, the Group allows an average credit period of 30 days to a maximum of 180 days.

Included in debtors, advances provided to customers, prepayments and deposits are trade debtors and advances provided to customers with the following aging analysis as of the balance sheet date:

	THE GROUP	
	2007	2006
	HK$'000	HK$'000
Outstanding balances aged:		
– within one month	**15,195**	3,603
– more than one month but less than three months	**3,888**	721
– more than three months	**575**	289
	19,658	4,613

25. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure the Group's due performance in relation to the financial services business in the PRC. The security deposits carry interest at prevailing market rates which range from 0.72% to 3.06%.

26. BANK BALANCES AND CASH/PLEDGED DEPOSITS

Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The Group and the Company pledged deposits amounting to HK$24,076,000 (2006: HK$20,261,000) and HK$20,070,000 (2006: HK$20,261,000) to secure short term bank borrowings and undrawn facilities and are therefore classified as current assets.

The bank balances of the Group and the Company carry interest at prevailing market rates which range from 0.72% to 3.06% and 2.46% to 2.78% respectively. The pledged deposits of the Group and the Company carry fixed interest rate of 0.72% to 5.22% and 4.33% to 5.22% respectively.

The amount of pledged deposits of the Group and the Company includes an amount of HK$20,070,000 (2006: HK$20,261,000) which is denominated in United States dollars.

27. LOANS FROM A RELATED COMPANY

THE GROUP

The loans are unsecured and repayable within one year. Included in the loans from a related company, a balance of approximately HK$19,500,000 is interest bearing at 3% per annum above the Federal Funding Rate. The remaining balances are interest bearing at rates ranging from the prime interest rate to 1% per annum above the prime interest rate.

As at 31 March 2006, the loans from a related company were unsecured, interest bearing at rates ranging from the prime interest rate to 2% per annum above the prime interest rate.

28. AMOUNTS DUE TO MINORITY SHAREHOLDERS

THE GROUP

The amounts due to minority shareholders are unsecured, interest bearing at rates ranging from the prime interest rate to 2% per annum above the prime interest rate (2006: the prime interest rate to 2% per annum above the prime interest rate). At 31 March 2007, the amounts due to minority shareholders are repayable within one year. Included in the amounts as at 31 March 2006 were amounts of HK$3,194,000 which were repayable after 31 March 2007 and hence classified as non-current liabilities. The remaining balances are repayable within one year.

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For the year ended 31 March 2007

29. BANK BORROWINGS

At 31 March 2007, all the bank loans are secured and were repayable as follows:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**94,624**	62,074	**12,000**	46,500
After 1 year but within 2 years	**23,574**	13,574	**–**	–
After 2 years but within 5 years	**40,722**	40,722	**–**	–
After 5 years	**83,136**	96,710	**–**	–
	242,056	213,080	**12,000**	46,500
Less: Amount due within one year shown under current liabilities	**(81,050)**	(62,074)	**(12,000)**	(46,500)
Transfer to liabilities associated with non-current assets held for sale (note 13)	**(151,006)**	–	**–**	–
Amount due after one year	**10,000**	151,006	**–**	–

THE GROUP

The Group's bank borrowings are variable-rate borrowings which carry annual interests at the range of Hong Kong Interbank Offer Rate ("HIBOR") plus 0.8% to HIBOR plus 1.15%. Interest is repriced every 1-3 months.

The Group's borrowings are denominated in the functional currencies of the relevant group entities.

Pursuant to the Transactions as detailed in Note 13, the bank borrowings amounting to HK$151,006,000 as at 31 March 2007 were subsequently repaid upon the completion of the Transactions in order to release the legal title of the investment properties, and hence these have been reclassified to liabilities associated with non-current assets held for sale.

29. BANK BORROWINGS (Continued)

THE GROUP (Continued)

As at 31 March 2007, the Group's banking facilities were granted by several banks in Hong Kong and the PRC, which are secured by the following:

(a) certain investment properties of the Group with an aggregate carrying value of HK$520,500,000 (2006: HK$454,900,000) and an assignment of the rental income derived therefrom;

(b) a charge over the shares of Perfect Manor Limited, a wholly owned subsidiary of the Company, together with the subordination of the Company's loans to Perfect Manor Limited;

(c) a corporate guarantee of HK$200,000,000 issued by the Company;

(d) pledged deposits of US$2,573,000 (2006: US$2,597,000) equivalent to approximately HK$20,070,000 (2006: HK$20,261,000), and RMB4,007,000 (2006: Nil) equivalent to approximately HK$4,007,000 (2006: Nil);

(e) floating charges over interest in subsidiaries and certain assets of Rongzhong Group Limited with an aggregate carrying value of HK$96,660,000 and HK$47,437,000 respectively (2006: HK$96,660,000 and HK$20,162,000); and

(f) the properties held for sale of the Group with an aggregate carrying value of RMB8,010,000 (2006: RMB7,340,000) equivalent to approximately HK$8,010,000 (2006: HK$7,634,000).

The pledged investment properties were released upon the repayment of the relevant bank borrowings subsequent to the balance sheet date.

30. CONVERTIBLE NOTES

THE GROUP AND THE COMPANY

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. The notes are interest free and mature on 5 August 2007. They may be converted into ordinary shares of the Company at a conversion price of HK$0.17 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the notes shall be converted into 411,764,705 ordinary shares of the Company.

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 are interest free and mature on 5 August 2007. They may be converted into ordinary shares of the Company at a conversion price of HK$0.129 per ordinary share, subject to adjustment upon the occurrence of certain events. Upon full conversion, the notes shall be converted into 232,558,140 ordinary shares of the Company.

The convertible notes 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 is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The effective interest rate of the liability component is 8.75% per annum.

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31. LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS

	THE GROUP		THE COMPANY	
	2007 **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000
For outsiders	**2,413**	–	**–**	–
For jointly controlled entities	**517**	1,037	**2,633**	3,502
	2,930	1,037	**2,633**	3,502

THE GROUP

As at 31 March 2007, the Group provided financial guarantees of RMB822,726,000 equivalent to approximately HK$822,726,000 (2006: RMB124,397,000 equivalent to approximately HK$136,920,000) to customers under the guarantee service business. Liabilities arising from the financial guarantee business represents the management's best estimate of the Group's liability based on prior experience and default history of the business.

In July 2004, the Company granted a guarantee of US$3,750,000, equivalent to approximately HK$29,250,000 in respect of banking facilities granted to a jointly controlled entity.

In May 2005, the Company entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000, equivalent to approximately HK$148,977,000 borrowed by a jointly controlled entity. Pursuant to such agreements, the Company has taken on the funding undertaking and buy-back undertakings, details of which were set out in the Company's circular dated 14 June 2005. All these undertakings are in aggregate subject to a maximum of 16.7% of the outstanding amounts and any other associated costs from time to time in respect of such loan, under which the Company will, pursuant to the agreements, purchase the residential units in the North Tower of Phase I of Nanjing International Center at RMB5,000 per square meter or, if required by the bank, and arrange a refinancing facility.

At the respective date of grant, the fair value of the financial guarantee contracts was assessed by external valuers, Vigers Appraisal & Consulting Limited, amounting to US$137,000 (equivalent to approximately HK$1,069,000) and RMB762,000 (equivalent to approximately HK$733,000) respectively. Subject to the Disposal as detailed in Note 13, the Group's obligations as guarantor would be subsequently discharged and the unamortised balance of financial guarantee contracts of HK$517,000 as at 31 March 2007 has been reclassified to liabilities associated to non-current assets held for sale.

THE COMPANY

Save as disclosed above, in April 2003, the Company granted a guarantee of HK$200,000,000 in respect of banking facilities granted to a subsidiary. At the date of grant, the fair value of the financial guarantee contracts was assessed by external valuers, Vigers Appraisal & Consulting Limited, amounting to HK$3,509,000. Subject to the Transactions as detailed in Note 13, the related bank borrowings would be subsequently repaid, and the Company's obligation as guarantor would be subsequently discharged. The unamortised balance of financial guarantee contracts of HK$2,633,000 as at 31 March 2007 has been reclassified to liabilities associated to non-current assets held for sales.

32. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

THE GROUP AND THE COMPANY

At 31 March 2007, 68,400,000 preference shares were in issue (2006: 68,400,000 preference shares). The preference shares carry no right to dividend distributions to the holders. The conversion rights attached to the preference shares lapsed with no conversion by 17 September 2004.

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 at a redemption value of HK$10.00 per preference share.

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 prior year. The effective interest rate of the liability component is 13.97% per annum.

33. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2005, 31 March 2006 and 31 March 2007	**25,000,000**	**2,500,000**
Issued and fully paid:		
At 1 April 2005 and 31 March 2006	1,662,440	166,244
Issue of shares on the exercise of share options	12,000	1,200
At 31 March 2007	**1,674,440**	**167,444**

During the year, the Company allotted and issued a total of 12,000,000 ordinary shares of HK$0.10 each at HK$0.148 per share as a result of the exercise of share options. All the shares which were issued during the year rank pari passu with the existing shares in all respects.

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For the year ended 31 March 2007

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:

	Accelerated tax depreciation HK$'000	Revaluation surplus of investment properties HK$'000	Total HK$'000
At 1 April 2005	1	9,582	9,583
Charge to income statement (note 12)	445	6,972	7,417
At 31 March 2006 and 1 April 2006	446	16,554	17,000
Charge (credit) to income statement (note 12)	324	(12,797)	(12,473)
At 31 March 2007	**770**	**3,757**	**4,527**

At 31 March 2007, the Group had unrecognised tax losses of approximately HK$146,677,000 (2006: HK$137,538,000) 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$113,152,000 (2006: HK$110,766,000) that may be carried forward indefinitely and the balance will expire at various dates in the coming five years.

THE COMPANY

At 31 March 2007, the Company has unrecognised tax losses of approximately HK$105,354,000 (2006: HK$105,644,000) 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. RESERVES

	Share premium HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes reserve HK$'000	General reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000
THE COMPANY							
At 1 April 2005, as originally stated	97,713	3,000	852	22,297	6,000	6,686	136,548
Effect of changes in accounting policies (note 3)	–	–	–	–	–	817	817
At 1 April 2005, as restated	97,713	3,000	852	22,297	6,000	7,503	137,365
Loss for the year	–	–	–	–	–	(45,172)	(45,172)
Recognition of equity-settled share-based payments	–	–	2,109	–	–	–	2,109
At 31 March 2006 and 1 April 2006	97,713	3,000	2,961	22,297	6,000	(37,669)	94,302
Loss for the year	–	–	–	–	–	(16,670)	(16,670)
Issue of shares	576	–	–	–	–	–	576
Exercise of share options	345	–	(345)	–	–	–	–
Lapse of share options	–	–	(181)	–	–	181	–
Recognition of equity-settled share-based payments	–	–	2,338	–	–	–	2,338
At 31 March 2007	**98,634**	**3,000**	**4,773**	**22,297**	**6,000**	**(54,158)**	**80,546**

36. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2007

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

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, and commences on the date upon which the option is granted and accepted and ends on the expiry date of the option as may be determined by the directors, which shall not be later than ten years after the date of offer.

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 2007 under the Company's share option scheme is as follows:

			Number of share options				
Date of grant	Exercise period	Exercise price HK$	Outstanding at 1 April 2006	Granted during the year	Exercised during the year	Lapsed during the year	**Outstanding at 31 March 2007**
8.11.2004	1.1.2007-7.11.2014	0.148	113,000,000	–	(12,000,000)	(2,000,000)	**99,000,000**
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	–	–	–	**4,800,000**
7.7.2006	1.1.2010-6.7.2016	0.210	–	32,000,000	–	–	**32,000,000**
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**
			133,800,000	67,000,000	(12,000,000)	(2,000,000)	**186,800,000**
			HK$	HK$	HK$	HK$	**HK$**
Weighted average exercise price per share			0.146	0.230	0.148	0.148	**0.176**

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36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

			Number of share options			
Date of grant	Exercise period	Exercise price HK$	Outstanding at 1 April 2005	Granted during the year	Lapsed during the year	Outstanding at 31 March 2006
8.11.2004	1.1.2007-7.11.2014	0.148	131,000,000	–	(18,000,000)	113,000,000
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	–	4,800,000
			131,000,000	20,800,000	(18,000,000)	133,800,000
			HK$	HK$	HK$	HK$
Weighted average exercise price per share			0.148	0.135	0.148	0.146

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

			Number of share options			
Date of grant	Exercise period	Exercise price HK$	Outstanding at 1 April 2006	Granted during the year	Lapsed during the year	Outstanding at 31 March 2007
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	–	–	**4,800,000**
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	–	16,000,000	–	**16,000,000**
			68,800,000	24,000,000	–	**92,800,000**

			Number of share options			
Date of grant	Exercise period	Exercise price HK$	Outstanding at 1 April 2005	Granted during the year	Lapsed during the year	Outstanding at 31 March 2006
8.11.2004	1.1.2007-7.11.2014	0.148	80,000,000	–	(16,000,000)	64,000,000
29.7.2005	1.1.2007-28.7.2015	0.132	–	4,800,000	–	4,800,000
			80,000,000	4,800,000	(16,000,000)	68,800,000

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

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 a binomial lattice model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

For the year ended 31 March 2007

Grant dates	**7.7.2006**	**7.7.2006**	**6.2.2007**	**29.3.2007**	**29.3.2007**
Fair value of share options and assumptions:					
Fair value at measurement dates (HK$)	0.084	0.103	0.053	0.143	0.124
Share price (HK$)	0.195	0.195	0.174	0.243	0.243
Exercise price (HK$)	0.210	0.210	0.256	0.256	0.256
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	45.90%	45.90%	55.00%	62.00%	62.00%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	5.5	8.1	2.4	5.3	7.9
Expected dividends	–	–	–	–	–
Risk-free interest rate (based on Exchange Fund Notes)	4.89%	4.89%	4.26%	4.185%	4.18%

For the year ended 31 March 2006

Grant dates	30.5.2005	29.7.2005
Fair value of share options and assumptions:		
Fair value at measurement dates (HK$)	0.026	0.038
Share price (HK$)	0.132	0.131
Exercise price (HK$)	0.136	0.132
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	48.20%	47.20%
Option life (expressed as a weighted average life used in the modelling under binomial lattice model)	3.4	4.0
Expected dividends	–	–
Risk-free interest rate (based on Exchange Fund Notes)	3.61%	3.78%

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Fair value of share options and assumptions (Continued)

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), 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$2,338,000 (2006: HK$2,109,000) relating to share option payment transactions during the year ended 31 March 2007.

37. ACQUISITION OF SUBSIDIARIES

On 27 June 2005, the Group entered into an acquisition agreement (the "Acquisition Agreement") with a shareholder of Rongzhong Group Limited, a then jointly controlled entity of the Group. Pursuant to the Acquisition Agreement, the Group acquired an additional 11% equity interest in Rongzhong Group Limited at a consideration of US$11 (equivalent to approximately HK$86). Immediately after the completion of the Acquisition Agreement, the Group's equity interest in Rongzhong Group Limited increased from 40% to 51%. The acquisition was completed on 7 July 2005.

The principal activity of Rongzhong Group Limited and its subsidiaries was the provision of loan guarantee services in the PRC.

On 31 October 2005, Rongzhong Group Limited completed the acquisition of the entire equity interest in 武漢市融眾信用擔保有限公司 Wuhan City Rongzhong Credit Guarantee Co., Limited ("Wuhan Rongzhong"), a company incorporated in the PRC, at a consideration of RMB22,041,000 (equivalent to approximately HK$21,194,000). The principal activity of Wuhan Rongzhong was the provision of loan guarantee services in the PRC.

The acquisitions contributed revenue of HK$8,091,000 and a net loss of HK$27,976,000 to the Group for the period from the acquisition dates to 31 March 2006. If the acquisitions had occurred on 1 April 2005, the Group's revenue would have been HK$40,650,000 and profit after taxation would have been HK$3,861,000 for the year ended 31 March 2006.

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37. ACQUISITION OF SUBSIDIARIES (Continued)

The Group considered that at each of the date of acquisitions, the carrying amounts of the acquirees' assets and liabilities were not materially different from their fair values. The assets and liabilities arising from the acquisitions are as follows:

Net (liabilities) assets acquired:

	Rongzhong Group Limited HK$'000	Wuhan Rongzhong HK$'000	Total HK$'000
Plant and equipment	2,747	1,894	4,641
Debtors, advances provided to customers, prepayments and deposits	35,741	11,673	47,414
Security deposits	5,107	4,594	9,701
Bank balances and cash	13,269	13,473	26,742
Other payables and accrued charges	(10,009)	(475)	(10,484)
Amounts due to shareholders	(60,101)	(13,422)	(73,523)
Net identifiable (liabilities) assets	(13,246)	17,737	4,491
Share of net liabilities attributable to the Group upon acquisition (11%)	(1,457)		
Net liabilities transferred from minority interests (49%)	(6,491)		
Share of net liabilities attributable to the Group on the purchase of the initial 40% equity interest	(6)		
Net (liabilities) assets acquired	(7,954)	17,737	9,783
Goodwill arising on consolidation	7,954	3,457	11,411
Total purchase price paid, satisfied in cash	–	21,194	21,194
Less: Cash of subsidiaries acquired	(13,269)	(13,473)	(26,742)
Net cash (inflow) outflow in respect of the acquisition of subsidiaries	(13,269)	7,721	(5,548)

The above goodwill was primarily attributable to the potential profitability of the loan guarantee business in the PRC and the expertise of the management team.

The recoverable amount of the cash generating unit ("CGU"), loan guarantee business (Rongzhong Group Limited including Wuhan Rongzhong), was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of one year. Cash flows beyond the one-year period were extrapolated using the estimated rates stated below. The growth rates did not exceed the respective long-term average growth rates for the business in which the CGU operated.

37. ACQUISITION OF SUBSIDIARIES (Continued)

Key assumptions used for value-in-use calculations:

	%
Growth rate	15.0
Discount rate	9.0

Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rates used were pre-tax and reflect specific risks relating to the relevant segment.

Based on the recoverable amount, the carrying amount of goodwill was considered to be impaired. Accordingly, the carrying amount of goodwill of HK$11,411,000 was written off to the consolidated income statement in prior year.

38. CAPITAL COMMITMENTS

At the balance sheet date, the following capital commitments exist:

	2007 HK$'000	2006 HK$'000
THE GROUP		
Contracted for but not provided in the consolidated financial statements		
– acquisition of plant and equipment	**243**	–
– acquisition of a subsidiary	**500**	–
	743	–
THE GROUP'S SHARE OF CAPITAL COMMITMENTS OF A JOINTLY CONTROLLED ENTITY		
Contracted for but not provided in the consolidated financial statements		
– construction of properties under development	**114,710**	114,926
	115,453	114,926
THE COMPANY		
Contracted for but not provided in the financial statements		
– acquisition of plant and equipment	**243**	–

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39. OPERATING LEASE COMMITMENTS

At 31 March 2007, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

The Group and the jointly controlled entities 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	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Within one year	**4,392**	4,673	**52**	816
After one year but within five years	**6,177**	7,891	**–**	52
	10,569	12,564	**52**	868
The Group's share of operating lease commitments of the jointly controlled entities				
Within one year	**35**	426	**–**	–
After one year but within five years	**–**	103	**–**	–
	35	529	**–**	–

As lessor

The Group leases out investment properties under operating lease arrangements, with leases negotiated for an average period of one to three years. The terms of the leases normally require the tenants to place rental deposits which generally represent one to three month's rental payment. Upon expiry, the leases may be renewed but all terms are re-negotiated.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2007 HK$'000	2006 HK$'000
Within one year	**21,874**	32,380
After one year but within five years	**10,716**	16,989
	32,590	49,369

Subsequent to the balance sheet date, the leases signed with tenants by the Group with commitment totaling HK$30,035,000 were transferred to the purchaser of the Transactions (see note 13).

40. CONTINGENT LIABILITIES

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

(a) The Group has given a guarantee of US$3,750,000 equivalent to approximately HK$29,250,000 (2006: US$3,750,000 equivalent to approximately HK$29,250,000) in respect of banking facilities granted to a jointly controlled entity. The full amount was utilised as at 31 March 2007. The Group also pledged its attributable equity interests in the jointly controlled entity for such banking facilities. Upon the Disposal as detailed in Note 13, the Group's obligation as guarantor was subsequently released or discharged.

(b) The Group entered into funding, allocation and distribution agreements in respect of a bank loan of RMB148,977,000 equivalent to approximately HK$148,977,000 (2006: RMB148,977,000 equivalent to approximately HK$143,247,000) borrowed by a jointly controlled entity.

Pursuant to such agreements, the Group has taken on the funding undertaking and buy-back undertakings, details of which were set out in the Company's circular dated 14 June 2005. All these undertakings are in aggregate subject to a maximum of 16.7% of the outstanding amounts and any other associated costs from time to time in respect of such loan, under which the Group will, pursuant to the agreements, purchase the residential units in the North Tower of Phase 1 of Nanjing International Center at RMB5,000 per square meter or, if required by the bank, arrange a refinancing facility. Upon the completion of the Disposal as detailed in Note 13, the Group's obligation as guarantor was subsequently released or discharged.

(c) The Group has contingent liabilities in respect of guarantees granted under the financial services business in the aggregate amount of RMB822,726,000 equivalent to approximately HK$822,726,000 (2006: RMB142,397,000 equivalent to approximately HK$136,920,000) in relation to the provision of the guarantee services in the PRC.

(d) The Company has given a guarantee of HK$200,000,000 to a bank to secure a bank loan on behalf of its subsidiary.

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"). The amounts in excess of the Cap are contributed to the MPF Scheme by both employers and employees as voluntary contributions Mandatory contributions to the MPF Scheme are vested to the employees.

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.

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42. POST BALANCE SHEET EVENTS

(a) On 26 February 2007, Perfect Manor Limited, Metro Fair Investments Limited and Apex Honour Limited, wholly owned subsidiaries of the Company, entered into conditional sale and purchase agreements with independent third parties to dispose of all the shop units, together with the exterior walls, of Golden Plaza at a total consideration of approximately HK$530,000,000 as detailed in Note 13 subject to the completion of the licence agreement ("Licence Agreement") detailed in (b) below. The disposal was completed in May 2007.

(b) Pursuant to the sale and purchase agreements, the Group has undertaken to enter into the Rental Guarantee Agreement upon the completion of the Transactions as detailed in Note 13. Under the Rental Guarantee Agreement, Perfect Manor Limited will guarantee to the purchaser that during the period of the three months immediately following the completion of the Transactions, the aggregate rental and license fees (exclusive of rates, government rent, management fees and (where applicable) air-conditioning charges) to be generated or receivable from the subsisting tenancy agreements and licence agreements of certain of the investment properties will not be less than HK$7,350,000 and subject to other clauses as stated in the Rental Guarantee Agreement. Perfect Manor shall pay to the purchaser of the Transactions the shortfall (if any). The obligations of Perfect Manor Limited under the Rental Guarantee Agreement will be guaranteed by the Company. In the opinion of the directors, the occurrence of the shortfall under the Rental Guarantee Agreement is remote.

According to the sale and purchase agreements of the Transactions, upon the completion of the Transactions, Apex Honour Limited shall procure that Perfect Manor Limited (as licensee) (the "Licensee"), the Company (as guarantor) and the purchaser (as licensor) (the "Licensor") to enter into a 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 Upper Wall and the Lower 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").

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 Upper Wall and the Lower Wall from the Licensor at a total consideration of HK$15,000,000 (the "Put Option"). In the opinion of the directors, the Installation is expected to be completed within one year and exercise of the Put Option is remote.

42. POST BALANCE SHEET EVENTS (Continued)

(c) On 20 March 2007, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company and other shareholders of Rongzhong Group Limited entered into a subscription agreement pursuant to which all shareholders conditionally agreed to subscribe for a total of 25,999,900 shares in Rongzhong Group Limited on a pro rata basis at the total subscription consideration of approximately HK$202,799,000. Subscription consideration payable by Perfect Honour amounted to approximately HK$103,428,000 and the subscription of shares was completed in April 2007. The subscription of the shares is made on a pro rata basis, such that the transaction will not result in any changes in the shareholding structure of Rongzhong Group Limited and Rongzhong Group Limited will continue to be a non-wholly owned subsidiary of the Company. The shareholders had subsequently entered into a Deed of Adherence and agreed that one of the shareholders of Rongzhong Group Limited, Yong Hua International Ltd., will appoint its nominee Plenty Boom Investments Limited ("Plenty Boom") to hold 4.99% of its newly subscribed shares.

(d) Subsequent to the balance sheet date, Perfect Honour entered into the Loan Agreement ("the Agreement") with Rongzhong Group Limited pursuant to which Perfect Honour conditionally agreed to advance a loan of HK$60,000,000 to Rongzhong Group Limited as the general working capital of Rongzhong Group Limited and its subsidiaries.

(e) On 11 February 2007, the Group entered into an acquisition agreement (the "Purchase Agreement") with independent third parties. Pursuant to the Purchase Agreement, the Group shall acquire the entire equity interest in 武漢市瀚洋典當行 (Wuhan City Han Yang Pawn Shop ("Han Yang")), a company incorporated in the PRC, at a consideration of RMB500,000 (equivalent to HK$500,000). The principal activity of Han Yang is the provision of secured consumer financing services to customers in the PRC. The acquisition was completed in May 2007.

(f) On 18 March 2007, the Company entered into a sale and purchase agreement to dispose of the entire issued share capital of, and loan to, Sino Dynasty Investments Limited at a consideration of approximately HK$125,329,000 as detailed in Note 13. The Disposal was completed in June 2007. As detailed in Note 40(a) and (b), the Company provided guarantees to financial institutions in respect of the banking facilities granted to the jointly controlled entities. The obligations of the Company as the guarantor have been subsequently discharged or released upon the completion of the Disposal.

(g) 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% interest in Goldbond Capital Holdings Limited at a consideration of approximately US$10,250,000.

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43. RELATED PARTY TRANSACTIONS

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

Key management personnel remuneration

	2007 HK$'000	2006 HK$'000
Directors' fees	240	295
Salaries and other short-term employee benefits	5,582	5,496
Contributions to defined contribution retirement plans	62	58
Equity compensation benefits	1,076	1,209
	6,960	7,058

The details of the remuneration paid to the key management are set out in Note 11.

Transactions with related parties

	2007 HK$'000	2006 HK$'000
Consultancy fee paid to an associate	700	–
Legal and professional fee paid to related companies	810	341
Rental expense paid to minority shareholder	600	–
Rental expense paid to related parties	1,058	805
Interest income from an associate	474	260
Interest income from jointly controlled entities	1,235	1,419
Interest expense to a related company	3,665	1,508
Loan arrangement fee from a jointly controlled entity	–	879

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44. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2007 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	
Apex Honour Limited	British Virgin Islands/ Hong Kong	US$1	–	100%	Property investment
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	–	51%	Provision of loan guarantee services
Chongqing City Rongzhong Credit Guarantee Co. Ltd. (重慶市融眾信用擔保有限公司)*	The PRC	RMB30,000,000	–	51%	Provision of loan guarantee services
Flourish Global Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Guangzhou City Rongzhong Credit Guarantee Co. Ltd. (廣州市融眾信用擔保有限公司)*	The PRC	RMB50,000,000	–	51%	Provision of loan guarantee service
Hangzhou Rongzhong Guarantee Co. Ltd. (杭州融眾擔保有限公司)*	The PRC	RMB15,000,000	–	51%	Provision of loan guarantee services
Hunan Rongzhong Credit Guarantee Co. Ltd. (湖南融眾信用擔保有限公司)*	The PRC	RMB10,000,000	–	51%	Provision of loan guarantee services
Jiangsu Rongzhong Credit Guarantee Co. Ltd. (江蘇融眾信用擔保有限公司)*	The PRC	RMB10,000,000	–	51%	Provision of loan guarantee services
Master Profit Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Metro Fair Investments Limited	Hong Kong	HK$2	–	100%	Property investment
On Speed Management Limited	Hong Kong	HK$2	100%	–	Property management

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44. 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 Directly	Proportion of ownership interest held by the Company Indirectly	Principal activities
Perfect Honour Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Perfect Manor Limited ("Perfect Manor")**	Hong Kong	HK$2	–	100%	Property investment
Rongzhong Enterprise Management (Shenzhen) Co. Ltd (融眾企業管理(深圳)有限公司)***	The PRC	HK$96,660,000	–	51%	Provision of management services
Rongzhong Group Limited	British Virgin Islands/ Hong Kong	US$100	–	51%	Investment holding
Rongzhong Investment Group Ltd. (融眾投資集團有限公司)***	The PRC	RMB120,000,000	–	51%	Investment holding
Sino Dynasty Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Wuhan City Rongzhong Credit Guarantee Co. Ltd. (武漢市融眾信用擔保有限公司)*	The PRC	RMB22,000,000	–	51%	Provision of loan guarantee services
Wuhan Rongzhong Pawn Shop Co. Ltd. (武漢融眾典當有限公司)*	The PRC	RMB10,000,000	–	51%	Provision of secured consumer financing services

* a limited liability company established in the PRC.

** ordinary shares of Perfect Manor with a carrying amount of HK$2 have been pledged to a bank for certain bank loans.

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

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.