大凌集團有限公司
Styland Holdings Limited
(於百慕達註冊成立之有限公司)
(股份代號:211)

Annual Report
2006/2007
年 度 報 告

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Hoo Win
Ms. Yeung Han Yi Yvonne
Ms. Chan Chi Mei Miranda
Ms. Zhang Yuyan
Mr. Wu Ho Fai David

Independent Non-Executive Directors

Mr. Lim Man San David *(Chairman)*
Mr. Yeung Shun Kee Edward
Mr. Chow Pat Kan

AUDIT COMMITTEE

Mr. Chow Pat Kan *(Chairman)*
Mr. Lim Man San David
Mr. Yeung Shun Kee Edward

REMUNERATION COMMITTEE

Mr. Yeung Shun Kee Edward *(Chairman)*
Mr. Chow Pat Kan
Mr. Lim Man San David

COMPANY SECRETARY

Mr. Wang Chin Mong Jimmy

AUDITORS

Li, Lai & Cheung
Certified Public Accountants

LEGAL ADVISERS

As to Hong Kong Law:
P.C. Woo & Co.
Huen & Partners, Solicitors
in association with S.G. Fafalen & Co.
Andrew Law & Franki Ho, Solicitors
Jennifer Cheung & Co.

As to Bermuda Law:
Appleby Spurling Hunter

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
DBS Bank (Hong Kong) Limited
Liu Chong Hing Bank Limited
Wing Hang Bank Limited
Bank of China (Hong Kong) Limited
The Industrial & Commercial Bank of China
Wuhan Economic and Technology
Development Zone Branch

PRINCIPAL REGISTRAR	The Bank of Bermuda Limited 6 Front Street Hamilton 5-31 Bermuda
HONG KONG BRANCH REGISTRAR	Tengis Limited (To be renamed as Tricor Tengis Limited with effect from 1 August 2007) 26th Floor Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
REGISTERED OFFICE	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
PRINCIPAL PLACE OF BUSINESS	28th Floor, Aitken Vanson Centre 61 Hoi Yuen Raod Kwun Tong, Kowloon Hong Kong Telephone: (852) 2959-3123 Facsimile: (852) 2310-4824
SHAREHOLDERS' SERVICE HOTLINE	Telephone: (852) 2959 3123 Facsimile: (852) 2310 4824 E-mail address: sty@styland.com
WEBSITE	http://www.styland.com
INVESTOR RELATION CONSULTANT	Synchronic Communications Limited Room B, 5/F Fairmont House 8 Cotton Tree Drive Central Hong Kong Telephone: (852) 2136 8188 Facsimile: (852) 2136 8192

EXECUTIVE DIRECTORS

Mr. Cheung Hoo Win, aged 27, joined the Group in 2004 and was appointed as a Director in 2006. Mr. Cheung graduated from Peking University (Department of International Economy and Trade) and is responsible for China related business of the Group. Mr. Cheung is the son of Ms. Yeung Han Yi Yvonne.

Ms. Yeung Han Yi Yvonne, aged 50, has served the Group for 27 years. She has extensive experience in business management. Ms. Yeung is responsible for the Group's administration, personnel and general management.

Ms. Chan Chi Mei Miranda, aged 46, joined the Group in 1979 and was appointed as a Director in 1993. Ms. Chan has over 20 years' experience in trading business and has over 9 years' experience in securities business. She is responsible for the securities brokerage and financing businesses of the Group.

Ms. Zhang Yuyan, aged 45, has been the general manager of a joint venture of the Group in the PRC since 1998. She was appointed as a Director in 2006. Ms. Zhang graduated from Zhongnan University of Economics and Law (中南財經大學) (formerly known as Hubei Economics College (湖北財經學院). Ms. Zhang has extensive experience in management and is familiar with the mainland's economic, finance and taxation matters.

Mr. Wu Ho Fai David, aged 39, joined the Group in 2005. He graduated from Liverpool Polytechnic Institute of Art. Mr. Wu has over 11 years experience in garment and textile industries. Mr. Wu is the merchandising manager of Kalomex (International) Limited, a wholly owned subsidiary of the Group which engages in trading business. He was appointed as a Director in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Man San David, aged 59, was appointed as an independent non-executive Director of the Company in 1995. Mr. Lim was the Vice-Chairman of Po Leung Kuk in Hong Kong for the period from 1979 to 1981. He has over 29 years' experience in the fields of trading and securities investment in Hong Kong and Taiwan. Mr. Lim was appointed as Chairman of the Company in 2005.

Mr. Yeung Shun Kee Edward, aged 48, was appointed as an independent non-executive Director of the Company in 2003. He is a qualified accountant and has extensive experience in accounting, auditing and taxation works. Mr. Yeung is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chow Pat Kan, aged 55, was appointed as an independent non-executive Director of the Company in 2004. Mr. Chow holds a bachelor degree in Business Administration from The Chinese University of Hong Kong and has over 30 years' experience in the field of education. Prior to joining the Company, he served in various voluntary organizations and committees.

SENIOR MANAGEMENT

Mr. Ng Shun Fu, aged 59, joined the Group in 1996 as a director of Ever-Long Securities Company Limited, a wholly owned subsidiary of the Group engages in securities brokerage business. Prior to joining the Group, Mr. Ng had been working in the banking sector for 25 years and held senior management positions. Mr. Ng has extensive experience in securities business.

Mr. Choy Shuen Yan Andy, aged 46, was appointed a director of Ever-Long Securities Company Limited in March 1998. Mr. Choy holds a bachelor degree in Commerce from McMaster University of Ontario in Canada. Mr. Choy is a responsible officer registered under the Securities and Future Ordinance and has more than 19 years experience in securities business.

It has been 30 years since the incorporation of Styland Group. Accompanied by the growth of Hong Kong's economy, Styland Group has gone through much trials and hardships and becomes a well-established enterprise in Hong Kong.

I accept the appointment as Chairman of the Group at the most difficult moment of the Group. Mr. Cheung Chi Shing Kenneth, the founder of the Group, could always keep with the general trend of the economy development and gave his adherence to the government's policies. Mr. Cheung has the courage to bring forth new ideas and facing up to difficulties and risks that the Group could capture investments with high-growth and high-return prospect. To pursue Mr. Cheung's operation strategy, I will do my utmost to maximize shareholder value. Mr. Cheung 's way to invest in the Easter Europe market will be followed by Group in running of financial business it engages now in Hong Kong and will be applied in its future plan to tap the mainland market.

I hereby report to the honorable shareholders the operation results of the Group.

It marks a turning point of the Group's performance as it has successfully turned loss into profits. For the year ended 31 March 2007, the Group's profits attributable to shareholders was HK$6.0 million (while it recorded a loss of approximately HK$14.0 million for the annual results for the year ended 31 March 2006 and a loss of approximately HK$7.1 million for the half year ended 30 September 2006). In addition, the turnover has increased to HK$108.8 million for the current year (while they were HK$71.6 million and HK$38.9 million for the year ended 31 March 2006 and half year ended 30 September 2006 respectively). As at 31 March 2007, the net assets value including minority interests of the Group was HK$185.0 million (while it was HK$177.9 million as at 31 March 2006).

As disclosed in the announcements of the Company recently, the Group won the first instance decision on the lawsuit against it in Hainan Province in the PRC and has recovered approximately RMB19.3 million. In addition, according to the arbitration report ((2005) 武仲裁字第1041號), the Group is entitled to get approximately RMB157.3 million and arbitration fee RMB1.0 million from the arbitration in relation to its investment in the highway in the PRC, and out of which RMB75.0 million was received in April 2007. Based on the arbitration report, the Group expects that it can receive the balance of approximately RMB82.3 million and the arbitration fee of approximately RMB1.0 million in the short term. The receipt of the money has strengthened the Group's financial position and cash level. The outstanding loans were slimmed down to only HK$17.6 million, the property mortgage loans. The cash level surged from HK$3.5 million at 31 March 2006 to HK$19.4 million at 31 March 2007.

Benefiting from the thriving stock, finance and capital markets in Hong Kong, the Group recorded growth for its brokerage and financing business. Over the past year, as a broker, the Group has processed 25,751 share service transactions for its clients, with the fund flows involving in excess of HK$2.4 billion. Thanks to its continuing efforts on the enhancement of internal control, all the share transactions were carried out smoothly and settled without delay, and thus no complaint. Looking forward, the Group has confidence in its brokerage, finance and other business and intends to spare more funds or resources on those segments. In addition, the Group will continue its profit-oriented investment strategy and try to explore into other high growth industries. On the other hand, the Group will fade out from other non-profitable business gradually.

Since the suspension of trading of the shares of the Company on 21 April 2004, the Group as a whole has been making every effort to seek resumption of trading. Though we cannot ascertain the outcome of the efforts, the Board hereby commits itself to shareholders of the Company that it would exert all its strength for the resumption of trading of its shares. In addition, every employee in the Group will contribute themselves to the success of the Group and "get their job done".

CHAIRMAN'S STATEMENT

To enable shareholders to share the fruitful results of the Group, the Board recommended a final dividend of HK0.22 cent per share or HK$22 for every lot shares of the Company or HK$0.22 for every 100 shares of the Company. Shareholders will also be offered the option of receiving the final dividend in the form of new shares of the Company. The proposed dividend will be conditional on (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company, (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company within 3 months from the date of this annual general meeting.

The Board would like to take this opportunity to thank to Mr. Cheung Chi Shing Kenneth. Mr. Cheung upheld the deliberate financial planning, adopted prudent accounting policies and strictly complied with accounting guidelines and policies issued by the Hong Kong Institute of Certified Public Accountants. When there is any doubt on recoverability of accounts receivable, the debt collection division will take action immediately, according to the internal guidelines, to recover the doubtful debts. Provision for doubtful debt will be made or even written them off when necessary. For those non-performance investments, the Group will resolve, without hesitation, to dispose of them or discontinue such investments and allocate the surplus resources to other projects with more profit-making potential. It can be showed from above measures that the Group has done away with the traditional way of operation and become more adaptable to rapid market changes that it can flexibly deal with lots of serious problems. The established system and proposals are conducive to the Group greatly. In addition, the financial business has achieved outstanding results. During the current year, the Group received no complain for its share services which have involved as much as 20,000 transactions and fund flows in excess of HK$2.4 billion. All transactions were carried out smoothly and settled without delay.

Finally, on behalf of the Board, I would like to express our grateful thanks to the founder Mr. Cheung Chi Shing Kenneth for his continued support and efforts on the matter of debts recovery; we also appreciate Ms. Chan Chi Mei Miranda and Ms. Yeung Han Yi Yvonne for their outstanding performance on financial business and administration work. In addition, thanks are offered to staff of the Group and shareholders of the Company for their efforts and support.

Lim Man San David
Chairman

Hong Kong, 24 July 2007

FINANCIAL REVIEW

At 31 March 2007, the Group had cash at bank and in hand of approximately HK$19.4 million (2006: HK$3.5 million) and net assets value (including minority interests) of approximately HK$185.0 million (2006: HK$177.9 million).

Bank borrowings at 31 March 2007 amounted to HK$96.2 million (2006: HK$113.4 million), of which HK$80.4 million (2006: HK$95.8 million) were repayable within one year. The gearing ratio, being the ratio of total bank borrowings of HK$96.2 million to shareholders' fund of HK$142.2 million, was about 0.68 (2006: 0.85). Included in the current portion of the bank borrowings was the bank loan HK$74.0 million relating to the Group's investment in a joint venture and was fully settled subsequent to the year end.

At 31 March 2007, a pledged deposit of HK$5.0 million, a property held for redevelopment at a revalued amount of HK$49.0 million, an investment property at a valuation of HK$15.0 million and the investment in a joint venture held-for-sale of HK$157.3 million were pledged to secure the banking facilities granted to the Group.

INVESTMENTS

As disclosed in the Company's announcement dated 27 February 2004, the joint venture ("JV") partner ("JV Partner") in the toll road in Wuhan, China ("Toll Road') had unilaterally decided to relocate the toll station of the Toll Road, which results in significant drop in traffic flows of the Toll Road. Since then, the Group has kept liaising with the JV Partner for compensation for the losses. As both parties didn't come to an agreed consideration for the compensation, the Group had applied for arbitration through the Wuhan Arbitration Commission ("WAC") in China in October 2004. In April 2006, according to the arbitration report of WAC ((2005) 武仲裁字第1041號) the Group could transfer its interests in the JV at the consideration of RMB157,298,300 and could recover the arbitration fee of RMB1,000,968. According to the further announcement of the Company made on 30 May 2007, the Group has received RMB75,000,000 from the JV Partner and it understands that the payment is relating to the arbitration of WAC. The money was used to fully settle the project loan of the Toll Road. The directors of the Company would like to thank to people for their support and help and expect to collect the remaining balance in the short term. Further announcement will be made in due course.

Closure of register of members

The register of members of the Company will be closed from 19 September 2007 to 21 September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, subject to the fulfillment of conditions set out in the section headed "Results and Dividends" in the Report of the Directors, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited (to be renamed as Tricor Tengis Limited with effect from 1 August 2007), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 18 September 2007.

Credit policies

Trading terms with general trading customers are mainly on credit, except for new customers, where payment in advance is normally required or letter of credit is received. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days.

For the securities dealings and broking and financing businesses, the Group is strictly in compliance with Securities and Futures Ordinance ("SFO"). The financial assistance will be granted based on assessment on financial status, repayment records and the liquidity of collaterals placed by a customer and the interest rate will be determined thereon. Financial assistances will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

Foreign exchange exposure

During the year under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars, US dollars and Renminbi. In light of linked exchange rate system between Hong Kong dollars and US dollars and the borrowings in Renminbi was matched by assets denominated in Renminbi, the Group considered its foreign exchange risk was immaterial. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

OPERATIONAL RISK

The Group has put in place the effective internal control system for its operations. Under the business of securities dealing and broking, a monitoring team consisting of Securities and Futures Commission ("SFC") licensed responsible officers and senior management, who have been acting in compliance with SFO, has been set up to monitor the settlement matters of traded securities and cashes. In order to safeguard client's interests and comply with the requirements of SFC and SFO, our monitoring team carries out ongoing checks and verification so that our service standard has been maintaining at a satisfactory level.

CONTINGENT LIABILITIES

As at 31 March 2007, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain wholly-owned subsidiaries, of which HK$17.6 million (2006: HK$19.5 million) had been utilized.

The utilized balance of HK$17.6 million was relating to the mortgage loans for the Group's properties which had a total market value of HK$64.0 million at year end.

LITIGATION

Details of the litigations are set out in note 37 to the financial statements.

STAFF

As at 31 March 2007, the Group had 50 employees (2006: 57), excluding part-time job employees. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed annually based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

The Board may from time to time review the overall staff benefits and, subject to the relevant rules and regulations, may implement and grant new incentive scheme, such as new share option plan and quasi share option plan to the existing employees with a view to reward their contribution to the Group by way of benefits in kind.

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, securities dealing and broking, financing, trading of securities, general import and export trading and property development and investment. Trading of securities was classified as a principal activity of the Group during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2007 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 26 to 76.

- The Directors recommended a final dividend of HK0.22 cent per share or HK$22 for every lot shares of the Company (10,000 shares) or HK$0.22 for every 100 shares of the Company. Shareholders will also be offered the option of receiving the final dividend in the form of new shares of the Company. The proposed dividend will be conditional on (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company, (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company within 3 months from the date of this annual general meeting.

- As shareholder who owns less than one lot of shares (10,000 shares) or less than 100 shares of the Company may encounter certain technical or supportive difficulties when receiving the cash dividends or scrip dividends, the Company has engaged the following company to deal with such problems:

  Company name: Ever-Long Securities Company Limited
  Address: 18/F, Dah Sing Life Building, 99-105 Des Voeux Road
  Central, Hong Kong

Any shareholder who needs the special arrangement should produce supporting documents for verification of shareholders' identification. They can contact the following persons:

Name	Tel no.	Fax no.	E-mail
Ms. Chan	2815 3625	2581 0638	els@everlong.com.hk
Mr. Yu	2815 7107	2581 0638	els@everlong.com.hk
Mr. Ng Shun Fu	2815 3522	2581 0638	els@everlong.com.hk

Further details of such special arrangement and other relevant details will be included in the circular to be sent to the shareholders after fulfillment of the conditions (i), (ii) and (iii) mentioned above.

- Trading in the shares of the Company has been suspended since 21 April 2004. Despite enormous efforts in resumption of trading but to no avail so far, the Board of the Company regret for such unusual long suspension of trading and would express its apology to all shareholders or investors of the Company. The Board of the Company has resolved to share the fruitful results of the Group with all shareholders. Eligible shareholders can contact the following public relation firm appointed by the Company and can get free gifts.

Company name: Synchronic Communications Limited
Address: Room B, 5/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong

Name	Tel no.	Fax no.	E-mail
Ms. Law	2136 8188	2136 8192	abby@synchronic.com.hk
Ms. Fung	2136 8188	2136 8192	avan@synchronic.com.hk

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment and investment property of the Group are set out in notes 16 and 17 to the financial statements, respectively. Further details of the Group's investment property are set out on page 78.

PROPERTY HELD FOR REDEVELOPMENT

Details of the property held for redevelopment of the Group are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital are set out in notes 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 31 to the financial statements. Details of movements in the reserve of the Group during the year are set out on page 30.

DISTRIBUTABLE RESERVES

At 31 March 2007, the Company's reserves available for distribution were HK$76,067,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$35,831,000, may be distributed in the form of fully paid bonus shares.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 77. This summary does not form part of the audited financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Ms. Yeung Han Yi Yvonne	
Ms. Chan Chi Mei Miranda	
Mr. Wu Ho Fai David	(appointed on 13 April 2006)
Ms. Zhang Yuyan	(appointed on 13 April 2006)
Mr. Cheung Hoo Win	(appointed on 1 June 2006)
Mr. Tam Wing Fai Johnny *(Managing Director)*	(resigned on 1 June 2006)

Independent Non-Executive Directors

Mr. Lim Man San David *(Chairman)*
Mr. Yeung Shun Kee Edward
Mr. Chow Pat Kan

In accordance with the Company's Bye-laws 182(vi), Ms. Yeung Han Yi Yvonne, Mr. Lim Man San David and Mr. Chow Pat Kan shall retire and be eligible for re-election at the forthcoming annual general meeting. The Company was informed by Ms. Chan Chi Mei Miranda, who is not on the list of the retiring directors of the Company pursuant to the Company's Bye-laws, that she wishes to retire voluntarily and offer herself for re-election by shareholders at the forthcoming anual general meeting.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2007, the interests and short positions of the Directors of the Company (the "Directors") in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

	Number of ordinary shares of HK$0.01 each held and nature of interest			
Name of Directors	**Family interests**	**Personal Interests**	**Total**	**Shareholding percentage**
Ms. Yeung Han Yi Yvonne ("Ms. Yeung")	369,995,967 *(Note)*	30,000,000	399,995,967	21.38%
Ms. Chan Chi Mei Miranda	–	39,288	39,288	0.00%

Note: Mr. Cheung Chi Shing Kenneth ("Mr. Cheung") personally held 299,995,967 shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interests in 60,000,000 shares of the Company held by KY and Mr. Cheung is further deemed to be interested in 10,000,000 shares of the Company held by K.C. (Investment) Limited, a wholly owned subsidiary of KY.

Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 369,995,967 shares of the Company that Mr. Cheung is beneficially interested.

All the interests stated above represented long positions. As at 31 March 2007, no short positions were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept under Section 352 of the SFO.

Save as disclosed above, as at 31 March 2007, none of the directors of the Company had any interest or short position whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, at 31 March 2007, the Company had been notified of the following interests in the Company:

	Number of shares	Percentage
Mr. Cheung *(Note1)*	399,995,967	21.38%
Ms. Yeung *(Note 2)*	399,995,967	21.38%
Mr. Rajkumar M Daswani *(Note 3)*	112,411,667	6.01%

Notes:

1. Please refer to the note under the heading "Directors' Interest in Securities" for details of the beneficial interests of Mr. Cheung in the shares of the Company. Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 30,000,000 shares of the Company beneficially interested by Ms. Yeung.

2. Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 369,995,967 shares beneficially interested by Mr. Cheung.

3. The interests of Mr. Rajkumar M Daswani are set out based on his notification given to the company on 1 April 2004 pursuant to the SFO. On 7 December 2004, the Company wrote to Mr. Rajkumar M Daswani for his shareholding in the Company and received a letter dated 13 December 2004 from Mr. Rajkumar M Daswani that he and Shalini R Daswani in joint account held 114,731,667 shares of the Company as at 30 September 2004. The Company didn't receive valid notification pursuant to the SFO from Shalini R Daswani.

4. On 20 August 2002, Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) notified the Company that they respectively held shares of 165,050,000 and 150,800,000 in the Company. To ensure the accuracy of its Register, the Company wrote to Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) to inquire their then shareholdings in the Company on 14 June 2004. On 13 December 2004, the Company received a letter from Mr. Lin Wen (林文先生), claiming that he held approximately 5 million shares of the Company, which was substantially different from the record of Mr. Lim Wen's (林文先生) interests available from the web site of the Stock Exchange and the Company. The Company has repeatedly tried to seek valid notification under the SFO from Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生). However, up to the date of this report, the Company has not received any further response from Mr. Lin Wen (林文先生) or Mr. Sun Jin Lin (孫進林先生).

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

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

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers combined accounted for less than 30%, of the Group's total sales, whereas purchases from the Group's five largest suppliers combined accounted for less than 30% of the Group's total purchases.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, the public float of the share of the Company is sufficient.

AUDITOR

Li, Lai & Cheung will retire at the forthcoming annual general meeting. A resolution will be proposed to at the forthcoming annual general meeting to appoint auditor and to authorise the Board to fix their remuneration.

On behalf of the Board
Cheung Hoo Win
Director

Hong Kong, 24 July 2007

The Board of the Company is committed to maintain high standards of corporate governance and it considers that effective corporate governance is an essential factor to the corporate success. Subject to the deviations as disclosed on this report, the Group has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year ended 31 March 2007.

The Company does not have any officer with the title of "chief executive officer" ("CEO"); however, the duties of CEO are performed by the Managing Director. Following the resignation of the Managing Director in June 2006, the day-to-day business operation of the Group will be carried out by other executive directors. As there exists a clear division of each director's duties in the Group, the resignation of the Managing Director did not have any material impact on operation of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

BOARD OF DIRECTORS

At the date of this report, the Board comprises five executive directors and three independent non-executive directors ("INEDs"). The Company believes that the Board has a balance of skills and experience appropriate for the requirements of the business of the Group. As the number of the INEDs represents more than one-third of the Board, there is a strong independent element on the Board, which can effectively exercise independent judgment. Each of the INEDs has entered with the Company a service agreement with a term of two years up to 31 March 2009 and has made an annual confirmation on his independency.

To further strengthen its corporate governance and elevate the function of non-executive directors, the Group may consider increasing the number of non-executive directors in its Board.

Directors' securities transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by Directors. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the year.

Nomination of directors

The Board as a whole is responsible for the selection and approval of candidates for appointment to the Board. The selection criteria are mainly based on the professional and experience of candidates. A newly appointed director must retire and be re-elected at the first general meeting after his appointment. There are no fixed terms of services for executive directors while INEDs are appointed for a term of two years, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws of the Company.

Board meeting

During the year ended 31 March 2007, four regular board meetings (the fourth one was prosponed two weeks after the year end) and two board meetings to approve annual results and interim results were held to which 14 days' notice is given to all directors. The individual attendance of directors is set out as follows:

	Number of board meetings attended
Executive directors:	
Ms. Yeung Han Yi Yvonne	6/6
Ms. Chan Chi Mei Miranda	4/6
Mr. Wu Ho Fai David (appointed on 13 April 2006)	6/6
Ms. Zhang Yuyan (appointed on 13 April 2006)	6/6
Mr. Cheung Hoo Win (appointed on 1 June 2006)	6/6
Independent non-executive directors:	
Mr. Lim Man San David *(Chairman)*	6/6
Mr. Yeung Shun Kee Edward	4/6
Mr. Chow Pat Kan	5/6

Remuneration of directors

The Group has a remuneration committee with specific written terms of reference which deals with clearly with its authority and duties. The members of the remuneration committee are Mr. Yeung Shun Kee Edward (Chairman), Mr. Lim Man San David and Mr. Chow Pat Kan. All committee members are INEDs.

The remuneration committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance. It is also the remuneration committee's duty to determine the specific remuneration packages of all executive directors and senior management.

During the year ended 31 March 2007, two remuneration committee meetings were held to review the payments of remunerations to retiring directors and discretionary bonus to certain executive directors.

The individual attendance of members of remuneration committee is set out as follows:

Members of remuneration committee	**Number of remuneration committee meetings attended**
Mr. Yeung Shun Kee Edward *(Chairman)*	2/2
Mr. Lim Man San David	2/2
Mr. Chow Pat Kan	2/2

AUDITOR'S REMUNERATION

During the year, the remuneration in respect of statutory audit services and the taxation services provided by the auditor of the Company was HK$480,000 and HK$42,000 respectively.

AUDIT COMMITTEE

The Company has an audit committee comprising three INEDs of the Company, namely, Mr. Chow Pat Kan (Chairman), Mr. Lim Man San David and Mr. Yeung Shun Kee Edward. The principal duties of the audit committee are to review the Group's interim and annual reports, internal controls and make recommendations to the Board.

During the year, three audit committee meetings were held and the individual attendance of members of audit committee is set out as follows:

Members of audit committee	**Number of audit committee meetings attended**
Mr. Chow Pat Kan *(Chairman)*	3/3
Mr. Lim Man San David	3/3
Mr. Yeung Shun Kee Edward	1/3

During the meetings, the audit committee had performed the following works:

(i) reviewed the draft interim and annual financial statements and the related draft results announcements;

(ii) reviewed the change in accounting standards and assessment of potential impacts on the Group's financial statements;

(iii) discussed with external auditors for any major audit issues of the Group; and

(iv) discussed matters in relation to internal control of the Group.

ACCOUNTABILITY AND AUDIT

Financial reporting

The management provides to the Board the Group's financial information and explanation on a regular basis, and this reporting regime extends to the annual and interim results announcement of the Company, thereby enabling the Board from time to time has a continued, balanced, clear and understandable assessment of the Group's situations when determining the strategic decision and fulfilling relevant compliance requirements.

The Board acknowledges that it is the Board's responsibility for preparing the accounts of the Company. As at 31 March 2007, the directors of the Company do not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

For the responsibilities of the Company's auditor in respect of presenting the Company's financial statements, please refer to the section headed "Independent Auditor's Report" of this annual report.

Internal control review

It is the Board's responsibility to ensure that the Group maintains sound and effective internal controls, to safeguard its shareholders' investment and the Group's assets.

During the year under review, the Board has conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries. There were no significant control failings found during the review.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of maintaining two-way communication with its shareholders. The Company has engaged an investor relation consultancy company which will provide shareholders with up-to-date and comprehensive information about the corporate developments of the Group. Information of the investor relation consultancy company is as follows:

Company name:	Synchronic Communications Limited
Address:	Room B, 5/F, Fairmont House 8 Cotton Tree Drive Central, Hong Kong
Telephone:	(852) 2136 8188
Facsimile:	(852) 2136 8192

On behalf of the Board
Cheung Hoo Win
Director

Hong Kong, 24 July 2007

張黎李會計師事務所
LI, LAI & CHEUNG

TO THE SHAREHOLDERS OF STYLAND HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Styland Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 76, which comprise the consolidated and Company balance sheet as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the 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 disclosure requirements of 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 90 of the Bermuda Companies Act 1981, 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.

Auditor's responsibility (continued)

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 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 disclosure requirements of the Hong Kong Companies Ordinance.

Li, Lai & Cheung
Certified Public Accountants

Hong Kong, 24 July 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Turnover	6 & 7	**108,793**	71,604
Cost of sales		**(94,241)**	(54,096)
Gross profit		**14,552**	17,508
Other revenue and gains	7	**12,279**	5,271
Reversal of provisions for doubtful debts		**8,363**	4,203
Selling and distribution expenses		**(1,169)**	(1,360)
Administrative expenses		**(27,397)**	(25,370)
Net realised holding loss on investments held-for-trading		**–**	(539)
Fair value changes on property held for redevelopment		**2,000**	–
Fair value changes on investment property		**400**	600
Reversal of impairment of investment in a joint venture held-for-sale		**–**	20,404
Fair value changes on investments held-for-trading		**3,453**	–
Impairment of available-for-sale investments		**–**	(2,382)
Provisions against accounts and loans receivable		**(4,469)**	(11,685)
Other expenses		**(184)**	(7,592)
Finance costs	8	**(7,019)**	(6,941)
Profit/(loss) before taxation	9	**809**	(7,883)
Taxation	12	**4,790**	–
Profit/(loss) for the year		**5,599**	(7,883)
Attributable to:			
Equity holders of the Company		**6,008**	(13,990)
Minority interests		**(409)**	6,107
		5,599	(7,883)
Dividend	14	**4,117**	–
Earnings/(loss) per share	15		
Basic		**HK0.32 cent**	(HK0.75 cent)

CONSOLIDATED BALANCE SHEET

At 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	16	**2,588**	2,451
Investment property	17	**15,000**	14,600
Property held for redevelopment	18	**49,000**	47,000
Dividend receivable	20	**–**	19,153
Available-for-sale investments	21	**227**	3,098
		66,815	86,302
Current assets			
Inventories	22	**32**	192
Loan receivables	23	**21,505**	41,296
Accounts receivable	24	**3,831**	8,591
Other receivables, deposits and prepayments		**21,145**	21,137
Taxation recoverable		**564**	585
Investment in a joint venture held-for-sale	20	**157,298**	151,834
Investments held-for-trading	25	**10,509**	2,454
Client trust bank accounts		**9,237**	8,306
Pledged deposits		**5,000**	9,000
Cash and bank balances		**19,359**	3,517
		248,480	246,912
Current liabilities			
Accounts payable, other payables and accruals	20 & 26	**34,073**	36,720
Obligations under hire purchase contracts	27	**–**	402
Taxation payable	12	**39**	4,839
Bank borrowings	28	**80,445**	95,775
		114,557	137,736
Net current assets		**133,923**	109,176
Total assets less current liabilities		**200,738**	195,478
Non-current liabilities			
Bank borrowings	28	**15,728**	17,624
		185,010	177,854

CONSOLIDATED BALANCE SHEET

At 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Capital and reserves			
Share capital	29	**18,712**	18,712
Share premium and reserves		**123,441**	115,876
Equity attributable to equity holders of the Company		**142,153**	134,588
Minority interests		**42,857**	43,266
		185,010	177,854

Approved and authorised for issue by the Board of Directors on 24 July 2007.

Cheung Hoo Win
Director

Chan Chi Mei, Miranda
Director

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	19	**136,609**	138,813
CURRENT ASSETS			
Other receivables, deposits and prepayments		**291**	271
Bank balances		**10**	10
		301	281
CURRENT LIABILITIES			
Other payables and accruals		**260**	565
NET CURRENT ASSETS/(LIABILITIES)		**41**	(284)
		136,650	138,529
CAPITAL AND RESERVES			
Share capital	29	**18,712**	18,712
Share premium and reserves	31	**117,938**	119,817
		136,650	138,529

Approved and authorised for issue by the Board of Directors on 24 July 2007.

Cheung Hoo Win
Director

Chan Chi Mei, Miranda
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital redemption reserve	Special capital reserve	Contributed surplus	Investment revaluation reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	18,712	35,831	6,040	571,147	599,433	–	(1,080,970)	150,193	37,159	187,352
Loss on fair value changes of available-for-sale investments	–	–	–	–	–	(1,615)	–	(1,615)	–	(1,615)
Net expense recognized directly in equity	–	–	–	–	–	(1,615)	–	(1,615)	–	(1,615)
Loss for the year	–	–	–	–	–	–	(13,990)	(13,990)	6,107	(7,883)
Total recognized income and expense for the year	–	–	–	–	–	–	(13,990)	(13,990)	6,107	(7,883)
At 31 March 2006	18,712	35,831	6,040	571,147	599,433	(1,615)	(1,094,960)	134,588	43,266	177,854
Transfer to gain on disposal of available-for-sale investments	–	–	–	–	–	1,557	–	1,557	–	1,557
Net income recognized directly in equity	–	–	–	–	–	1,557	–	1,557	–	1,557
Profit for the year	–	–	–	–	–	–	6,008	6,008	(409)	5,599
Total recognized income and expense for the year	–	–	–	–	–	–	6,008	6,008	(409)	5,599
At 31 March 2007	18,712	35,831	6,040	571,147	599,433	(58)	(1,088,952)	142,153	42,857	185,010

	2007 HK$'000	2006 HK$'000
Operating activities		
Profit/(loss) before taxation	**809**	(7,883)
Adjustments for:		
Interest income	**(563)**	(344)
Depreciation	**566**	741
Finance costs	**7,019**	6,941
Impairment of goodwill	**–**	3,124
Loss on disposals of property, plant and equipment	**184**	475
Fair value changes on investments held-for-trading	**(3,453)**	3,993
Net realized holding loss on investments held-for-trading	**–**	539
Fair value changes on investment property	**(400)**	(600)
Fair value changes on property held for redevelopment	**(2,000)**	–
Impairment of available-for-sale investments	**–**	2,819
Provision against accounts and loan receivables	**4,469**	4,679
Reversal of impairment of investment in a joint venture	**–**	(20,404)
Reversal of provision for doubtful debts	**(8,363)**	(4,203)
Operating cash flows before movements in working capital	**(1,732)**	(10,123)
Decrease in inventories	**160**	897
Decrease in dividend receivable	**19,153**	–
Decrease in accounts and loans receivable	**28,445**	3,534
Increase in other receivables, deposits and prepayments	**(8)**	(701)
Decrease in pledged deposits	**4,000**	–
Increase in investments held-for-trading	**(4,602)**	–
Increase in client trust bank accounts	**(931)**	(1,281)
(Decrease)/increase in accounts payable, other payables and accruals	**(2,647)**	5,664
Effect of foreign exchange	**(5,464)**	–
Cash generated from (used in) operations	**36,374**	(2,010)
Hong Kong profits tax refunded/(paid)	**11**	(475)
Net cash generated from (used in) operating activities	**36,385**	(2,485)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	2007 HK$'000	2006 HK$'000
Investing activities		
Interest received	563	344
Purchases of property, plant and equipment	(1,136)	(153)
Purchases of available-for-sale investments	–	(438)
Purchases of investments held-for-trading	–	(5,740)
Proceeds from disposal of investments held-for-trading	4,428	5,180
Proceeds from disposal of property, plant and equipment	249	29
Acquisition of a subsidiary	–	(1,613)
Net cash generated from (used) in investing activities	4,104	(2,391)
Financing activities		
New bank loans raised	–	21,000
Repayments of bank loans	(14,769)	(19,566)
Interest paid	(7,013)	(6,893)
Hire purchase interest charges paid	(6)	(48)
Capital element of hire purchase contract payments	(402)	(843)
Net cash used in financing activities	(22,190)	(6,350)
Net increase (decrease) in cash and cash equivalents	18,299	(11,226)
Cash and cash equivalents at beginning of the year	(3,489)	7,461
Effect of foreign exchange rate changes	–	276
Cash and cash equivalents at end of the year	14,810	(3,489)
Represented by		
Cash and bank balances	19,359	3,517
Bank overdrafts	(4,549)	(7,006)
	14,810	(3,489)

1. GENERAL

The Company was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act of Bermuda. The shares of the Company are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information on the annual report.

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

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in note 19.

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 standards, amendments and interpretations ("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 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results of the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Standards, amendment or interpretations issued but not yet effective

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 standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"[3]
HK(IFRIC)-Int 8	Scope of HKFRS 2[4]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[5]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[6]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[7]
HK(IFRIC)-Int 12	Service Concession Arrangements[8]

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

Standards, amendment or interpretations issued but not yet effective (continued)

[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 March 2006
[4] Effective for annual periods beginning on or after 1 May 2006
[5] Effective for annual periods beginning on or after 1 June 2006
[6] Effective for annual periods beginning on or after 1 November 2006
[7] Effective for annual periods beginning on or after 1 March 2007
[8] Effective for annual periods beginning on or after 1 January 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except for investment property, property held for redevelopment, investments held-for-trading and available-for-sale investments, which are measured at revalued amounts at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated 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 its subsidiaries.

A subsidiary is an entity in which the Group controls more than half the voting power, or controls the composition of the board of directors, or has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated income statement from the date that control commences until the date that central ceases.

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

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Basis of consolidation (continued)

All significant intercompany transactions and balances within the Group have been 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.

Goodwill

Goodwill arising on acquisitions prior to 1 April 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the agreement date is before 1 April 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary or associate at the date of acquisition.

For previously capitalized goodwill, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see accounting policy below).

Goodwill arising on acquisitions on or after 1 April 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the agreement date is on or after 1 April 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.

Capitalized goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill (continued)

Goodwill arising on acquisitions on or after 1 April 2005 (continued)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, an 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 to income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

Excess of the Group's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of a subsidiary or an associate for which an agreement date is on or after 1 April 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition arising on an acquisition of an associate is included as income in the determination of the Group's share of results of the associate in which the investment is acquired.

All negative goodwill as at 1 April 2005 has been derecognised with a corresponding adjustment to the Group's accumulated losses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after an item of property, plant and equipment has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalized as an additional cost of that asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

Depreciation is provided so as to write off the cost of each item of property, plant and equipment over its estimated useful life. The principal annual rates and bases used for this purpose are as follows:

Leasehold improvements	25% on the reducing balance basis
Furniture, fixtures and equipment	15% on the reducing balance basis
Motor vehicles	20% on the reducing balance basis

The gain or loss on disposal or retirement of an item of property, plant and equipment recognized in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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 fair value. Gains or losses arising from changes in the fair value of investment property are included in income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdraw from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement for the period in which the item is derecognised.

Properties held for redevelopment

Properties held for redevelopment are stated at costs less impairment losses. Costs include the acquisition costs of the properties and all costs attributable to such redevelopment.

Impairment

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. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried a revalued amount under another HKFRS, in which case the impairment loss is treated as revaluation decrease under that HKFRS.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Impairment (continued)

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 recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that other HKFRS.

Financial instruments

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

Financial assets

The Group's financial assets comprise of loans and receivable and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including other assets, debtors, deposits and prepayments, loan receivables and bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized 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 recognized, 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 recognized.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. 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 recognized in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in income statement in the period in which they arise.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and a 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. The accounting policies adopted in respect of financial liabilities are set out below.

Financial liabilities

Financial liabilities including bank borrowings, accounts payable, other payables and accruals and obligations under hire purchase contracts 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.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Financial instruments (continued)

Derecognition

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

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

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 retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences 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 retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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 Group 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.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Leasing

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

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as finance lease.

Taxation

Taxation 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 net profit as reported in the 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.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable 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 profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax 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 in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Joint venture arrangement

Joint venture arrangement which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

Where an investment is made by means of joint venture structures which do not result in the Group having joint control with the other venturer, or any control nor significant influence over the joint venture, the investment in such joint venture is accounted for as unlisted investments held-for-sale which is stated at cost less any impairment.

3. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks of rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, in the period in which the services are rendered;

(c) from trading of securities and securities dealing, on the transaction dates when the relevant contract notes are exchanged;

(d) commission and brokerage income on securities dealing, on the trade date basis;

(e) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable;

(f) rental income, on the straight-line basis over the lease terms; and

(g) dividends, when the shareholders' right to receive payment has been established.

Employee benefits

(a) Retirement benefits scheme

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (continued)

(b) Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance. A provision is recognized in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

(c) Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

4. KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The Group makes estimates and assumptions concerning the future in preparing accounting estimates. The resulting accounting estimates may not equal to the actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as below.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the deprecation charges and the amounts of assets written down for future periods.

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

Estimated allowance of doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other debtors. Allowances are applied to trade and other debtors where events or change in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the present value of estimated future cash flows discounted at the original effective interest rate is lower than the carrying amount, such difference represents allowance for doubtful debts recognised as expense in the consolidated income statement. When the actual future cash flows are less than the expected, a material impairment loss may arise.

Estimated allowance of inventories

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

5. FINANCIAL INSTRUMENTS

5a. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, investments held-for-trading, loan receivables, accounts receivable, client trust bank accounts, pledged deposits, bank balances, bank borrowings, accounts payable and obligations under hire purchase contracts. Details of these financial instruments are disclosed in respective 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.

Currency risk

The Group operates mainly in Hong Kong and the Mainland China. Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi with some creditors denominated in US dollars. The management manages and monitors the currency risk exposure and would consider the use of forward contract to mitigate the risk.

5. *FINANCIAL INSTRUMENTS (continued)*

5a. Financial risk management objectives and policies (continued)

Interest rate risk

The Group was exposed to interest rate risk through the impact of rate changes on bank balances, loan receivables, bank borrowings and obligations under hire purchase contracts. The management manages and monitors the interest rates exposures and would consider the use of interest rate swap to mitigate the risk. The interest rates and terms of bank balances, loan receivables, obligations under hire purchase contracts and bank borrowings were disclosed in notes 23, 27 and 28 respectively.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2007 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, 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.

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

The credit risk for bank balances is considered minimal as such amounts are placed with banks with good credit ratings.

5b. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other 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 their fair values.

6. *BUSINESS AND GEOGRAPHICAL SEGMENTS*

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial report.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represent a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Summary details of the business segments are as follows:

– the general import and export trading segment mainly engages in the trading of garment and garment-related goods;

– the securities dealing and broking segment provides underwriting, trading and broking services mainly on marketable securities;

– the trading of securities which are listed and trading in the Stock Exchange;

– the financing segment engages in money lending;

– the property redevelopment and investment segment engages in property redevelopment and letting of property;

– the strategic investment segment engages in investments for an identified long term purpose; and

– the corporate segment comprises corporate income and expense items.

The Group recognized the trading of securities as one of its principle activities with effective from 1 April 2006.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of the assets.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(a) Business segments

The following tables present the revenue, profit/(loss) and certain assets, liabilities and expenditure information for the Group's business segments:

	General import and export trading HK$'000	Securities dealing and broking services HK$'000	Financing HK$'000	Trading of securities HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Income statement for the year ended 31 March 2007										
Segment revenue:										
External sales	14,134	11,300	3,647	79,712	-	-	-	-	-	108,793
Other revenue	725	5,032	4,745	-	-	9,578	-	-	-	20,080
Inter-segment sales	-	265	-	-	1,200	3	10,610	-	(12,078)	-
Total revenue	14,859	16,597	8,392	79,712	1,200	9,581	10,610	-	(12,078)	128,873
Segment result	(2,367)	1,760	5,200	4,070	2,826	1,283	(5,139)	(85)	(283)	7,265
Interest income										563
Finance costs										(7,019)
Profit before taxation										809
Tax credit										4,790
Profit for the year										5,599
Balance sheet at 31 March 2007										
Segment assets	1,203	31,961	8,259	36,119	64,065	164,678	8,387	86	(27)	314,731
Unallocated assets										564
Consolidated total assets										315,295
Segment liabilities	825	9,560	328	5,518	283	16,967	523	96	(27)	34,073
Unallocated liabilities										96,212
Consolidated total liabilities										130,285
Other information:										
Depreciation	33	46	-	-	1	16	470	-	-	566
Impairment loss/(gain)	-	-	-	-	(2,400)	-	-	-	-	(2,400)
Other significant non-cash expenses/(income)	193	1,124	2,754	(3,453)	-	437	144	-	-	1,199
Capital expenditure	369	129	-	-	-	-	638	-	-	1,136

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(a) Business segments (continued)

	General import and export trading HK$'000	Securities dealing and broking services HK$'000	Financing HK$'000	Trading of securities HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Income statement for the year ended 31 March 2006										
Segment revenue:										
External sales	58,759	9,298	3,547	-	-	-	-	-	-	71,604
Other revenue	1,446	510	377	-	500	95	2,123	-	-	5,051
Inter-segment sales	-	251	-	-	1,200	-	8,479	-	(9,930)	-
Total revenue	60,205	10,059	3,924	-	1,700	95	10,602	-	(9,930)	76,655
Segment result	563	(1,903)	(2,591)	-	1,088	11,157	(4,639)	(4,710)	(251)	(1,286)
Interest income										344
Finance costs										(6,941)
Loss before taxation										(7,883)
Taxation										-
Loss for the year										(7,883)
Balance sheet at 31 March 2006										
Segment assets	2,417	44,389	14,911	-	61,667	192,203	12,619	4,423	-	332,629
Unallocated assets										585
Consolidated total assets										333,214
Segment liabilities	951	13,001	245	-	316	20,378	1,353	476	-	36,720
Unallocated liabilities										118,640
Consolidated total liabilities										155,360
Other information:										
Depreciation	113	47	-	-	1	72	508	-	-	741
Impairment loss/(gain)	-	-	-	-	(600)	5,506	-	-	-	4,906
Other significant non-cash expenses/(income)	502	4,486	7,088	-	-	(18,299)	58	2,453	-	(3,712)
Capital expenditure	4	37	-	-	-	1,613	-	112	-	1,766

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

(b) Geographical segments

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments:

	2007 **HK$'000**	2006 HK$'000
Hong Kong	**96,125**	26,933
Europe	**6,701**	44,671
North America	**5,933**	–
Others	**34**	–
	108,793	71,604

	Segment assets		**Capital expenditure**	
	2007 **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000
Hong Kong	**139,225**	142,954	**1,136**	1,766
Mainland China	**176,070**	190,260	**–**	–
	315,295	333,214	**1,136**	1,766

7. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the amounts received and receivable from the trading of securities, garment and garment-related goods, securities dealing and broking services, interest income from money lending business and rental income from letting of property, net of allowances and returns, during the year. The Group recognised the trading of securities as one of its principle activities with effective from 1 April 2006.

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Value of transactions from sales of securities	**79,712**	–
Invoiced value of goods sold, net of returns and allowances	**14,134**	58,759
Commission and brokerage income from securities dealing	**11,300**	4,369
Interest income from the financing business	**3,647**	8,476
	108,793	71,604
Other revenue		
Interest income	**563**	344
Gain on foreign exchange	**3,578**	–
Other income	**8,138**	4,927
	12,279	5,271

8. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable:		
– within five years	**6,037**	5,996
– over five years	**976**	897
Interest charges for hire purchase contracts	**6**	48
	7,019	6,941

9. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation have been arrived at after charging/(crediting):

	2007 HK$'000	2006 HK$'000
Depreciation	566	741
Staff costs (including directors' remuneration):		
– Salaries and allowances	10,023	13,325
– Retirement benefit scheme contributions	449	565
	10,472	13,890
Auditor's remuneration	467	535
Minimum lease payments under operating leases for land and buildings	1,153	913
Net loss on foreign currencies exchange	–	1,265
Other expenses:		
– Fair value changes on investments held-for-trading	–	3,993
– Impairment of goodwill	–	3,124
– Loss on disposal of property, plant and equipment	184	475
	184	7,592
Interest income	(563)	(344)

10. DIRECTORS' REMUNERATION

The remuneration paid or payable to each of nine (2006: seven) directors were as follows:

Name of Director	Fees	Salaries and other benefits	Performance related incentive payments	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cheung Hoo Win	–	1,065	95	10	1,170
Yeung Han Yi Yvonne	–	651	–	33	684
Chan Chi Mei Miranda	–	543	55	30	628
Zhang Yuyan	–	150	–	–	150
Wu Ho Fai David	–	339	–	12	351
Tam Wing Fai Johnny	–	330	–	2	332
Lim Man San David	80	–	–	–	80
Yeung Shun Kee Edward	140	–	–	–	140
Chow Pat Kan	80	–	–	–	80
Total for the year 2007	300	3,078	150	87	3,615
Yeung Han Yi Yvonne	–	1,258	–	32	1,290
Chan Chi Mei Miranda	–	528	–	26	554
Tam Wing Fai Johnny	–	1,848	–	12	1,860
Ching Suet Ming	–	459	–	57	516
Lim Man San David	80	–	–	–	80
Yeung Shun Kee Edward	80	–	–	–	80
Chow Pat Kan	80	–	–	–	80
Total for the year 2006	240	4,093	–	127	4,460

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2006: four) directors, details of whose remuneration are disclosed in note 10. The emoluments of the remaining one (2006: one) highest paid employee are as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Salaries, allowances and other benefits	**520**	759
Retirement benefit scheme contributions	**12**	38
	532	797

12. TAXATION

(a) Taxation in the consolidated income statement represents:

	2007 ***HK$'000***	2006 *HK$'000*
Provision for Hong Kong profits tax		
Over-provision in previous year written-back	**4,800**	–
Current year	**(10)**	–
Deferred tax		
Current year	**–**	–
Tax credit/(charge) for the year	**4,790**	–

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year.

12. TAXATION (continued)

(b) The taxation for the year can be reconciled to the profit / (loss) before taxation as follows:

	2007 *HK$'000*	2006 *HK$'000*
Profit/(loss) before taxation	**809**	(7,883)
Tax at Hong Kong profits tax rate of 17.5%	**142**	(1,380)
Tax effect of expenses not deductible for tax purpose	**1,079**	2,447
Tax effect of income not taxable for tax purpose	**(452)**	(3,576)
Tax effect of tax losses not recognized	**973**	3,070
Over-provision in prior year written-back	**(4,800)**	–
Utilisation of tax losses previously not recognized	**(1,725)**	(732)
Others	**(7)**	171
Tax (credit)/charge for the year	**(4,790)**	–

The domestic tax rate in Hong Kong is used as it is where the operation of the Group is substantially based.

(c) The Group has not recognized deferred tax assets in respect of tax losses of approximately HK$290,000,000 (2006: HK$345,000,000). The tax losses do not expire under the current tax legislation.

13. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net loss from ordinary activities attributable to shareholders for the year ended 31 March 2007 dealt with in the financial statements of the Company was HK$1,879,000 (2006: Net loss of HK$4,086,000).

14. DIVIDEND

	2007	2006
	HK$'000	*HK$'000*
Proposed final dividend	**4,117**	–

The Board recommended payment of a final dividend of HK0.22 cent per share for the year ended 31 March 2007. Shareholders will also be offered the option of receiving the final dividend in the form of new share of the Company. The proposed dividend will be conditional on (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company, (ii) the Stock Exchange of Hong Kong Limited granting a listing of and permission to deal in the shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company within 3 months from the date of this annual general meeting.

The Board has not recommended the payment of a final dividend for the year ended 31 March 2006.

15. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2007 is based on the net profit attributable to shareholders of HK$6,008,000 (2006: loss of HK$13,990,000) and the weighted average of 1,871,188,679 (2006: 1,871,188,679) ordinary shares in issue during the year.

No diluted earnings per share has been presented for the current year as there was no outstanding option at 31 March 2007 and no diluted loss per share for the year ended 31 March 2006 as the options outstanding had an anti-dilutive effect on the basic loss per share for that year.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At Cost:				
At 1 April 2005	1,518	4,735	4,037	10,290
Additions	–	153	–	153
Disposals	(236)	(1,045)	–	(1,281)
At 31 March 2006	1,282	3,843	4,037	9,162
Additions	270	316	550	1,136
Disposals	(118)	(12)	(1,034)	(1,164)
At 31 March 2007	**1,434**	**4,147**	**3,553**	**9,134**
Accumulated Depreciation:				
At 1 April 2005	1,274	3,675	1,798	6,747
Charges for the year	49	192	500	741
Written back on disposals	(116)	(661)	–	(777)
At 31 March 2006	1,207	3,206	2,298	6,711
Charges for the year	40	151	375	566
Written back on disposals	(79)	(6)	(646)	(731)
At 31 March 2007	**1,168**	**3,351**	**2,027**	**6,546**
Carrying values:				
At 31 March 2007	**266**	**796**	**1,526**	**2,588**
At 31 March 2006	75	637	1,739	2,451

17. INVESTMENT PROPERTY

	2007 HK$'000	2006 HK$'000
At beginning of year	14,600	14,000
Gain on fair value changes	400	600
At end of year	15,000	14,600
Analysis by lease term and geographical location:		
Leasehold property situated in Hong Kong held under medium term lease	15,000	14,600

The investment property was valued by Savills Valuation and Professional Services Limited, an independent professionally qualified property valuer, on an open market, existing use basis at 31 March 2007. The investment property is pledged to secure banking facilities granted to the Group, as detailed in note 28 to the financial statements.

18. PROPERTY HELD FOR REDEVELOPMENT

	2007 HK$'000	2006 HK$'000
At beginning of year	47,000	47,000
Add: Reversal of impairment previously recognised in the income statement	2,000	–
At end of year	49,000	47,000

The property held for redevelopment is situated in Hong Kong, held under medium term lease and is pledged to secure banking facilities granted to the Group, as further detailed in note 28 to the financial statements.

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2007	2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	**4,100**	4,100
Less: Impairment	**(4,100)**	(4,100)
	–	–
Amounts due from a subsidiary	**560,299**	562,503
Less: Provision against amounts due from a subsidiary	**(423,690)**	(423,690)
	136,609	138,813
	136,609	138,813

The amounts due from a subsidiary are unsecured and have no fixed repayment terms. No interest was charged on the amounts due from the subsidiary for the year ended 31 March 2007. For the year ended 31 March 2006, certain amounts due from the subsidiary bear interest ranging from 2% to 7.75% per annum.

The carrying amounts of the amounts due from the subsidiary approximate to their fair values.

19. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries at 31 March 2007 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
City Faith Investments Limited	Hong Kong	HK$2	–	100	Property investment
City Lion Worldwide Limited	The British Virgin Islands ("BVI")	US$1	–	100	Securities trading
Devonia Development Limited	Hong Kong	HK$10,000	–	100	Property redevelopment
Ever-Long Asset Management Limited	Hong Kong	HK$10,000,000	–	100	Securities trading
Ever-Long Finance Limited	Hong Kong	HK$22,500,000	–	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	HK$100,000,000	–	100	Securities broking and provision of financing services
Kalomex (International) Limited	Hong Kong	HK$2,000,000	–	100	Trading of garment
Kippton Limited	Hong Kong	HK$10,000	–	86.8	Investment holding

19. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Long River Investments Holdings Limited	BVI	US$200	–	100	Securities trading
Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da")	Hong Kong	HK$204,082	–	48.9*	Investment holding
Styland Enterprises Limited	Hong Kong	HK$2	100	–	Provision of management services
Styland (International) Limited	Hong Kong	HK$100,000	–	100	Securities trading

* Sheng Da is a subsidiary of Kippton Limited, an 86.8% indirectly owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of control.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. INVESTMENT IN A JOINT VENTURE HELD-FOR-SALE

	2007 *HK$'000*	2006 *HK$'000*
Unlisted investment, at cost	**551,837**	551,837
Less: Accumulated amortisation	**(268,331)**	(268,331)
Impairment	**(131,672)**	(131,672)
	151,834	151,834
Effect of foreign exchange	**5,464**	–
	157,298	151,834
Amount due to the joint venture	**(18,397)**	(13,125)
Dividend receivable	**–**	19,153
	138,901	157,862
Classified as:		
Non-current assets:		
Dividend receivable	**–**	19,153
Current assets:		
Investment in a joint venture held-for-sale	**157,298**	151,834
Current liabilities:		
Amount due to the joint venture, included in other payables	**(18,397)**	(13,125)
	138,901	157,862

The investment in a joint venture held-for-sale represents the Group's investment in a Sino-foreign co-operative joint venture (the "JV"), Wuhan Dongseng Highway Building Development Company Limited ("Dongseng"). The principal activity of Dongseng is the development and operation of a section of the National Highway 318 as a toll expressway in Wuhan, China for a tenure of 19.5 years commenced from 10 November 1995, including 1.5 years of construction and development period and an operational period of 18 years.

20. INVESTMENT IN A JOINT VENTURE HELD-FOR-SALE *(continued)*

Pursuant to the joint venture agreement, the Group cannot control or exercise significant influence over Dongseng and is only entitled to profit distribution throughout the operational period of 18 years. Upon expiry of the joint venture, the toll expressway will be returned to the joint venture partner.

As the Chinese JV partner had unilaterally decided to relocate the toll station of the National Highway 318 during the year ended 31 March 2004, the Group therefore decide to dispose of its interest in Dongseng to the Chinese JV partner. Pursuant to an arbitration judgement issued by Wuhan Arbitration Commission (武漢仲裁委員會) on 18 April 2006, the Group's interest in Dongseng shall be transferred to the Chinese JV partner at a value of RMB157,298,300, equivalent to approximately HK$157,298,300 as at 31 March 2007 (the "judgement amount").

The Group has been negotiating with the Chinese JV partner and Wuhan Traffic Commission (武漢市交通委員會) regarding the transfer of its interest in Dongseng in accordance with the arbitration judgement. In April 2007, the Group received a remittance of RMB75,000,000, stated as re-purchase fund, from Wuhan Traffic Commission (武漢市交通委員會). The fund received has been fully applied to repay in full the outstanding bank loan amounted to RMB74,000,000 which is secured by the Group's interest in Dongseng. The Group is continued to negotiate with the Chinese JV partner and Wuhan Traffic Commission (武漢市交通委員會) regarding the transfer of its interest in Dongseng and payment of the remaining balance of the judgement amount in accordance with the arbitration judgement. No formal sale and purchase agreement has been entered into between the Group and the Chinese JV partner and no concrete payment schedule has been agreed between each parties. The directors of the Company are of the opinion that the remaining balance of the judgement amount is expected to be received by 31 March 2008.

The investment in Dongseng was pledged to secure a bank loan granted to the Group, as further detailed in note 28 to the financial statements.

The amount due to Dongseng is unsecured, interest-free (2006: interest-free) and has no fixed repayment terms.

The fair value of the amount due to Dongseng at 31 March 2007 approximates to its corresponding carrying amount.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2007 **HK$'000**	2006 *HK$'000*
Listed securities in Hong Kong, at market value	**227**	3,098

All available-for-sale investments were stated at fair value. Fair value of those investments have been determined by reference to bid prices quoted in active market.

22. INVENTORIES

	2007 **HK$'000**	2006 *HK$'000*
Raw materials	**8**	62
Finished goods	**24**	130
	32	192

No inventories were carried at net realisable value at 31 March 2007 (2006: Nil).

23. LOAN RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Securities dealing and broking services:		
– Secured margin loans	**24,391**	37,986
Less: Impairment	**(8,446)**	(11,000)
	15,945	26,986
Financing business:		
– Secured loans	**3,598**	16,623
– Unsecured loans	**20,341**	43,056
	23,939	59,679
Less: Impairment	**(18,379)**	(45,369)
	5,560	14,310
	21,505	41,296

The aged analysis of the Group's loan receivables excluding margin loans is as follows. No aged analysis on margin loans is disclosed as, in the opinion of the Directors, an aged analysis is not meaningful in view of the nature of the business of securities margin financing.

	2007	2006
	HK$'000	*HK$'000*
Financing business:		
Within 6 months	**1,104**	4,689
7 to 12 months	**582**	5,550
Over 1 year	**22,253**	49,440
	23,939	59,679
Less: Impairment	**(18,379)**	(45,369)
	5,560	14,310

The fair value of the Group's loan receivables at 31 March 2007 approximates to their corresponding carrying amounts.

24. ACCOUNTS RECEIVABLE

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

	2007 ***HK$'000***	2006 *HK$'000*
Balance in relation to:		
Securities dealing and broking services	**3,149**	6,715
General trading and others	**682**	1,876
	3,831	8,591

An aged analysis of the Group's accounts receivable is as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Within 6 months	**3,364**	8,314
7 to 12 months	**129**	224
Over 1 year	**986**	617
	4,479	9,155
Less: Impairment	**(648)**	(564)
	3,831	8,591

The fair value of the Group's accounts receivable at 31 March 2007 approximates to their corresponding carrying amounts.

25. INVESTMENTS HELD-FOR-TRADING

	2007 HK$'000	2006 HK$'000
Equity securities listed in Hong Kong, at market value	**10,509**	2,454
Classified as:		
Investments held-for-trading	**10,509**	2,454

As at the balance sheet date, all investments held-for-trading in listed securities are stated at fair value. The fair value of those investments have been determined by reference to the bid prices quoted in active market.

26. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2007 HK$'000	2006 HK$'000
Balance in relation to:		
Securities dealing and broking services	**10,745**	13,001
General trading and others	**23,328**	23,719
	34,073	36,720
An aged analysis of the Group's accounts payable is as follows:		
Within 6 months	**8,781**	7,910
7 to 12 months	**665**	1,161
Over 1 year	**2,020**	2,567
Accounts payable	**11,466**	11,638
Other payable and accruals	**22,607**	25,082
	34,073	36,720

The fair value of the Group's accounts payable, other payables and accruals at 31 March 2007 approximates to their corresponding carrying amount.

27. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The Group has acquired certain of its motor vehicles for business use under hire purchase contracts.

At 31 March 2007, the total future minimum payments under hire purchase contracts and their present values were as follows:

	Minimum payments		Present value of minimum payments	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under hire purchase contracts:				
Within one year	–	409	–	402
Total minimum hire purchase payments	–	409	–	402
Less: Future hire purchase interest	–	(7)		
Hire purchase payables	–	402		

The directors considered that the carrying amount of the Group's obligations under hire purchase contracts approximates to their fair value.

28. BANK BORROWINGS

	2007 HK$'000	2006 HK$'000
Bank borrowings comprise:		
Bank loans, secured	**91,624**	106,393
Bank overdrafts, secured	**4,549**	7,006
	96,173	113,399
Portion classified as current liabilities	**(80,445)**	(95,775)
Long term portion	**15,728**	17,624
Bank loans and overdrafts are repayable:		
Within one year	**80,445**	95,775
In the second year	**1,896**	1,896
In the third to fifth years, inclusive	**5,688**	5,688
Beyond five years	**8,144**	10,040
	96,173	113,399

The fair value of the Group's bank borrowings approximates to their carrying amounts.

The bank loans include approximately HK$74,000,000 (2006: HK$86,873,000) fixed rate borrowings which carry interest at 6.73% per annum (2006: 6.73% per annum).

The bank loans also include approximately HK$17,624,000 (2006: HK$19,520,000) variable-rate borrowings which carry interest at the prime rate of the lending bank less 2.75% (2006: the prime rate of the lending bank less 2.75%), and their effective interest rates are ranging from 5.25% to 5.50% (2006: 2.82% to 5.25%).

The bank overdrafts are variable-rate borrowings which carry interest at the rate of 1% over the fixed deposit rate of the pledged deposits, and their effective interest rates are ranging from 4.34% to 5% (2006: 2.53% to 4.76%).

28. BANK BORROWINGS *(continued)*

The Group's bank loans and overdrafts are secured by:

(i) margin clients' listed securities under the securities dealing and broking services;

(ii) marketable securities of secured loan borrowers under the financing business;

(iii) the Group's investment property and property held for redevelopment situated in Hong Kong;

(iv) the Group's time deposits; and

(v) investment in a joint venture held-for-sale.

29. SHARE CAPITAL

	2007	2006
	HK$'000	*HK$'000*
Authorised:		
200,000,000,000 Ordinary shares of HK$0.01 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,871,188,679 Ordinary shares of HK$0.01 each	**18,712**	18,712

30. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Scheme which was approved and adopted in a special general meeting of the Company held on 23 August 2002, the directors may, within a period of 10 years, grant to directors and/or executives of the Group, non-transferrable options to subscribe for shares in the Company.

The maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive directors.

30. SHARE OPTION SCHEME *(continued)*

The exercise price of the share options is determined by directors, but may not be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following was the share option movements under the Scheme during the year:

	Number of share options							
Name of grantee	**At 1 April 2006**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**At 31 March 2007**	**Date of grant of share options**	**Exercise period of share options**	**Exercise price of share options** *HK$*
Director								
Mr. Tam Wing Fai Johnny	17,000,000	–	–	(17,000,000)	–	13 Nov 2003	13 Nov 2003 – 12 Nov 2006	0.0228
Employee A	14,549,800	–	–	(14,549,800)	–	20 Jun 2003	20 Jun 2003 – 19 Jun 2006	0.0148
Employee B	17,000,000	–	–	(17,000,000)	–	13 Nov 2003	13 Nov 2003 – 12 Nov 2006	0.0228
Total	48,549,800	–	–	(48,549,800)	–			

As at 31 March 2007, the Company had no share options outstanding under the Scheme.

31. SHARE PREMIUM AND RESERVES

	Share premium account HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
The Company						
At 1 April 2005	35,831	6,040	571,147	617,669	(1,106,784)	123,903
Loss for the year	–	–	–	–	(4,086)	(4,086)
At 31 March 2006	35,831	6,040	571,147	617,669	(1,110,870)	119,817
Loss for the year	–	–	–	–	(1,879)	(1,879)
At 31 March 2007	35,831	6,040	571,147	617,669	(1,112,749)	117,938

The Company's contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account of HK$600,000,000 in December 2000, less the transfer to the capital redemption reserve of HK$6,040,000 in November 2000. Under the Companies Act 1981 of Bermuda (the "Act"), the Company's contributed surplus is distributable to shareholders under certain circumstances.

Special capital reserve represents the amounts transferred from the Company's share capital upon adjustments of the nominal value of the Company's share in prior years. Under the Act, the special capital reserve is distributable to shareholders under certain circumstances.

32. OPERATING LEASE ARRANGEMENTS

At 31 March 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2007 HK$'000	2006 HK$'000
Within one year	809	645
In the second to fifth years, inclusive	271	54
	1,080	699

The Company had no arrangement under operating leases at 31 March 2007 (2006: Nil).

33. CAPITAL COMMITMENTS

In addition to the operating lease arrangements detailed in note 32 above, the Group had the follow capital commitments at the balance sheet date.

	2007 HK$'000	2006 HK$'000
Authorised, but not contracted for:		
Property held for redevelopment	–	9,000

34. CONTINGENT LIABILITIES

As at 31 March 2007, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK$17,624,000 (2006: HK$19,520,000) had been utilised at 31 March 2007.

35. RELATED PARTY TRANSACTIONS

(a) Compensation to key management personnel of the Group:

	2007	2006
	HK$'000	*HK$'000*
Short-term benefits	**3,528**	4,333
Post-employment benefits	**87**	127
	3,615	4,460

Details of the directors' remuneration (being the compensation to key management personnel) are set out in note 10.

(b)

	2007	2006
	HK$'000	*HK$'000*
Consultancy fee paid to Mr. Cheung Chi Shing Kenneth	**936**	936

Mr. Cheung Chi Shing, Kenneth is a substantial shareholder of the Company, spouse of the Company's director, Ms. Yeung Han Yi Yvonne, and father of the Company's director, Mr. Cheung Hoo Win.

36. POST BALANCE SHEET EVENTS

(a) On 7 June 2007, the Company entered into an option agreement to grant options to the subscriber of the agreement to subscribe for 370,000,000 shares of the Company at HK$0.024 per share. The option period is 18 months commencing from the date of fulfillment of conditions precedent set out in the option agreement. The grant of the options is not yet completed as certain conditions of the option agreement have not yet been fulfilled.

(b) On 9 July 2007, the Company entered into eight subscription agreements for issuance of convertible bonds in the principal sum of HK$9,880,000. The issue of the convertible bonds is not yet completed.

37. LITIGATIONS

(1) In relation to the lawsuit against the Company for a sum of HK$1,197,349.50 by C.A. Pacific Finance Limited (in liquidation), both parties have reached an agreement to settle the lawsuit in June 2007, that C.A. Pacific Finance Limited (in liquidation) agreed to discontinue all its claims against the Company and each party bears its own costs.

(2) In June 2003, Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) ("Hainan Wanzhong (海南萬眾)") urged the Haikou Intermediate People's Court of Hainan Province (海南省海口市中級人民法院) to issue a Notice for Assistance in Execution (協助執行通知書) to Wuhan Dongseng Highway Building Development Co. Limited ("Wuhan Dongseng (武漢東升)") to retain an amount of RMB19,270,000 to be distributed to Sheng Da Investment Holding (Hong Kong) Ltd. ("Sheng Da (HK)") (the "Lawsuit").

In October 2006, the Count dismissed the claims from Hainan Wanzhong (海南萬眾) and Sheng Da (HK) had recovered the retained money of RMB19,270,000.

On 16 March 2007, Sheng Da (HK) received a copy of notice which was published on a PRC newspaper and became aware that Hainan Wanzhong (海南萬眾) had filed its appeal against the judgement of Haikou Intermediate People's Court and the hearings were scheduled on 10 and 17 May 2007 respectively.

In June 2007, Sheng Da (HK) was informed by its shareholders Ms. Li Kai Yin (李繼賢女士), Ms. Wan Qinghua (萬慶華女士) and Mr. Huang Zhaohua (黃招華先生) (collectively "Li, Wan & Huang") that the Haikou Intermediate People's Court of Hainan issued a Notice for Assistance in Execution on 6 June 2007 to Wuhan Transport Development Co., Ltd., the CJV partner of Sheng Da (HK) in Wuhan Dongseng, requesting for retaining an amount of RMB19,270,000 from the payment of equity transfer amount to Sheng Da (HK) until the dispute is resolved.

Pursuant to a shareholders' resolution of Sheng Da (HK) passed in 2003 (reference no. of the shareholders' resolution: HKSDSM2003002), Li, Wan & Huang undertook that they would bear the liabilities and legal costs arising from the Lawsuit (the "Undertaking"). Subsequently, Sheng Da (HK) several times received letters from Li, Wan & Huang, who intended to revoke the Undertaking.

The directors of the Company are of the opinion that the Group is not liable for any debt arising from the Lawsuit and the claim from Hainan Wanzhong has no ground. The directors consider that the Lawsuit does not have material impact on the Group and no provision has been made as at 31 March 2007.

37. LITIGATIONS *(continued)*

The directors of the Company consider that it is unacceptable and without legal basis for Li, Wan & Huang to withdraw the Undertaking unilaterally. To preserve the interests of the Company and its shareholders as a whole, the board of directors of the Company concurred that the Company would not accept the withdrawal of the Undertaking by Li, Wan & Huang unilaterally, and will take legal action against Li, Wan & Huang for damages if the Company or Sheng Da (HK) sustains any loss from the Lawsuit.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified and restated as appropriate, is set out below:

RESULTS

	Year ended 31 March				
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**108,793**	71,604	96,546	114,728	119,137
PROFIT/(LOSS) BEFORE TAXATION	**809**	(7,883)	501	(268,836)	(291,876)
TAXATION	**4,790**	–	(573)	655	2,667
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	**5,599**	(7,883)	(72)	(268,181)	(289,209)
MINORITY INTERESTS	**409**	(6,107)	3,328	110,505	21,689
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**6,008**	(13,990)	3,256	(157,676)	(267,520)

ASSETS AND LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**315,295**	333,214	326,599	358,724	676,545
TOTAL LIABILITIES	**(130,285)**	(155,360)	(139,788)	(169,697)	(222,359)
MINORITY INTERESTS	**(42,857)**	(43,266)	(37,159)	(40,487)	(150,992)
	142,153	134,588	149,652	148,540	303,194

DETAILS OF PROPERTIES HELD

INVESTMENT PROPERTY

Property	Lot no./location	Category of lease	Use
Unit 3A, Daisyfield No. 4135 Tai Po Road Tai Po Kau New Territories Hong Kong	All those 38 equal undivided 200th parts or shares of the remaining portion of Tai Po Inland Lot no. 10 and the extension thereto	Medium term	Residential

PROPERTY HELD FOR REDEVELOPMENT

Property	Lot no./location	Category of lease	Use
House 4, Customs Pass No. 18 Fei Ngo Shan Road Sai Kung, New Territories Hong Kong	31 In D.D. 228	Medium term	Redevelopment