Freeman Corporation Limited

HK Stock Code: 279

Annual Report 2007/08

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Yang Fan Shing, Andrew *(Chairman)*
Mr. Kwong Wai Tim, William *(Managing Director)*
Ms. Kwok Wai Ming
Ms. Au Shuk Yee, Sue
Mr. Lo Kan Sun

Independent Non-Executive Directors

Mr. Chiu Siu Po
Ms. Hui Wai Man, Shirley
Mr. Gary Drew Douglas
Mr. Peter Temple Whitelam

AUDIT COMMITTEE

Mr. Chiu Siu Po
Ms. Hui Wai Man, Shirley
Mr. Gary Drew Douglas
Mr. Peter Temple Whitelam

REMUNERATION COMMITTEE

Ms. Kwok Wai Ming
Mr. Chiu Siu Po
Ms. Hui Wai Man, Shirley

QUALIFIED ACCOUNTANT

Mr. Wong Wai Man

COMPANY SECRETARY

Mr. Wong Wai Man

AUDITORS

Ernst & Young

LEGAL COUNSELS

Hong Kong

Barlow Lyde & Gilbert
Richards Butler

Cayman Islands

Maples and Calder

PRINCIPAL BANKERS

Bank of Communications
Bank of East Asia
Citibank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

P.O. Box 309, George Town
Grand Cayman, Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS

8th Floor China United Centre
28 Marble Road
North Point, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Secretaries Limited
26th Floor Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

WEBSITE

http://www.freeman279.com

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(stock code: 279)

Chairman's Statement and Management Discussion and Analysis

The Directors of Freeman Corporation Limited hereby present the Group's annual report incorporated with the audited financial statements for the financial year ended 31 March 2008.

FINAL RESULTS

The turnover of the Group for the financial year was HK$85,340,000 which represented an increase of 298% as compared to that of HK$21,467,000 (as restated) in last year. The gross profit was HK$77,538,000 (2007: HK$18,746,000), representing an increase of 314% as compared to last year's figure. The consolidated net loss attributable to shareholders of the Group for the year was HK$403,708,000 (2007: HK$212,262,000). Loss per share was HK59.68 cents (2007: HK137.69 cents, as restated).

The loss incurred by the Group in the financial year was mainly due to the net fair value losses on investments at fair value through profit or loss of HK$456,450,000 and the impairment of goodwill on acquisition of subsidiaries of HK$12,129,000.

General and administrative expenses increased from last year's figure of HK$29,350,000 to HK$40,829,000 in this year being in line with the increase in operating activities of the Group.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2008.

OPERATIONS REVIEW

The Group was principally engaged in the trading of securities, provision of finance, property holding and investment, insurance agency and brokerage business, and investment holding during the financial year. The turnover of the Group for the year comprised mainly interest income earned from provision of finance; interest income and dividend income from equity investments; gains/(losses) from the sale of investments at fair value through profit or loss; insurance agency and brokerage income; and gross rental income received and receivable from investment properties.

Trading of securities

The trading of securities remains as a significant part of the Group's business. Net gains from the securities trading business for the year amounted to HK$59,070,000 (2007: net loss of HK$11,805,000). The segment had recorded a loss of HK$396,922,000 (2007: HK$27,519,000) after taking into account of the changes in fair value of the listed securities held at year end.

Provision of finance

Turnover of the financing business was HK$17,464,000 (2007: HK$26,449,000). The business recorded a profit of HK$17,361,000 in the year (2007: loss of HK$41,071,000).

Property holding and investment

During the year, the Group had expanded its investment in commercial properties. The total rental income generated from the property holding and investment business for the year amounted to HK$2,590,000 (2007: HK$1,228,000) and the segment recorded a profit of HK$7,683,000 (2007: HK$1,794,000) in the year after taking into account of the net gains arising from changes in fair value of the investment properties.

Insurance

During the year, the insurance agency and brokerage business recorded a turnover of HK$6,216,000 (2007: HK$2,092,000) and a segmental loss of HK$5,948,000 in the year (2007: HK$4,055,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 March 2008, the net current assets of the Group amounted to HK$867,754,000 (2007: HK$496,089,000) and the current ratio (current assets/current liabilities) was 55.6 (2007: 17.4). The cash and bank balances were HK$278,649,000 (2007: HK$72,626,000).

As at 31 March 2008, the Group had secured bank loans of approximately HK$97,781,000 (2007: HK$43,073,000) and had no unsecured other borrowings (2007: HK$19,529,000). HK$92,541,000 of the secured bank loans (2007: HK$41,145,000) were repayable after one year whilst HK$5,240,000 of the secured bank loans and the unsecured other borrowings (2007: HK$21,457,000) were repayable within one year. The liability component of the convertible notes was approximately HK$31,853,000 (2007: Nil). Gearing ratio calculated on the basis of the Group's interest-bearing bank and other borrowings divided by the adjusted capital, being the liability component of the convertible notes and equity attributable to equity holders of the Company, was 10.0% (2007: 10.6%) at the balance sheet date. The bank loans and other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar. Thus there is no exposure to fluctuations in exchange rates in relation to the borrowings.

The Group had no material capital commitment at the year end date (2007: HK$6,618,000). In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2008, the Group had shareholders' funds of HK$943,309,000 (2007: HK$589,238,000). During the financial year, the Company had carried out several placings of shares pursuant to which a total of 2,234,552,000 new shares were issued with net proceeds of approximately HK$319,713,000 raised. Net proceeds of approximately HK$182,836,000 had been raised by the Company during the year from the rights issue of 1,563,986,824 new shares of the Company. Net proceeds of approximately HK$189,857,000 had also been raised by the Company during the year from the conversion of convertible notes issued by the Company into 1,625,000,000 new shares of the Company. A total of 246,800,000 new shares were also issued during the year through the exercises of certain share options in accordance with the Company's share option scheme and net proceeds of approximately HK$35,046,000 therefrom was applied to the working capital of the Group. The capital base of the Company had been much improved after the said financing exercises.

Foreign Currency Management

During the year, since the amount of the Group's foreign currency transactions is not material, the Directors are of the view that the Group's exposure to exchange rate risk is not material.

Material Acquisition/Disposal and Significant Investments

On 9 July 2007, the Group disposed of its entire interest in an associate, Hennabun Capital Group Limited, at a consideration of HK$50,000,000. On 7 September 2007, the Group disposed of its entire interest in a subsidiary, Startech Business Limited, at a consideration of HK$5,995,000.

Save as aforesaid, the Group did not make any material acquisition or disposal of subsidiary or associate during the year.

Pledge of Assets

As at 31 March 2008, leasehold land and buildings with total carrying amount of approximately HK$71,458,000 (2007: HK$5,193,000) and investment properties situated in Hong Kong with an aggregate carrying value of approximately HK$100,779,000 (2007: HK$62,540,000) were pledged to secure general banking facilities granted to the Group. Investments held for trading of approximately HK$345,791,000 (2007: HK$132,006,000) were pledged to a financial institution to secure margin financing facilities provided to the Group.

Contingent Liabilities

Details of the Group's material contingent liabilities as at 31 March 2008 are set out in note 35 to the financial statements.

Subsequent Events

Details of the Group's subsequent events after 31 March 2008 are set out in notes 26 and 40 to the financial statements.

Employees' Remuneration Policy and Retirement Benefits Scheme

As at 31 March 2008, the Group employed about 36 staff members including directors of the Company (2007: 35 staff). Staff costs incurred for the year, including directors' remuneration, were approximately HK$23,054,000 (2007: HK$10,596,000). It is the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include granting of share options, are structured to motivate individual performance and contributions to the Group. The Company has adopted a share option scheme on 23 August 2002 for the Directors and the employees. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

BUSINESS PROSPECTS

Followed by the acquisition of the insurance agency and brokerage business and several fund raising activities, 2008 will be a critical year to the Company in relation to the long term insurance license application. The Company has taken a significant step in the application for the insurance authorisation since we have submitted our application together with our initial business proposal to the regulatory authority during the financial year. The Company has managed to recruit a core working team comprising some very experienced and knowledgeable executives to take charge of the implementation of the insurance policies and strategies and we will continue to nurture our best effort to meet with international standards for the establishment of a life insurance company.

In terms of business under our insurance agency and brokerage arm, we are looking for number of target insurers with specialised investment link products for expansion of our product lines. We will continue to identify and establish the most suitable and effective channels for distribution among our sales force in bid to provide a high potential growth of business of the Company in the long run.

APPRECIATION

The Directors would like to express its gratitude to all shareholders, business partners, banks, professional parties and employees of the Company for their continual patronage and support.

By order of the Board

Yang Fan Shing, Andrew
Chairman

Hong Kong, 25 July 2008

Biographical Details of Directors

Dr. Yang Fan Shing, Andrew, aged 67, joined the Company as Executive Director and Chairman of the Company in October 2006. Dr. Yang holds a Doctor of Humanities degree from the Bulacan State University in the Republic of the Philippines and a Doctor of Divinity degree from the Central Baptist Theological Seminary in the United States. Dr. Yang has spent over 48 years in the insurance industry. Dr. Yang had previously held key executive roles in major insurance companies in Hong Kong.

Mr. Kwong Wai Tim, William, aged 51, joined the Company as Managing Director in November 2000. He is in charge of the overall strategic planning and public relation of the Group. He holds a MBA degree from the University of Oregon, U.S.A.. Mr. Kwong has over 15 years of experience in banking and corporate finance gained with major international financial institutions including Citicorp, Bankers Trust, Credit Lyonnais Asia Limited and The New China Hong Kong Capital Limited. He was a member of the Council of The Stock Exchange of Hong Kong Limited from 1995 to 1997 and a Director and Chairman of the Finance Committee of Hong Kong Securities Clearing Company Limited from 1996 to 1997. He is also an Independent Non-executive Director of Forefront Group Limited, a listed public company in Hong Kong.

Ms. Kwok Wai Ming, aged 44, joined the Company as Executive Director in December 2005. Ms. Kwok is a lawyer and member of the Hong Kong Law Society. She has been appointed as executive director and legal consultant of various public listed companies since 1993. Ms. Kwok has over 15 years professional experience in investment holdings, corporate finance and mergers and acquisitions. She is as the legal consultant of a state owned company in China namely, China National Real Estate Development Group Corporation and was appointed as the honorary consul of Ukraine in Hong Kong in 2003.

Ms. Au Shuk Yee, Sue, aged 43, joined the Company as Executive Director in June 2006. Ms. Au has obtained a bachelor's degree of science in accounting from Liberty University, Virginia and has more than 10 years of experience in business administration and accounting. Previously, Ms. Au was the managing director of a telecommunication equipment manufacturing and trading company and was the Chief Executive Officer of a listed company before joining the Company.

Mr. Lo Kan Sun, aged 54, holds a Master's degree in Business Administration from Indiana University in the United States of America ("USA") and a Bachelor's degree in Electrical Engineering from University of Illinois, USA. He has over 28 years of experience in finance, investment and banking in Hong Kong and Canada. Mr. Lo was an executive director of Willie International Holdings Limited, another listed public company in Hong Kong until he resigned in April 2008.

Mr. Chiu Siu Po, aged 59, joined the Company as Independent Non-executive Director in January 2006. Mr. Chiu is the Managing Director and Chief Executive Officer of More Fortune Company Limited. He has over 20 years experience in textile industry and has extensive corporate and investment experience in both Hong Kong and the PRC markets.

Biographical Details of Directors

Ms. Hui Wai Man, Shirley, aged 41, joined the Company as Independent Non-executive Director in February 2006. Ms. Hui is a practicing accountant in Hong Kong. She has over 20 years of professional experience in public accounting and corporate finance. She is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She is also a Non-executive Director and Chairlady of Eco-Tek Holdings Limited and the Independent Non-executive Director of (i) Fortuna International Holdings Limited (ii) New Media Group Holdings Limited & (iii) Mascotte Holdings Limited, which are listed public companies in Hong Kong.

Mr. Gary Drew Douglas, aged 58, joined the Company as Independent Non-executive Director in February 2006. Mr. Douglas holds a Master's Degree in Business Administration from University of Santa Clara, USA. He is currently an Independent Management Consultant. He has over 20 years of professional experience in general management, IT business, project management methodology and software, and commercial and retail banking in Japan and U.S.A.

Mr. Peter Temple Whitelam, aged 79, joined the Company as Independent Non-executive Director in November 2006. Mr. Whitelam is a specialist consultant in global branding and international communications. After graduating from Pembroke College, Oxford University, he joined the BBC before winning a Fulbright Scholarship to study educational radio and television in the United States. Following four years at NBCTV in New York, he began a long career in advertising, creating national and international campaigns for such clients as British Airways, Unilever, Nabisco, ESPN, Colgate, Cadbury, General Motors, American Express, Nomura Securities, and the Bank of Montreal. Mr. Whitelam has worked as a creative strategist in Boston, New York, London, Montreal, Toronto, Tokyo and Taiwan and received international awards for his ideas. Recently he has been developing brand strategies both for companies and government agencies. This is combined with his knowledge and interest in documentary film. Mr. Whitelam has a long time acquaintance with Asia, having visited and worked in eight different countries in the Asia Pacific region.

Corporate Governance Report

The Board of Directors ("Board") of the Company has always valued transparency and accountability as the keys for achieving a high standard of corporate governance, and the Directors are committed to apply the principles and comply with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Code on Corporate Governance Practices. For the year ended 31 March 2008, the Company had complied with the code provisions of the Code.

THE BOARD

The Board is collectively responsible for the leadership, control and overall strategic development of the Group, as well as overseeing internal control, financial performance, overall management and operations of the Group. As of the date of this annual report, the Board of Directors of the Company comprises five Executive Directors, namely Dr. Yang Fan Shing, Andrew (Chairman), Mr. Kwong Wai Tim, William (Managing Director), Ms. Kwok Wai Ming, Ms. Au Shuk Yee, Sue and Mr. Lo Kan Sun, and four Independent Non-executive Directors, namely Mr. Chiu Siu Po, Ms. Hui Wai Man, Shirley, Mr. Gary Drew Douglas and Mr. Peter Temple Whitelam. More than one-third of the Board being Independent Non-executive Directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise.

All the Independent Non-executive Directors were appointed for an initial term of one year and renewable after the expiry of the initial term of appointment subject to the rotational retirement requirements under the Company's articles of association. Each of the Independent Non-executive Directors has made an annual confirmation of independence, and the Company considers that all of the Independent Non-executive Directors are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules.

It is intended that the Board should meet regularly at a monthly basis. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 March 2008, the Board convened a total of 43 board meetings (exclusive of Annual General Meeting and Extraordinary General Meeting and meetings of Board committee constituted by the Board held during the year) and the individual attendance record of the Directors is tabulated as follows:

	Number of meetings held while being a Director	**Number of meetings attended**
Executive Directors		
Dr. Yang Fan Shing, Andrew *(Chairman)*	43	13
Mr. Kwong Wai Tim, William *(Managing Director)*	43	14
Ms. Kwok Wai Ming	43	41
Ms. Au Shuk Yee, Sue	43	39

	Number of meetings held while being a Director	Number of meetings attended
Independent Non-executive Directors		
Mr. Chiu Siu Po	43	2
Ms. Hui Wai Man, Shirley	43	4
Mr. Gary Drew Douglas	43	4
Mr. Peter Temple Whitelam	43	3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Company, Dr. Yang Fan Shing, Andrew took up the role of providing leadership for the Board. One of the major roles of Dr. Yang is to ensure that the Board works effectively and discharge its responsibility properly. Dr. Yang also ensures that good corporate governance practice is in force from time to time, and all key issues are discussed by the Board in a timely manner.

The Managing Director of the Company, Mr. Kwong Wai Tim, William who acts as the role of Chief Executive Officer of the Company, is responsible for implementing the Group's investment strategies and managing the day-to-day business of the Group.

REMUNERATION COMMITTEE

The Remuneration Committee (the "Committee") comprises one Executive Director, namely Ms. Kwok Wai Ming and two Independent Non-executive Director, namely Mr. Chiu Siu Po and Ms. Hui Wai Man, Shirley. One meeting was held during the year and all members of the Committee had attended that meeting. The major roles and functions of the Committee as per the terms of reference are as follows:

- to make recommendations to the Board on the Group's policy and structure for the remuneration of the Directors and senior management;
- to review and recommend the remuneration packages of all Executive Directors for approval by the Board; and
- to review and approve compensation payable to Directors in connection with loss of their offices or compensation arrangement relating to dismissal or removal of Director.

The Committee has every right to access to professional advice relating to remuneration proposal if considered necessary. During the year, no Director was involved in deciding his/her remuneration.

NOMINATION OF DIRECTORS

The Company has not set up any nomination committee. Directors are responsible for identifying suitable qualified individuals for directorship and make recommendation to the Board for consideration. The Board will identify and recommend the proposed candidates to the Board for approval of an appointment as a director based on certain criteria such as appropriate experience and personal skills that the nominated individual can bring into the Board, his or her capability to maintain and improve the competitiveness of the Company, and his or her ability to contribute to the Board in formulating Company's policy and strategies, as well as to the effective ways of discharging the Board's responsibilities.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the Code of Conduct regarding directors' securities transactions. Specific enquiry has been made of all the Directors, and the Company is satisfied that all the Directors have fully complied with the required standards set out in the Code of Conduct during the year under review.

AUDITOR'S REMUNERATION

For the year ended 31 March 2008, the remuneration payable to the Company's external auditors in respect of audit and non-audit services were approximately HK$2,400,000 and HK$220,000, respectively.

AUDIT COMMITTEE

The Company has an Audit Committee which comprises four Independent Non-executive Directors at the date of this annual report. During the year, the Audit Committee had reviewed the Company's interim report for the six months ended 30 September 2007 and the annual report for the year ended 31 March 2007. The principal duties of the Audit Committee include:

- monitoring integrity of the Company's financial statements and reports;
- reviewing financial controls, internal controls, and risk management system; and
- reviewing the Company's financial and accounting policies and practices.

The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice if necessary.

The Audit Committee convened two meetings for the year. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meetings held while being a Director	Number of meetings attend
Mr. Chiu Siu Po	2	1
Ms. Hui Wai Man, Shirley	2	1
Mr. Gary Drew Douglas	2	2
Mr. Peter Temple Whitelam	2	2

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall responsibility for the system of internal controls and risk management of the Group and to review its effectiveness. During the year, the Board had reviewed and ensured the internal control process had been properly carried out in making investment or divestment decision; documents and records were properly maintained; and the investment or divestment was in compliance with relevant legislations and regulations. The portfolio of listed securities, classified as available-for-sale equity investments and investments at fair value through profit or loss in the balance sheet, may expose to market price risk. The Board will continue to monitor the portfolio with an aim to reduce such risk by diversification.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibility for preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the results and cash flow for that period. The Directors ensure that the financial statements for the year ended 31 March 2008 have been prepared in accordance with statutory requirements and applicable accounting standards. They will also ensure the publication of which be in a timely manner.

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and provides corporate management services. The activities of the Company's principal subsidiaries at 31 March 2008 are set out in note 18 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2008 are set out in the consolidated income statement on page 23. No dividend was paid by the Company during the year. The directors do not recommend the payment of a final dividend for the year.

SHARE CAPITAL AND CONVERTIBLE NOTES

Details of the movements in the share capital and convertible notes of the Company during the year are set out in notes 28 and 26 to the financial statements, respectively.

RESERVES

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 26-27 to the financial statements.

In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves of the Company. The Company's reserves available for distribution to the Company's shareholders comprise share premium, capital redemption reserve, contributed surplus, distributable reserve and shareholder's contribution, less accumulated losses, which in aggregate amounted to HK$92,751,000 (2007: HK$341,392,000) at 31 March 2008.

SUMMARY 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 restated/reclassified as appropriate, is set out on page 108. This summary does not form part of the audited financial statements.

INVESTMENT PROPERTIES

All investment properties of the Group were fair valued at 31 March 2008. Details of movements during the year in the investment properties of the Group are set out in note 15 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Yang Fan Shing, Andrew *(Chairman)*
Kwong Wai Tim, William *(Managing Director)*
Kwok Wai Ming
Au Shuk Yee, Sue
Lo Kan Sun (appointed on 10 June 2008)

Independent non-executive directors:

Chiu Siu Po
Hui Wai Man, Shirley
Gary Drew Douglas
Peter Temple Whitelam

Non-executive directors are appointed for a period up to their retirement by rotation at the annual general meeting of the Company in accordance with the Company's Articles of Association.

In accordance with Articles 95 and 112 of the Company's Articles of Association, Mr. Lo Kan Sun, Mr. Kwong Wai Tim, William, Ms. Au Shuk Yee, Sue, and Ms. Hui Wai Man, Shirley will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

SHARE OPTION SCHEME

The directors have estimated the following theoretical valuations of the options granted during the year, calculated using the Black-Scholes options pricing model as at the date of the grant of the options:

Grantee	Number of options granted during the year	Theoretical value of share options
Employees	707,800,000	10,032,000
Advisors	79,000,000	1,178,000

The Black-Scholes model is a generally accepted method of valuing options. The significant assumptions used in the calculation of the theoretical value of the options granted by the Company were:

Dividend yield (%)	–
Expected volatility (%)	63.37 – 66.89
Historical volatility (%)	63.37 – 66.89
Risk-free interest rate (%)	1.19 – 3.755
Expected life of options (year)	0.17 – 0.5
Weighted average share price (HK$)	0.1 – 0.142

The measurement date used in the valuation calculations was the date on which the options were granted.

The value of share options calculated using the Black-Scholes model is subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair of an option.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2008, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise 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 Issuers in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions

Name of director	Capacity	Number of ordinary shares held	Approximate percentage of shareholding
Yang Fan Shing, Andrew	Interest of controlled corporation	396,000,000	4.9%
Yang Fan Shing, Andrew	Beneficial owner	30,000,000	0.37%
Yang Fan Shing, Andrew	Interest of spouse	2,000,000	0.02%
Kwok Wai Ming	Beneficial owner	38,900,000	0.48%

Note: Dr. Yang Fan Shing, Andrew beneficially owns the entire issued share capital of Parkson Group Limited which was interested in 3,960,000,000 shares of the Company at 31 March 2008.

Short position

Name of director	Capacity	Number of ordinary shares held	Approximate percentage of shareholding
Yang Fan Shing, Andrew	Interest of controlled corporation	200,000,000	2.46%

The interests stated above represent the directors' interests in the shares of the Company. The directors' interests in the share options of the Company are disclosed in note 29 to the financial statement. Save as disclosed above, at 31 March 2008, none of the directors, chief executives nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 29 to the financial statements headed "Share Option Scheme", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 31 March 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of the director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

(i) Long positions

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of shareholding
Willie International Holdings Limited *(Note 1)*	Interest of controlled corporation	520,618,000	6.39% *(Note 6)*
Heritage International Holdings Limited *(Note 2)*	Interest of controlled corporation	408,700,000	5.02% *(Note 6)*
Liu Lai Shim, Regina	Beneficial owner and interest of spouse	428,000,000 *(Note 4)*	5.26% *(Note 6)*
Evolution Capital Management, LLC	Investment manager	470,448,000 *(Note 3)*	5.78% *(Note 6)*
Honeylink Agents Limited	Interest of controlled corporation	5,223,254,145 *(Note 5)*	83.34% *(Note 7)*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(Continued)*

(i) Long positions *(Continued)*

Notes:

1. The shares of Willie International Holdings Limited (stock code: 273) are listed on the main board of the Stock Exchange.

2. The shares of Heritage International Holdings Limited (stock code: 412) are listed on the main board of the Stock Exchange.

3. Evolution Capital Management, LLC is a segregated portfolio company incorporated in the Cayman Islands.

4. These Shares represent the sum of (a) the 2,000,000 Shares currently held by Ms. Liu Lai Shim, Regina, the wife of Dr. Yang Fan Shing, Andrew ("Dr. Yang"); (b) 30,000,000 Shares currently held by Dr. Yang; and (c) 396,000,000 Shares currently held by Parkson Group Limited in which Dr. Yang, beneficially owns the entire issued share capital. Ms. Liu Lai Shim, Regina is deemed to have such interest in the above Shares.

5. These are the Rights Shares which the Underwriter has underwritten in respect of the Rights Shares (assuming all of the Options are exercised, full conversion of the Convertible Notes and full utilization of the Issue Mandate on or before the Record Date). The Underwriter, Get Nice Securities Limited is wholly-owned by Get Nice Incorporated which in turn is wholly-owned by Get Nice Holdings Limited which is owned as to approximately 24.12% by Honeylink Agents Limited in which Mr. Hung Hon Man is the beneficial owner.

6. The percentage of shareholding in the Company is calculated on the basis of 8,144,312,470 Shares in issue.

7. The percentage of shareholding in the Company is calculated on the basis of 6,267,904,974 Adjusted Shares in issue immediately after the Rights Issue (assuming all of the Options are exercised, full conversion of the Convertible Notes and full utilization of the Issue Mandate on or before the Record Date).

(ii) Short positions

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of shareholding
Liu Lai Shim, Regina	Interest of spouse	200,000,000	2.46%
Parkson Group Limited	Beneficial owner	200,000,000	2.46%

Save as disclosed above, the Company had not been notified by any persons who had interests or short positions in the shares and underlying shares of the Company at 31 March 2008 as recorded in the register required to be kept under Sections 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significances to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors be independent.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers represented less than 30% of the Group's total turnover.

The aggregate purchase during the year attributable to the Group's five largest suppliers represent approximately 46.89% of the Group's total purchases and the purchase attributable to the Group's largest supplier was approximately 15.81% of the Group's total purchases.

As far as the Directors are aware, no directors of the Company, any of its subsidiaries, their associates or any shareholders of the Company (who to the directors' knowledge is interested in or owns more than 5%. of the Company's share capital) has any shareholding in the suppliers or customers referred to above.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totally HK$93,000.

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

During the year, the Company repurchased the following shares on the Stock Exchange:

Date of Repurchase	No. of shares Repurchased	Price per share Highest HK$	Lowest HK$	Total Consideration HK$
27 February 2008	3	0.04	0.04	0.12

Save as disclosed herein, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

PRE-EMPTIVE RIGHTS

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

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the board of directors on the basis of their merit, qualifications and competence. The emoluments of the directors of the Company are decided by the directors, who are authorised by the shareholders in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics. The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 29 to the financial statements.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in notes 26 and 40 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report.

AUDITORS

A resolution will be submitted to the coming annual general meeting of the Company to re-appoint Messrs. Ernst & Young as auditors of the Company.

On behalf of the Board

Yang Fan Shing, Andrew
Chairman

Hong Kong, 25 July 2008

Independent Auditors' Report

ERNST & YOUNG
安永

To the shareholders of Freeman Corporation Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Freeman Corporation Limited set out on pages 23 to 107, which comprise the consolidated and company balance sheets as at 31 March 2008, 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 financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these 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 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the 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 financial statements.

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

Independent Auditors' Report

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's loss 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.

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

25 July 2008

Consolidated Income Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5	**85,340**	21,467
Cost of sales		**(7,802)**	(2,721)
Gross profit		**77,538**	18,746
Other income and gains	5	**27,294**	965
Gains arising from changes in fair value of investment properties, net	15	**16,130**	1,157
Fair value gains/(losses) on investments at fair value through profit or loss, net		**(456,450)**	373
Fair value loss on derivative instrument		**–**	(21,308)
General and administrative expenses		**(40,829)**	(29,350)
Other expenses		**(13,981)**	(136,384)
Finance costs	7	**(6,059)**	(7,467)
Share of profit of an associate, net of impairment of an investment in an associate	19	**–**	(41,692)
LOSS BEFORE TAX	6	**(396,357)**	(214,960)
Tax	10	**(7,351)**	1,927
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	11	**(403,708)**	(213,033)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	12	**–**	771
LOSS FOR THE YEAR		**(403,708)**	(212,262)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic			
– For loss for the year		**HK (59.68) cents**	HK (137.69) cents
– For loss from continuing operations		**HK (59.68) cents**	HK (138.19) cents
Diluted			
– For loss for the year		**N/A**	N/A
– For loss from continuing operations		**N/A**	N/A

Consolidated Balance Sheet

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**31,271**	2,145
Investment properties	15	**101,579**	63,340
Prepaid land premium	16	**51,047**	4,100
Goodwill	17	**–**	12,129
Investment in an associate	19	**–**	50,000
Available-for-sale investment	20	**18,793**	–
Deposits paid for purchases of investment properties		**–**	3,036
Total non-current assets		**202,690**	134,750
CURRENT ASSETS			
Loans receivable	21	**254,152**	295,230
Prepayments, deposits and other receivables	22	**5,042**	26,461
Investments at fair value through profit or loss	23	**345,791**	132,006
Tax recoverable		**–**	27
Cash and bank balances	24	**278,649**	72,626
Total current assets		**883,634**	526,350
CURRENT LIABILITIES			
Other payables and accruals		**5,934**	8,804
Interest-bearing bank and other borrowings	25	**5,240**	21,457
Tax payable		**4,706**	–
Total current liabilities		**15,880**	30,261
NET CURRENT ASSETS		**867,754**	496,089
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,070,444**	630,839

Consolidated Balance Sheet

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,070,444**	630,839
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*25*	**92,541**	41,145
Convertible notes	*26*	**31,853**	–
Deferred tax liabilities	*27*	**2,741**	456
Total non-current liabilities		**127,135**	41,601
Net assets		**943,309**	589,238
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*28*	**814,431**	247,397
Reserves	*30(a)*	**128,878**	341,841
Total equity		**943,309**	589,238

Yang Fan Shing, Andrew
Director

Kwong Wai Tim, William
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2008

		Attributable to equity holders of the Company										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Equity component of convertible notes HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Distributable reserve HK$'000	Special reserve# HK$'000	Available-for-sale investment revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2006		135,411	348,574	–	–	485	595,191	35,131	30,398	4,034	(647,581)	501,643
Changes in fair value of available-for-sale investments and total income for the year recognised directly in equity	*20*	–	–	–	–	–	–	–	8,194	–	–	8,194
Loss for the year		–	–	–	–	–	–	–	–	–	(212,262)	(212,262)
Total income/(expense) for the year		–	–	–	–	–	–	–	8,194	–	(212,262)	(204,068)
Issue of convertible notes	*26*	–	–	7,780	–	–	–	–	–	–	–	7,780
Placement of new shares	*28(a), (e)*	161,200	9,900	–	–	–	–	–	–	–	–	171,100
Issuance of consideration shares	*28(b), (d)*	31,000	33,000	–	–	–	–	–	–	–	–	64,000
Redemption of convertible notes	*26*	–	–	(3,501)	–	–	–	–	–	–	1,025	(2,476)
Conversion of convertible notes	*26, 28(f)*	22,634	32,287	(4,279)	–	–	–	–	–	–	–	50,642
Capital reorganisation	*28(c)*	(133,206)	(327,552)	–	–	–	–	–	–	–	460,758	–
Equity-settled share option arrangements	*29*	–	–	–	5,312	–	–	–	–	–	–	5,312
Exercise of share options	*28(g)*	30,358	16,739	–	(5,312)	–	–	–	–	–	–	41,785
Release on disposal of a subsidiary	*31(b)*	–	–	–	–	–	–	–	–	(4,034)	–	(4,034)
Release on disposal of available-for-sale investment	*20*	–	–	–	–	–	–	–	(12,415)	–	–	(12,415)
Release on impairment of an associate##	*19*	–	–	–	–	–	–	–	(26,177)	–	–	(26,177)
Share issue expenses	*28*	–	(3,854)	–	–	–	–	–	–	–	–	(3,854)
At 31 March 2007		247,397	109,094*	–*	–*	485*	595,191*	35,131*	–*	–*	(398,060)*	589,238

Consolidated Statement of Changes in Equity

Year ended 31 March 2008

		Attributable to equity holders of the Company									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Equity component of convertible notes HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Distributable reserve HK$'000	Special reserve # HK$'000	Available-for-sale investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2007		247,397	109,094	–	–	485	595,191	35,131	–	(398,060)	589,238
Changes in fair value of available-for-sale investment and total expense for the year recognised directly in equity	*20*	–	–	–	–	–	–	–	(667)	–	(667)
Loss for the year		–	–	–	–	–	–	–	–	(403,708)	(403,708)
Total expense for the year		–	–	–	–	–	–	–	(667)	(403,708)	(404,375)
Issue of convertible notes	*26*	–	–	94,971	–	–	–	–	–	–	94,971
Conversion of convertible notes	*26, 28(l)*	162,500	27,809	(74,078)	–	–	–	–	–	–	116,231
Redemption of convertible notes	*26*	–	–	(1,899)	–	–	–	–	–	339	(1,560)
Placement of new shares	*28(h)*	223,455	103,917	–	–	–	–	–	–	–	327,372
Rights issue	*28(i)*	156,399	31,280	–	–	–	–	–	–	–	187,679
Equity-settled share option arrangements	*29*	–	–	–	11,210	–	–	–	–	–	11,210
Exercise of share options	*28(m)*	24,680	14,046	–	(3,680)	–	–	–	–	–	35,046
Share issue expenses	*28*	–	(12,503)	–	–	–	–	–	–	–	(12,503)
At 31 March 2008		**814,431**	**273,643***	**18,994***	**7,530***	**485***	**595,191***	**35,131***	**(667)***	**(801,429)***	**943,309**

* These reserve accounts comprise the consolidated reserves of HK$128,878,000 (2007: HK$341,841,000) in the consolidated balance sheet.

\# The special reserve of the Group represents the difference between the aggregate amount of the share capital and share premium account of a company which was the former holding company of the Group and the nominal value of the Company's shares issued pursuant to the group reorganisation in 1992.

\#\# Certain of the Group's investment in an associate was acquired through the exercise of the associate's convertible notes and was originally accounted for as an available-for-sale investment.

Consolidated Cash Flow Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:			
From continuing operations		**(396,357)**	(214,960)
From a discontinued operation	12	**–**	771
Adjustments for:			
Finance costs	7	**6,059**	7,467
Share of profit of an associate, net of impairment of an investment in an associate		**–**	41,692
Interest income	5	**(29,569)**	(30,261)
Depreciation	6	**1,872**	595
Recognition of prepaid land premium	6	**247**	5
Foreign exchange difference arising from available-for-sale investment	6	**126**	–
Fair value losses/(gains) on investments at fair value through profit or loss, net		**456,450**	(373)
Gain on disposal of an investment property	5	**–**	(393)
Loss on disposal/write-off of items of property, plant and equipment	6	**30**	188
Loss on revaluation upon reclassification of an owner-occupied property to an investment property	6	**43**	–
Loss on disposal of available-for-sale investment	6	**–**	15,932
Loss on disposal of subsidiaries	31(b)	**212**	7,564
Loss on redemption of convertible notes	6	**287**	1,359
Fair value loss on derivative instrument		**–**	21,308
Gain on disposal of subsidiaries of a discontinued operation	12, 31(b)	**–**	(59,836)
Gains arising from changes in fair value of investment properties, net		**(16,130)**	(1,157)
Gain on settlement of other borrowings	5	**(14,545)**	–
Impairment of goodwill	6, 17	**12,129**	44,050
Impairment of loans receivable	6	**–**	67,479
Impairment of trade and other receivables and deposits	12	**–**	59,065
Impairment of other receivables	6	**1,310**	–
Equity-settled share option expenses	29	**11,210**	5,312
		33,374	(34,193)
Decrease/(increase) in loans receivable		**41,078**	(125,755)
Decrease/(increase) in prepayments, deposits and other receivables		**20,509**	(9,490)
Increase in investments at fair value through profit or loss		**(670,235)**	(81,324)
Decrease in other payables and accruals		**(1,515)**	(11,230)
Cash used in operations		**(576,789)**	(261,992)
Interest received		**29,569**	30,261
Interest paid		**(3,257)**	(4,829)
Hong Kong profits tax refunded		**–**	182
Net cash outflow from operating activities		**(550,477)**	(236,378)

Consolidated Cash Flow Statement

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Net cash outflow from operating activities		**(550,477)**	(236,378)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	*14*	**(23,437)**	(218)
Proceeds from disposal of items of property, plant and equipment		**410**	–
Purchases of investment properties	*15*	**(47,553)**	(59,550)
Additions to prepaid land premium	*16*	**(38,711)**	–
Proceeds from disposal of an investment property		**–**	2,393
Deposits paid for purchases of investment properties		**–**	(3,036)
Acquisition of subsidiaries	*31(a)*	**–**	4,956
Proceeds from disposal of an associate		**50,000**	–
Proceeds from disposal of available-for-sale investment		**–**	13,670
Proceeds from disposal of a discontinued operation	*31(b)*	**–**	127,998
Disposal of subsidiaries	*31(b)*	**5,994**	6,948
Purchase of available-for-sale investment		**(19,586)**	(100,000)
Net cash outflow from investing activities		**(72,883)**	(6,839)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placement of new shares and rights issue	*28*	**515,051**	171,100
Proceeds from issue of convertible notes	*26*	**243,406**	96,949
Proceeds from exercise of share options	*28(g), (m)*	**35,046**	41,785
Share issue expenses	*28*	**(12,503)**	(3,854)
Drawdown of bank and other borrowings		**62,287**	220,569
Repayment of bank and other borrowings		**(8,904)**	(195,370)
Redemption of convertible notes	*26*	**(5,000)**	(45,000)
Net cash inflow from financing activities		**829,383**	286,179
NET INCREASE IN CASH AND CASH EQUIVALENTS		**206,023**	42,962
Cash and cash equivalents at beginning of year		**72,626**	29,664
CASH AND CASH EQUIVALENTS AT END OF YEAR		**278,649**	72,626
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**278,649**	72,626

Balance Sheet

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	18	**101,256**	26,483
CURRENT ASSETS			
Prepayments, deposits and other receivables	22	**574**	268
Due from subsidiaries	18	**631,669**	505,479
Tax recoverable		**–**	27
Cash and bank balances	24	**236,711**	61,472
Total current assets		**868,954**	567,246
CURRENT LIABILITIES			
Due to subsidiaries	18	**2,438**	2,075
Other payables and accruals		**2,213**	2,865
Total current liabilities		**4,651**	4,940
NET CURRENT ASSETS		**864,303**	562,306
TOTAL ASSETS LESS CURRENT LIABILITIES		**965,559**	588,789
NON-CURRENT LIABILITIES			
Convertible notes	26	**31,853**	–
Net assets		**933,706**	588,789
EQUITY			
Issued capital	28	**814,431**	247,397
Reserves	30(b)	**119,275**	341,392
Total equity		**933,706**	588,789

Yang Fan Shing, Andrew
Director

Kwong Wai Tim, William
Director

Notes to Financial Statements

31 March 2008

1. CORPORATE INFORMATION

Freeman Corporation Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at 8th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

During the year, the Group was principally engaged in the trading of securities, provision of finance, property holding and investment, insurance agency and brokerage business, and investment holding.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, available-for-sale investment and investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 39 to the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees and investment advisors for identified services provided in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no material impact on the financial position or results of operations of the Group.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11 *HKFRS 2 – Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. This interpretation also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation and* HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[4]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*[4]

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009*
[3] *Effective for annual periods beginning on or after 1 July 2008*
[4] *Effective for annual periods beginning on or after 1 January 2008*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Upon the disposal of interests in subsidiaries, any gain or loss arising thereon, including the realisation of the attributable reserves, is included in the income statement.

Associate

An associate is an entity, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investment in an associate is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of an associate is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's interest in an associate.

Upon the disposal of an investment in an associate, any gain or loss arising thereon, including the realisation attributable reserves, is included in the income statement.

Goodwill

Goodwill arising on the acquisition of subsidiaries and an associate represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of an associate, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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 items of property, plant and equipment have 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 an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 15%
Furniture, fixtures and equipment	15%
Computer equipment	$33^1/_3$%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the supply of services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Gains or losses on these financial assets are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to loans receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original/revised terms of a loan agreement. The carrying amount of the loans receivable is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

Impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities at amortised cost (including interest-bearing bank and other borrowings)

Financial liabilities including other payables and interest-bearing bank and other borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Convertible notes

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments

Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments. They are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land premium under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Revenue recognition

Revenue is recognised 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) rental income, on a time proportion basis over the lease terms;

(b) income from the sale of equity and debt securities, on a trade-date basis;

(c) dividend income, when the shareholders' right to receive payment has been established;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) insurance agency and brokerage income, on the inception of the associated insurance policy.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (1) controls, is controlled by, or is under common control with, the Group; (2) has an interest in the Group that gives it significant influence over the Group; or (3) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and/or rewards to eligible participants (including the Company's directors and other employees of the Group and of the investee entities and any consultant, advisor or agent engaged by any member of the Group or any investee entity) who render services and/or contribute to the success of the Group's operations. Employees (including directors) and advisors of the Group receive remuneration in the form of share-based payment transactions, whereby employees/advisors render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the Group as consideration cannot be specifically identified, the unidentifiable goods or services are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions *(Continued)*

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes Option Pricing Model, further details of which are given in note 29 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees/ advisors become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees/advisors as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested by 1 April 2005 and to those granted on or after 1 April 2005.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits

Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF 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, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Estimation of fair value of investment properties and the apportionment between leasehold land and building elements

The fair value of the Group's investment properties and the apportionment between leasehold land and building elements are assessed by management based on the property valuation performed by independent qualified valuers on an open market, existing use basis. The assumptions adopted in the property valuation are based on market conditions existing at each balance sheet date, with reference to comparable sales transactions and where appropriate, on the basis of capitalisation of the net income after allowances for outgoings and, in some cases, provisions for reversionary income potential.

Impairment of loans receivable

The Group maintains an allowance for estimated losses arising from the inability of its borrowers to make the required payments. The Group makes its estimates based on the ageing of its loans receivable balances, borrowers' creditworthiness and historical write-off experience. If the financial condition of its borrowers was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

Measurement of convertible notes

On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in the shareholders' equity, net of transaction costs. The determination of the liability component requires an estimation of the market interest rate.

Measurement of fair value of equity-settled transactions

The Company operates a share option scheme under which employees (including directors) and advisors of the Group receive remuneration in the form of share-based payment transactions. The cost of these equity-settled transactions with employees and advisors is measured by reference to the fair value at the date at which they are granted, using assumptions including expected volatility and risk-free interest rate.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues 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. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

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 represents 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:

(i) the trading of securities segment engages in the purchase and sale of securities and the holding of investments primarily for interest income, dividend income and capital appreciation;

(ii) the provision of finance segment engages in the provision of financing services in Hong Kong;

(iii) the trading of goods segment engaged in the purchase and sale of commodities;

(iv) the property holding and investment segment engages primarily in the investments in commercial and residential properties for their rental income potential and/or their appreciation in values;

(v) the insurance agency and brokerage business segment engages in general and life insurance brokerage business in Hong Kong; and

(vi) the investment holding segment engages in holding investments for continuing strategic or long term purposes, primarily for their dividend income and capital appreciation.

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4. SEGMENT INFORMATION *(Continued)*

Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

Group

	Continuing operations														Discontinued operation			
	Trading of securities		Provision of finance		Property holding and investment		Insurance agency and brokerage business		Investment holding		Eliminations		Total		Trading of goods		Consolidated	
	2008 HK$'000	2007 HK$'000 (Restated)	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000 (Restated)	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000 (Restated)
Segment revenue:																		
Revenue from external customers	**59,070**	(11,805)	**17,464**	26,449	**2,590**	1,228	**6,216**	2,092	**–**	3,503	**–**	–	**85,340**	21,467	**–**	–	**85,340**	21,467
Intersegment sales	**–**	–	**–**	–	**–**	–	**–**	–	**10,634**	11,570	**(10,634)**	(11,570)	**–**	–	**–**	–	**–**	–
Other revenue	**645**	398	**110**	191	**16,155**	1,550	**14,673**	47	**–**	–	**–**	–	**31,583**	2,186	**–**	–	**31,583**	2,186
Total	**59,715**	(11,407)	**17,574**	26,640	**18,745**	2,778	**20,889**	2,139	**10,634**	15,073	**(10,634)**	(11,570)	**116,923**	23,653	**–**	–	**116,923**	23,653
Segment results	**(396,922)**	(27,519)	**17,361**	(41,071)	**7,683**	1,794	**(5,948)**	(4,055)	**(9,289)**	(23,953)	**(10,634)**	(11,570)	**(397,749)**	(106,374)	**–**	771	**(397,749)**	(105,603)
Interest and unallocated gains													**11,642**	26,658	**–**	–	**11,642**	26,658
Unallocated expenses													**(4,191)**	(86,085)	**–**	–	**(4,191)**	(86,085)
Finance costs													**(6,059)**	(7,467)	**–**	–	**(6,059)**	(7,467)
Share of profit of an associate, net of impairment of an investment in an associate	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(41,692)	**–**	–	**–**	(41,692)	**–**	–	**–**	(41,692)
Profit/(loss) before tax													**(396,357)**	(214,960)	**–**	771	**(396,357)**	(214,189)
Tax													**(7,351)**	1,927	**–**	–	**(7,351)**	1,927
Profit/(loss) for the year													**(403,708)**	(213,033)	**–**	771	**(403,708)**	(212,262)
Assets and liabilities																		
Segment assets	**347,126**	154,725	**254,228**	304,681	**204,423**	72,711	**2,559**	3,861	**1,500,526**	685,426	**(1,234,126)**	(623,601)	**1,074,736**	597,803	**–**	–	**1,074,736**	597,803
Investment in an associate	**–**	–	**–**	–	**–**	–	**–**	–	**–**	50,000	**–**	–	**–**	50,000	**–**	–	**–**	50,000
Unallocated assets													**11,588**	13,297	**–**	–	**11,588**	13,297
Total assets													**1,086,324**	661,100	**–**	–	**1,086,324**	661,100
Segment liabilities	**786,279**	196,765	**313,503**	373,339	**104,342**	75,650	**38,198**	45,991	**2,566**	3,011	**(1,234,126)**	(623,601)	**10,762**	71,155	**–**	–	**10,762**	71,155
Unallocated liabilities													**132,253**	707	**–**	–	**132,253**	707
Total liabilities													**143,015**	71,862	**–**	–	**143,015**	71,862

4. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

	Continuing operations														Discontinued operation			
	Trading of securities		Provision of finance		Property holding and investment		Insurance agency and brokerage business		Investment holding		Eliminations		Total		Trading of goods		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:																		
Depreciation – allocated	**–**	–	**–**	–	**499**	7	**150**	121	**–**	–	**–**	–	**649**	128	**–**	–	**649**	128
Depreciation – unallocated	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,223**	467	**–**	–	**1,223**	467
Recognition of prepaid land premium	**–**	–	**–**	–	**247**	5	**–**	–	**–**	–	**–**	–	**247**	5	**–**	–	**247**	5
Gains arising from changes in fair value of investment properties, net	**–**	–	**–**	–	**16,130**	1,157	**–**	–	**–**	–	**–**	–	**16,130**	1,157	**–**	–	**16,130**	1,157
Impairment of loans receivable	**–**	–	**–**	67,479	**–**	–	**–**	–	**–**	–	**–**	–	**–**	67,479	**–**	–	**–**	67,479
Impairment of trade and other receivables and deposits	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	59,065	**–**	59,065
Fair value losses/(gains) on investments at fair value through profit or loss, net	**456,450**	(373)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**456,450**	(373)	**–**	–	**456,450**	(373)
Loss on redemption of convertible notes	**–**	–	**–**	–	**–**	–	**–**	–	**287**	1,359	**–**	–	**287**	1,359	**–**	–	**287**	1,359
Capital expenditure	**–**	–	**–**	–	**100,674**	68,801	**181**	–	**11,882**	–	**–**	–	**112,737**	68,801	**–**	–	**112,737**	68,801

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents interest income earned from provision of finance; interest income and dividend income from equity investments; gains/(losses) from the sale of investments at fair value through profit or loss; insurance agency and brokerage income; and gross rental income received and receivable from investment properties during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
		(Restated)
Revenue		
Interest income from provision of finance	**17,464**	26,449
Interest income from unlisted securities	**–**	3,503
Dividend income from investments at fair value through profit or loss	**1,263**	163
Gains/(losses) from the sale of investments at fair value through profit or loss, net#	**57,807**	(11,968)
Gross rental income	**2,590**	1,228
Insurance agency and brokerage income	**6,216**	2,092
	85,340	21,467
Other income and gains		
Bank interest income	**11,634**	309
Other interest income	**471**	–
Gain on disposal of an investment property	**–**	393
Gain on settlement of other borrowings	**14,545**	–
Others	**644**	263
	27,294	965

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

The Group's proceeds from the sale of investments at fair value through profit or loss and the corresponding carrying amount were separated into "Revenue" and "Cost of sales", respectively, in the prior year's consolidated income statement. During the current year, the Group changed its presentation, as in the opinion of the directors, it is more appropriate to present the gains/losses from the sale of investments at fair value through profit or loss in "Revenue" on a net basis.

The effect of this change in presentation was to decrease revenue and cost of sales for the year ended 31 March 2008 by HK$1,254,282,000, representing the carrying amount of investments at fair value through profit or loss disposed of during the year.

To conform with the current year's presentation, the carrying amount of investments at fair value through profit or loss disposed of for the year ended 31 March 2007 of HK$328,714,000 has been offset against revenue, resulting in a decrease in revenue and cost of sales for that year by the same amount. This has resulted in no change in the amount of accumulated losses as at 1 April 2006.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

		Group	
		2008	2007
	Notes	**HK$'000**	HK$'000
Depreciation	*14*	**1,872**	595
Recognition of prepaid land premium	*16*	**247**	5
Employee benefits expenses (excluding directors' remuneration *(note 8)*):			
Wages, salaries and allowances		**9,959**	5,287
Equity-settled share option expenses	*29*	**10,032**	2,336
Pension scheme contributions (defined contribution scheme)*		**260**	164
		20,251	7,787
Share-based payment paid to investment advisors for investment advisory services	*29*	**1,178**	2,976
Auditors' remuneration		**2,400**	2,527
Foreign exchange difference arising from available-for-sale investment		**126**	–
Minimum lease payments under operating leases in respect of land and buildings		**442**	940
Direct operating expenses arising on rental-earning investment properties		**766**	277
Loss on disposal/write-off of items of property, plant and equipment		**30**	188
Loss on revaluation upon reclassification of an owner-occupied property to an investment property**	*14*	**43**	–
Loss on disposal of available-for-sale investment**		**–**	15,932
Loss on disposal of subsidiaries**	*31(b)*	**212**	7,564
Loss on redemption of convertible notes**		**287**	1,359
Impairment of an investment in an associate	*19*	**–**	69,099
Impairment of goodwill**	*17*	**12,129**	44,050
Impairment of loans receivable**	*21*	**–**	67,479
Impairment of other receivables**	*22*	**1,310**	–

* At 31 March 2008, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefits scheme in future years (2007: Nil).

** These items were presented on the face of the consolidated income statement for the year ended 31 March 2007. During the year, the Group changed its presentation, as in the opinion of the directors, it is more appropriate to include these items in "Other expenses" on the face of the consolidated income statement. Accordingly, the comparative amounts of these items have been reclassified to conform with the current year's presentation.

7. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	HK$'000
Interest on:		
Bank loans not wholly repayable within five years	**3,063**	948
Overdrafts and other loans		
wholly repayable within five years	**194**	3,881
Convertible notes *(note 26)*	**2,802**	2,638
Total finance costs	**6,059**	7,467

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Fees	**600**	535
Other emoluments:		
Salaries and other benefits	**2,162**	2,378
Retirement benefits scheme contributions		
(defined contribution scheme)	**41**	56
Less: Forfeited contributions	**–**	(160)
Net pension scheme contributions	**41**	(104)
	2,203	2,274
	2,803	2,809

8. DIRECTORS' REMUNERATION

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2008 HK$'000	2007 HK$'000
Mr. Chiu Siu Po	120	120
Ms. Hui Wai Man, Shirley	120	120
Mr. Gary Drew Douglas	120	120
Mr. Peter Temple Whitelam	120	47
Mr. Lam Ping Cheung	–	28
Mr. Lo Ming Chi, Charles	–	47
	480	482

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors

	Fees	Salaries and other benefits	Net pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000
2008				
Dr. Yang Fan Shing, Andrew	120	–	–	120
Mr. Kwong Wai Tim, William	–	240	12	252
Ms. Kwok Wai Ming	–	1,586	12	1,598
Ms. Au Shuk Yee, Sue	–	336	17	353
	120	2,162	41	2,323
2007				
Dr. Yang Fan Shing, Andrew	53	–	–	53
Mr. Kwong Wai Tim, William	–	390	20	410
Ms. Kwok Wai Ming	–	1,498	12	1,510
Ms. Au Shuk Yee, Sue	–	266	13	279
Ms. Yau Shum Tek, Cindy*	–	89	(28)	61
Mr. Lai Ming Wai*	–	135	(121)	14
	53	2,378	(104)	2,327

* Ms. Yau Shum Tek, Cindy and Mr. Lai Ming Wai resigned as executive directors of the Company with effect from 14 August 2006 and 15 August 2006, respectively.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2007: one) of the Company's directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration of the remaining four (2007: four) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Salaries and allowances	**2,477**	2,858
Employee share option benefits	**4,621**	711
Pension scheme contributions	**44**	75
	7,142	3,644

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2008	2007
Nil – HK$1,000,000	**–**	4
HK$1,000,001 – HK$1,500,000	**3**	–
HK$2,500,001 – HK$3,000,000	**1**	–
	4	4

During the year, 324,800,000 share options were granted to all of the above four non-director, highest paid employees in respect of their services to the Group, further details of which are set out in note 29 to the financial statements. The fair value of such share options granted, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2008	2007
	HK$'000	HK$'000
Group:		
Current – Hong Kong		
Charge for the year	**2,475**	–
Under/(over) provision in prior year	**2,258**	(2,383)
Deferred *(note 27)*	**2,618**	456
Tax charge/(credit) attributable to continuing operations reported in the consolidated income statement	**7,351**	(1,927)

A reconciliation of the tax credit applicable to loss before tax using the Hong Kong statutory tax rate (the statutory tax rate of the Company's and the majority of its subsidiaries' principal place of business) to the tax charge/(credit) at the Group's effective tax rate is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Loss before tax (including profit from a discontinued operation)	**(396,357)**	(214,189)
Tax credit at the Hong Kong statutory tax rate of 17.5% (2007: 17.5%)	**(69,362)**	(37,483)
Adjustments in respect of current tax of previous periods	**2,258**	(2,383)
Profit attributable to an associate	**–**	(215)
Income not subject to tax	**(2,435)**	(682)
Expenses not deductible for tax	**4,990**	23,549
Tax losses utilised from previous periods	**(1,505)**	(9)
Tax losses not recognised	**73,405**	15,296
Tax charge/(credit) at the Group's effective tax rate	**7,351**	(1,927)
Tax charge attributable to a discontinued operation	**–**	–
Tax charge/(credit) attributable to continuing operations reported in the consolidated income statement	**7,351**	(1,927)

10. TAX *(Continued)*

The share of tax attributable to an associate amounting to HK$215,000 for the year ended 31 March 2007 was included in "Share of profit of an associate, net of impairment of an investment in an associate" on the face of the consolidated income statement.

11. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company for the year ended 31 March 2008 includes a loss of HK$413,529,000 (2007: HK$257,210,000) which has been dealt with in the financial statements of the Company *(note 30(b))*.

12. DISCONTINUED OPERATION

In the prior year, the Group decided to dispose of 55% of its then wholly-owned subsidiary – Mega Victory Limited ("Mega Victory") and its subsidiaries (collectively the "Mega Victory Group"), together with the assignment of 55% of the amount of a shareholder loan (the "Partial Disposal") because of its plan to focus its resources on its current and future core business. The Mega Victory Group was primarily engaged in the general trading business in prior years and became inactive since September 2005. The operation of the Mega Victory Group constituted a strategic business unit and a separate component of the Group, which represented the Group's trading of goods segment. The Partial Disposal of the Mega Victory Group was completed on 28 September 2006. Further details of the Partial Disposal were also set out in a circular of the Company dated 31 August 2006. Subsequent to the Partial Disposal, the Group does not have any control nor is in a position to exercise significant influence over the Mega Victory Group and therefore, the remaining 45% equity investment in Mega Victory has been treated as an available-for-sale investment. Accordingly, the Partial Disposal had effectively resulted in the discontinuation of the Group's trading of goods operation.

The results of the Mega Victory Group for the year ended 31 March 2007 were presented below:

	Note	2007 HK$'000
Results of the discontinued operation		–
Impairment of trade and other receivables and deposits		(59,065)*
Gain on disposal of subsidiaries	*31(b)*	59,836
Profit for the year from the discontinued operation		771

* Upon the completion of the Partial Disposal, the carrying amount of the Group's remaining 45% interest in the Mega Victory Group amounted to approximately HK$59,065,000, which represented the aggregate of the Group's equity investment in Mega Victory of HK$450 (classified as an available-for-sale investment) and the loan receivable from Mega Victory (the "Shareholder's Loan") of approximately HK$59,065,000, net of an impairment provision of approximately HK$44,953,000. As at 31 March 2007, based on the assessment made by the Company's directors on the financial position and future prospect of the Mega Victory Group, full provision was made on the outstanding balance of the Shareholder's Loan.

12. DISCONTINUED OPERATION *(Continued)*

	2007 (Restated)
Earnings per share:	
Basic, from the discontinued operation	HK0.50 cents
Diluted, from the discontinued operation	N/A

The calculation of basic earnings per share from the discontinued operation was based on:

	2007
Profit attributable to ordinary equity holders of the Company from the discontinued operation	HK$771,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (restated)	154,160,000

Diluted earnings per share amount for the year ended 31 March 2007 had not been disclosed, as the share options and the convertible notes outstanding during that year had an anti-dilutive effect on the basic earnings per share for that year.

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of HK$403,708,000 (2007: HK$212,262,000), and the weighted average number of 676,484,000 (2007: 154,160,000, as restated) ordinary shares in issue during the year. The basic loss per share amounts for the years ended 31 March 2008 and 2007 have been adjusted to reflect the rights issue during the year *(note 28(i))* and the share consolidation subsequent to the balance sheet date as further detailed in note 40(a).

The calculation of basic loss per share amounts from continuing operations is based on the loss for the year from continuing operations attributable to ordinary equity holders of the Company of HK$403,708,000 (2007: HK$213,033,000), and the weighted average number of 676,484,000 (2007: 154,160,000, as restated) ordinary shares in issue during the year. The basic loss per share amounts from continuing operations for the years ended 31 March 2008 and 2007 have been adjusted to reflect the rights issue during the year *(note 28(i))* and the share consolidation subsequent to the balance sheet date as further detailed in note 40(a).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

(b) Diluted loss per share

Diluted loss per share amounts for the years ended 31 March 2008 and 2007 have not been disclosed as the share options and convertible notes outstanding during these years had an anti-dilutive effect on the basic loss per share amounts for these years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2008						
At 31 March 2007 and at 1 April 2007:						
Cost	1,040	622	979	970	925	4,536
Accumulated depreciation	(2)	(622)	(669)	(777)	(321)	(2,391)
Net carrying amount	1,038	–	310	193	604	2,145
At 1 April 2007, net of accumulated depreciation	1,038	–	310	193	604	2,145
Additions	11,357	8,344	3,466	270	–	23,437
Disposals	–	–	–	–	(440)	(440)
Disposal of a subsidiary *(note 31(b))*	–	–	(53)	–	–	(53)
Transfer from an investment property *(note 15)**	11,937	–	–	–	–	11,937
Deficit on revaluation at transfer to investment properties *(note 6)*	(43)	–	–	–	–	(43)
Transfer to investment properties *(note 15)*	(3,840)	–	–	–	–	(3,840)
Depreciation provided during the year	(493)	(741)	(369)	(153)	(116)	(1,872)
At 31 March 2008, net of accumulated depreciation	19,956	7,603	3,354	310	48	31,271
At 31 March 2008:						
Cost	20,407	8,966	4,384	1,240	149	35,146
Accumulated depreciation	(451)	(1,363)	(1,030)	(930)	(101)	(3,875)
Net carrying amount	19,956	7,603	3,354	310	48	31,271

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2007						
At 1 April 2006:						
Cost	–	365	575	546	850	2,336
Accumulated depreciation	–	(156)	(381)	(407)	(44)	(988)
Net carrying amount	–	209	194	139	806	1,348
At 1 April 2006, net of accumulated depreciation	–	209	194	139	806	1,348
Additions	–	–	67	76	75	218
Acquisition of subsidiaries *(note 31(a))*	–	40	180	102	–	322
Write-off	–	(188)	–	–	–	(188)
Transfer from an investment property *(note 15)**	1,040	–	–	–	–	1,040
Depreciation provided during the year	(2)	(61)	(131)	(124)	(277)	(595)
At 31 March 2007, net of accumulated depreciation	1,038	–	310	193	604	2,145
At 31 March 2007:						
Cost	1,040	622	979	970	925	4,536
Accumulated depreciation	(2)	(622)	(669)	(777)	(321)	(2,391)
Net carrying amount	1,038	–	310	193	604	2,145

* An investment property of the Group has become owner-occupied during the year and the fair value of its building element of HK$11,937,000 (2007: HK$1,040,000) *(note 15)* at the date of change in use became the deemed cost of the building for subsequent accounting.

The Group's buildings are held under long term leases and are situated in Hong Kong.

At the balance sheet date, the Group's buildings were pledged to secure general banking facilities granted to the Group *(note 25)*.

15. INVESTMENT PROPERTIES

	Group	
	2008	2007
	HK$'000	HK$'000
Carrying amount at beginning of year	**63,340**	3,000
Acquisition of a subsidiary *(note 31(a))*	**–**	9,033
Additions	**50,589**	59,550
Disposal of a subsidiary *(note 31(b))*	**(11,500)**	(2,200)
Disposal	**–**	(2,000)
Transfer to owner-occupied property*	**(34,810)**	(5,200)
Transfer from owner-occupied properties**	**17,830**	–
Change in fair value of investment properties, net	**16,130**	1,157
Carrying amount at 31 March	**101,579**	63,340
Analysis by geographical location:		
Hong Kong	**100,779**	62,540
Mainland China	**800**	800
	101,579	63,340

* The amount represented the total of the estimated fair values of the prepaid land lease premium and building elements of the property of HK$22,873,000 (2007: HK$4,160,000) *(note 16)* and HK$11,937,000 (2007: HK$1,040,000) *(note 14)*, respectively.

** During the year, certain leasehold land and buildings of the Group were revalued at the date of change in use as investment properties at HK$17,830,000 on an open market value, existing use basis, representing the total of the estimated fair values of the prepaid land lease premium and building elements of these properties of HK$13,990,000 *(note 16)* and HK$3,840,000 *(note 14)*, respectively.

As at 31 March 2008, the Group's investment properties of HK$4,500,000 (2007: HK$4,140,000) are held under medium term leases and HK$97,079,000 (2007: HK$59,200,000) are held under long term leases.

The Group's investment properties were revalued on 31 March 2008 based on valuation performed by Asset Appraisal Limited, independent professionally qualified valuers, at HK$101,579,000 on an open market, existing use basis. The investment properties are currently or expected to be leased to third parties under operating leases, further summary details of which are included in note 33(a) to the financial statements.

15. INVESTMENT PROPERTIES *(Continued)*

At 31 March 2008, the Group's investment properties situated in Hong Kong with an aggregate carrying value of approximately HK$100,779,000 (2007: HK$62,540,000) were pledged to secure general banking facilities granted to the Group *(note 25)*.

Further particulars of the Group's investment properties are included on pages 109 to 110.

16. PREPAID LAND PREMIUM

	Group	
	2008	2007
	HK$'000	HK$'000
Carrying amount at beginning of year	**4,155**	–
Additions	**38,711**	–
Transfer from investment properties during the year *(note 15)*	**22,873**	4,160
Transfer to investment properties during the year *(note 15)*	**(13,990)**	–
Recognised during the year	**(247)**	(5)
Carrying amount at 31 March	**51,502**	4,155
Current portion included in prepayments, deposits and other receivables	**(455)**	(55)
Non-current portion	**51,047**	4,100

The leasehold lands are held under long term leases and are situated in Hong Kong. At the balance sheet date, the leasehold lands were pledged to secure general banking facilities granted to the Group *(note 25)*.

17. GOODWILL

	Group	
	2008	2007
	HK$'000	HK$'000
Net carrying amount at beginning of year	**12,129**	–
Acquisition of subsidiaries *(note 31(a))*	**–**	56,179
Impairment during the year	**(12,129)**	(44,050)
Net carrying amount at 31 March	**–**	12,129
At 31 March		
Cost	**56,179**	56,179
Accumulated impairment	**(56,179)**	(44,050)
Net carrying amount	**–**	12,129

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the insurance agency and brokerage cash-generating unit (the "Cash-generating Unit"), which is a reportable segment, for impairment testing.

The recoverable amount of the Cash-generating Unit as at 31 March 2008 had been determined based on a value in use calculation using cash flow projections based on financial forecast covering a five-year period. The discount rate applied to the cash flow projections was 12.5%.

During the year, the operating performance of the Cash-generating Unit was dismal. In the opinion of the directors, it is uncertain that sufficient cash flow will be generated by the Cash-generating Unit in the foreseeable future to substantiate the carrying amount of the goodwill and, accordingly, a further impairment of HK$12,129,000 has been made and recognised in the current year's consolidated income statement, resulting in a full impairment of the goodwill as at 31 March 2008.

Key assumptions were used in the value in use calculation of the Cash-generating Unit as at 31 March 2008. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue and results of operation

The budgeted revenue and results of operation have been determined based on the management's expected market development of the Cash-generating Unit.

Discount rate

The discount rate used are before tax and reflect specific risks relating to the relevant units.

18. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**10,000**	5
Due from subsidiaries	**94,808**	28,077
	104,808	28,082
Less: Provision for impairment	**(3,552)**	(1,599)
	101,256	26,483

Except for the amounts due from subsidiaries of HK$91,256,000 (2007: HK$1,372,000) included in the interests in subsidiaries above which bear interest at 5.25% to 5.5% per annum (2007: 5.5% per annum), the remaining balances with subsidiaries are interest-free, and all these balances are unsecured and are not repayable within one year.

Except for an amount due from a subsidiary of HK$206,643,000 (2007: HK$266,442,000) which bears interest at 5.25% to 5.5% per annum (2007: 5.5% per annum), the remaining balances with subsidiaries included in the Company's current assets and liabilities of HK$425,026,000 (2007: HK$239,037,000) and HK$2,438,000 (2007: HK$2,075,000), respectively, are interest-free, and all these balances are unsecured and are repayable on demand or within one year.

The movements in provision for impairment of amounts due from subsidiaries are as follows:

	Company 2008 HK$'000	2007 HK$'000
At beginning of year	**398,723**	265,222
Impairment losses recognised	**403,498**	245,154
Disposal of subsidiaries	**(111,374)**	(111,653)
	690,847	398,723
Less: Current portion	**(687,295)**	(397,124)
Non-current portion	**3,552**	1,599

An impairment was recognised for certain amounts due from subsidiaries with an aggregate carrying amount of HK$1,354,470,000 (before deducting the impairment loss) (2007: HK$884,357,000) because the recoverable amounts of these balances were lower than their carrying amounts. The provision for impairment was made based on an assessment of the recoverable amounts for the corresponding cash-generating units, which requires an estimation of the value in use of the cash-generating units. The remaining amounts due from subsidiaries are neither past due nor impaired and the directors of the Company are of the opinion that these balances are fully recoverable.

The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries at the balance sheet date were as follows:

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
Eastern Sunny Limited	Hong Kong	HK$2	–	100	Provision of management services
Easy Step Limited	Hong Kong	HK$1	–	100	Property investment
Freeman Financial Corporation	Cayman Islands	HK$10,000,000	100	–	Investment holding
Freeman Financial Investment Limited (formerly "Cinergy Financial Services Limited")	Hong Kong	HK$10,000	–	100	Provision of insurance agency services
Freeman Financial Services Limited	Hong Kong	HK$10,000,000	–	100	Provision of life insurance services
Freeman Insurance Services Limited (formerly "Cinergy Insurance Services Limited")	Hong Kong	HK$100,000	–	100	Provision of insurance brokerage services
Freeman International Limited	Hong Kong	HK$1	–	100	Property investment

18. 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	Indirect	Principal activities
Freeman Investment Holdings Limited	Hong Kong	HK$1	–	100	Property investment
Freeman Investment Services Limited (formerly "Cinergy Holdings Limited")	Hong Kong	HK$10,000	–	100	Investment holding
Global Day Limited	Hong Kong	HK$1	–	100	Property investment
Good Develop Limited	Hong Kong	HK$1	–	100	Property investment
Hansom Finance Limited	Hong Kong	HK$2	–	100	Provision of finance
Sharp Assets Limited	Hong Kong	HK$1	–	100	Property investment
Sharp Castle Limited	Hong Kong	HK$1	–	100	Property investment
Sharp Light International Limited	Hong Kong	HK$1	–	100	Property investment
Smart Jump Corporation	British Virgin Islands/ Hong Kong	US$1	–	100	Trading in securities
Supreme Host Holdings Limited	Hong Kong	HK$1	–	100	Provision of management services
Swiss Ocean Limited	Hong Kong	HK$1	–	100	Property investment

18. 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	Indirect	Principal activities
Swiss Nice Limited	Hong Kong	HK$1	–	100	Provision of nominee services
Win Advance Development Limited	Hong Kong	HK$2	–	100	Property investment
Victory Good Limited	Hong Kong	HK$1	–	100	Property investment

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.

19. INVESTMENT IN AN ASSOCIATE

	Group 2008 HK$'000	2007 HK$'000
Share of net assets	–	80,897
Goodwill on acquisition	–	38,202
	–	119,099
Less: Provision for impairment	–	(69,099)
	–	50,000

19. INVESTMENT IN AN ASSOCIATE *(Continued)*

The associate was disposed of during the year.

The Group's loan receivable balance with the associate as at 31 March 2007 was disclosed in note 21 to the financial statements.

Particulars of the associate as at 31 March 2007 were as follows:

Name	Place of incorporation	Particulars of issued shares held	Percentage of equity interest attributable to the Group	Principal activity
Hennabun Capital Group Limited (formerly "Hennabun Management International Limited") ("HCGL")*	British Virgin Islands	Ordinary shares of US$0.01 each	49	Investment holding

* Not audited by Ernst &Young Hong Kong or other member firm of the Ernst & Young global network.

The above associate was indirectly held by the Company since 6 February 2007 and operates in Hong Kong.

For the year ended 31 March 2007, the Group's share of profit of the associate, net of impairment of the investment in the associate, is analysed as follows:

	2007 HK$'000
Share of profit	1,230
Provision for impairment	(69,099)
Release of available-for-sale investment revaluation reserve	26,177
	(41,692)

The above associate had been accounted for using the equity method in these financial statements.

The summarised financial information of the Group's associate, which had been extracted from its unaudited consolidated financial statements for the three months ended 31 March 2007, is as follows:

	2007 HK$'000
Assets	607,875
Liabilities	442,643
Revenue	11,434
Profit	4,195

20. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2008	2007
	HK$'000	HK$'000
Unlisted investment, at market value	**18,793**	–

During the year, the net fair value loss of the Group's available-for-sale investment recognised directly in equity amounted to HK$667,000 (2007: net fair value gain of HK$8,194,000). In the prior year, a net fair value gain of HK$12,415,000 was removed from equity and recognised in the consolidated income statement for that year upon disposal of the related investment.

21. LOANS RECEIVABLE

	Group	
	2008	2007
	HK$'000	HK$'000
Loans receivable	**254,152**	362,709
Impairment	**–**	(67,479)
Balances due within one year included in current assets	**254,152**	295,230

Loans receivable represent receivables arising from the provision of finance business of the Group, and bear interest at rates ranging from the Hong Kong dollar prime rate quoted by the Hong Kong and Shanghai Banking Corporation Limited (the "Prime Rate") per annum to 3% above the Prime Rate per annum (2007: from the Prime Rate per annum to 4% per month). The grants of these loans were approved and monitored by the Company's executive directors in charge of the Group's provision of finance operation.

21. LOANS RECEIVABLE *(Continued)*

An aged analysis of the loans receivable (that are not considered to be impaired) as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**254,152**	171,944
Within 3 months past due	**–**	73,286
	254,152	245,230

The movements in provision for impairment of loans receivable are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
At beginning of year	**67,479**	26,247
Impairment losses recognised *(note 6)*	**–**	67,479
Amounts written off as uncollectible	**(67,479)**	(26,247)
At 31 March	**–**	67,479

Included in the above provision for impairment of loans receivable as at 31 March 2007 was a provision for an individually impaired loan receivable of HK$67,479,000 with a carrying amount of HK$117,479,000. The individually impaired loan receivable related to a borrower that was in financial difficulties and only HK$50,000,000 of the balance was expected to be recovered. The Group did not hold any collateral or other credit enhancements over the balance.

Loans receivable that were neither past due nor impaired relate to a number of diversified borrowers for whom there was no recent history of default.

Included in the Group's loans receivable as at 31 March 2007 was a loan to the Group's associate of HK$53,108,000 *(note 36(b))*, which was repayable on similar credit terms to those offered to the other borrowers of the Group. The loan was fully settled during the year.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments and deposits	**1,893**	784	**554**	140
Other receivables	**2,206**	23,586	**20**	128
Prepaid land premium	**455**	55	**–**	–
Advances to employees	**1,798**	2,036	**–**	–
	6,352	26,461	**574**	268
Impairment	**(1,310)**	–	**–**	–
	5,042	26,461	**574**	268

The movements in provision for impairment of deposits and other receivables are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
At beginning of year	**–**	89,296	**–**	–
Impairment losses recognised	**1,310**	59,065	**–**	–
Amounts written off as uncollectible	**–**	(148,361)	**–**	–
At end of year	**1,310**	–	**–**	–

An impairment has recognised for certain deposits and other receivables with an aggregate carrying amount of HK$1,310,000 (2007: HK$148,361,000) (before deducting the impairment loss) because the recoverable costs of these balances were lower than their carrying amounts. The Group did not hold any collateral or other credit enhancements over these balances. The remaining balances are neither past due nor impaired and the directors of the Company are of the opinion that these balances are fully recoverable.

As detailed in note 12 to the financial statements, included in the balance as at 31 March 2007 was a loan receivable from Mega Victory of approximately HK$59,065,000 which had been fully impaired and written off in the prior year.

23. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2008	2007
	HK$'000	HK$'000
Listed equity investments, at market value:		
Hong Kong	**319,879**	92,727
Elsewhere	**25,912**	26,326
	345,791	119,053
Unlisted investments, at fair value	**–**	12,953
	345,791	132,006

The above investments at 31 March 2007 and 2008 were classified as held for trading.

The Group's investments in securities with an aggregate carrying value at the balance sheet date of approximately HK$345,791,000 (2007: HK$132,006,000) were pledged to certain financial institutions to secure certain margin financing facilities provided to the Group which were not utilised as at 31 March 2008 and 2007.

At the date of approval of these financial statements, the market value of listed equity securities held by the Group as at the balance sheet date was approximately HK$237,590,000 (2007: HK$157,921,000).

24. CASH AND CASH EQUIVALENTS

Cash at banks of the Group and of the Company earn interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and bank balances approximate to their fair values.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2008 Maturity	2008 Effective interest rate (%) p.a.	2008 HK$'000	2007 Maturity	2007 Effective interest rate (%) p.a.	2007 HK$'000
Current						
Bank loans – secured	**2009**	**Prime*-3.15 to Prime*-1.75**	**5,240**	2008	Prime*-2.65 to Prime*-1.75	1,928
Other borrowings – unsecured	**–**		**–**	2008	Prime*+2	19,529
			5,240			21,457
Non-current						
Bank loans – secured	**2016 – 2023**	**Prime*-3.15 to Prime*-1.75**	**92,541**	2016 – 2030	Prime*-2.65 to Prime*-1.75	41,145
			97,781			62,602

	Group 2008 HK$'000	Group 2007 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	**5,240**	1,928
In the second year	**6,256**	2,036
In the third to fifth years, inclusive	**32,006**	11,204
Beyond five years	**54,279**	27,905
	97,781	43,073
Other borrowings repayable:		
Within one year	**–**	19,529
	97,781	62,602

* Represents the Hong Kong dollar prime lending rate as quoted by Bank of East Asia Limited, Citibank (Hong Kong) Limited or Bank of Communications Limited.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) All interest-bearing bank and other borrowings are in Hong Kong dollars.

(b) In the prior year, the Group's overdraft facilities amounting to HK$3,000,000 were secured by the pledge of certain of the Group's investment properties amounting to HK$11,500,000. The Group did not utilise any of the overdraft facilities as at 31 March 2007 and the overdraft facilities were expired during the year.

(c) The Group's bank loans are secured by:

(i) mortgage over the Group's prepaid land lease premium and buildings situated in Hong Kong, which had an aggregate carrying value at the balance sheet date of approximately HK$51,502,000 (2007: HK$4,155,000) *(note 16)* and HK$19,956,000 (2007: HK$1,038,000) *(note 14)*, respectively;

(ii) mortgages over the Group's investment properties situated in Hong Kong, which had an aggregate carrying value at the balance sheet date of approximately HK$100,779,000 (2007: HK$62,540,000); and

(iii) a corporate guarantee given by the Company up to HK$101,248,000 (2007: HK$50,178,000) as at the balance sheet date.

26. CONVERTIBLE NOTES

2007

Pursuant to a placing agreement entered into on 20 November 2006 (the "2006 Placing Agreement"), the Company agreed, through a placing agent, to place zero coupon convertible notes due in 2008 up to an aggregate principal amount of HK$300,000,000 (the "2006 CNs"), of which convertible notes in the principal amount of HK$100,000,000 shall be placed on a fully underwritten basis and convertible notes in the principal amount of HK$200,000,000 shall be placed on a best effort basis.

The 2006 CNs were unsecured, interest-free and were due for repayment at 115% of the outstanding principal amount eighteen months following the date of issue of the 2006 CNs. The 2006 CNs were convertible into ordinary shares of the Company at any time from the date of issue of the 2006 CNs up to 7 days prior to (and excluding) the maturity date at the initial conversion price of HK$0.25 per share (subject to adjustment). If the closing price for each trading day during a consecutive 30 trading days period was equal to or in excess of 150% of the initial conversion price (subject to adjustment) (that is, HK$0.375), all the then outstanding 2006 CNs would be deemed to be converted at the then prevailing conversion price.

26. CONVERTIBLE NOTES *(Continued)*

2007 *(Continued)*

The 2006 CNs, if fully subscribed for and issued, would be convertible into a total of 1,200,000,000 new ordinary shares of the Company at the initial conversion price of HK$0.25 per share (subject to adjustment). On 12 January 2007, the placing of the 2006 CNs in the principal amount of HK$100,000,000 on a fully underwritten basis were subscribed for and issued. On 21 February 2007, the 2006 Placing Agreement was terminated. As such, the placing of the 2006 CNs in the principal amount of HK$200,000,000 on a best effort basis was withdrawn.

On 6 March 2007, certain noteholders served a notice to the Group to request for the early redemption of the 2006 CNs in the principal amount of HK$45,000,000 by the Group at 100% of the outstanding principal amount. Pursuant to a board resolution of the Company passed on 7 March 2007, the early redemption of the 2006 CNs in the principal amount of HK$45,000,000 was approved.

On 22 March 2007, the remaining outstanding 2006 CNs in the principal amount of HK$55,000,000 were converted into a total of 226,337,447 new ordinary shares of the Company at an adjusted conversion price of HK$0.243 per share (adjusted as a result of the placement of 346,000,000 new ordinary shares by the Company on 8 March 2007 – note 28(e)).

2008

Pursuant to a placing agreement entered into on 11 July 2007 (the "2007 Placing Agreement"), the Company agreed, through a placing agent, to place zero coupon convertible notes due in 2011 up to an aggregate principal amount of HK$1,500,000,000 (the "2007 CNs"), of which convertible notes in the principal amount of HK$250,000,000 shall be placed on a fully underwritten basis and convertible notes in the principal amount of HK$1,250,000,000 shall be placed on a best effort basis.

The 2007 CNs were unsecured, interest-free and were due for repayment at 100% of the outstanding principal amount on 31 March 2011. The 2007 CNs were convertible into ordinary shares of the Company at any time from the date of issue of the 2007 CNs up to 7 days prior to (and excluding) the maturity date at a conversion price of HK$0.12 per share (subject to adjustment).

The 2007 CNs, if fully subscribed for and issued, would be convertible into a total of 12,500,000,000 new ordinary shares of the Company at the conversion price of HK$0.12 per share (subject to adjustment). On 12 October 2007, the placing of the 2007 CNs in the principal amount of HK$250,000,000 on a fully underwritten basis were subscribed for and issued. On 3 December 2007, the 2007 Placing Agreement was terminated. As such, the placing of the 2007 CNs in the principal amount of HK$1,250,000,000 on a best effort basis was withdrawn.

In October 2007, the outstanding 2007 CNs in the principal amount of HK$195,000,000 were converted into a total of 1,625,000,000 new ordinary shares of the Company *(note 28(l))*.

26. CONVERTIBLE NOTES *(Continued)*

2008 *(Continued)*

On 5 March 2008, one of the noteholders served a notice to the Group to request for the early redemption of the 2007 CNs in the principal amount of HK$5,000,000 by the Group at 100% of the outstanding principal amount. Pursuant to a board resolution of the Company passed on 6 March 2008, the early redemption of the 2007 CNs in the principal amount of HK$5,000,000 was approved.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without a conversion option. The residual amount was assigned as the equity component and was included in shareholders' equity.

The convertible notes have been split as to the liability and equity components, as follows:

	Group and Company		
	Liability component	**Equity component**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2006	–	–	–
Upon issuance	91,975	8,025	100,000
Less: Direct transaction costs	(2,806)	(245)	(3,051)
	89,169	7,780	96,949
Redemption during the year	(41,165)	(3,501)	(44,666)
Conversion during the year	(50,642)	(4,279)	(54,921)
Interest expense	2,638	–	2,638
At 31 March 2007 and 1 April 2007	–	–	–
Upon issuance	152,456	97,544	250,000
Less: Direct transaction costs	(4,021)	(2,573)	(6,594)
	148,435	94,971	243,406
Conversion during the year	(116,231)	(74,078)	(190,309)
Redemption during the year	(3,153)	(1,899)	(5,052)
Interest expense	2,802	–	2,802
At 31 March 2008	31,853	18,994	50,847

Subsequent to the balance sheet date, the remaining outstanding 2007 CNs in the principal amount of HK$50,000,000 were redeemed by the Company pursuant to a board resolution of the Company passed on 20 June 2008.

27. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

Group

	Revaluation of properties	
	2008	2007
	HK$'000	HK$'000
At beginning of year	**456**	–
Deferred tax charged to the income statement during the year *(note 10)*	**2,618**	456
Disposal of a subsidiary *(note 31(b))*	**(333)**	–
At 31 March	**2,741**	456

There was no significant unrecognised deferred tax liability in respect of the year or as at the balance sheet date (2007: Nil).

At 31 March 2008, the Group had tax losses arising in Hong Kong of approximately HK$531,872,000 (2007: HK$121,546,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time or due to the unpredictability of future profit streams of those companies, and accordingly, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

28. SHARE CAPITAL

	Company	
	2008	2007
	HK$'000	HK$'000
Authorised:		
50,000,000,000 (2007: 10,000,000,000) ordinary shares of HK$0.10 each	**5,000,000**	1,000,000
Issued and fully paid:		
8,144,312,470 (2007: 2,473,976,649) ordinary shares of HK$0.10 each	**814,431**	247,397

28. SHARE CAPITAL *(Continued)*

A summary of the movements of the Company's issued capital and share premium account is as follows:

	Notes	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2006		677,056,202	135,411	348,574	483,985
Placement of new shares	*(a)*	600,000,000	120,000	–	120,000
Issue of consideration shares	*(b)*	55,000,000	11,000	–	11,000
Capital reorganisation	*(c)*	–	(133,206)	(327,552)	(460,758)
Issue of consideration shares	*(d)*	200,000,000	20,000	33,000	53,000
Placement of new shares	*(e)*	412,000,000	41,200	9,900	51,100
Conversion of convertible notes	*(f)*	226,337,447	22,634	32,287	54,921
Share options exercised	*(g)*	303,580,000	30,358	16,739	47,097
Share issue expenses		–	–	(3,854)	(3,854)
At 31 March 2007 and 1 April 2007		2,473,973,649	247,397	109,094	356,491
Placement of new shares	*(h)*	2,234,552,000	223,455	103,917	327,372
Rights issue	*(i)*	1,563,986,824	156,399	31,280	187,679
Repurchase of shares	*(k)*	(3)	–	–	–
Conversion of convertible notes	*(l)*	1,625,000,000	162,500	27,809	190,309
Share options exercised	*(m)*	246,800,000	24,680	14,046	38,726
Share issue expenses		–	–	(12,503)	(12,503)
At 31 March 2008		8,144,312,470	814,431	273,643	1,088,074

Notes:

(a) On 24 April 2006 and 22 May 2006, the Company allotted and issued 300,000,000 and 300,000,000 ordinary shares of HK$0.20 each for cash to independent third parties at a price of HK$0.20 per share, respectively.

(b) On 8 June 2006, a sale and purchase agreement was entered into with an independent third party to acquire an additional 53,800,000 ordinary shares of HCGL for a consideration of HK$11,000,000, which was settled by the issuance of 55,000,000 new ordinary shares of the Company of HK$0.20 each at HK$0.20 per share.

28. SHARE CAPITAL *(Continued)*

(c) The Company effected a capital reorganisation on 22 August 2006 which involved: (i) a reduction of the nominal value of each issued ordinary share of the Company from HK$0.20 to HK$0.10 each by the cancellation of HK$0.10 of the paid-up capital for each issued ordinary share; (ii) the cancellation of the credit arising from such reduction towards the accumulated losses of the Company in the amount of HK$133,205,620; and (iii) the cancellation of the then existing authorised and unissued ordinary shares of 8,667,943,798 and a subsequent increase of the authorised share capital of the Company by the creation of the same number of ordinary shares of HK$0.10 each.

(d) On 18 October 2006, a sale and purchase agreement was entered into with an independent third party to acquire 100% equity interest in Freeman Investment Services Limited (formerly Cinergy Holdings Limited) and its subsidiaries (the "FIS Group") for a consideration of HK$53,000,000, which was settled by the issuance of 200,000,000 new ordinary shares of the Company of HK$0.10 each at HK$0.265 per share.

(e) On 9 November 2006 and 8 March 2007, the Company allotted and issued 66,000,000 and 346,000,000 ordinary shares of HK$0.10 each for cash to independent third parties at a price of HK$0.25 and HK$0.10 per share, respectively.

(f) During the year ended 31 March 2007, 226,337,447 new ordinary shares of HK$0.10 each of the Company were issued upon the conversion of the 2006 CNs with principal amount totalling HK$55,000,000 issued by the Company as further detailed in note 26 to the financial statements.

(g) During the year ended 31 March 2007, the subscription rights attaching to 303,580,000 share options granted to certain employees and consultants were exercised at subscription prices ranging from HK$0.124 to HK$0.155 per share *(note 29)*, resulting in the issue of 303,580,000 new ordinary shares of the Company of HK$0.10 each for a total cash consideration, before expenses, of approximately HK$41,785,000.

(h) On 19 April 2007, 31 May 2007 and 10 July 2007, the Company allotted and issued 654,000,000, 494,000,000 and 1,086,552,000 ordinary shares of HK$0.10 each for cash to independent third parties at a price of HK$0.10, HK$0.13 and HK$0.182 per share, respectively.

(i) A rights issue of one rights share for every two existing shares held by members on the register of members on 20 April 2007 was made at an issue price of HK$0.12 per rights share, resulting in the issue of 1,563,986,824 ordinary shares of HK$0.10 each for a total cash consideration, before expenses, of HK$187,679,000.

(j) Pursuant to an ordinary resolution passed on 6 July 2007, the authorised share capital of the Company was increased from HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each to HK$5,000,000,000 divided into 50,000,000,000 ordinary shares of HK$0.10 each by the creation of additional 40,000,000,000 ordinary shares, ranking pari passu in all respects with the existing share capital of the Company.

28. SHARE CAPITAL *(Continued)*

(k) On 27 February 2008, the Company repurchased three ordinary shares of HK$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at HK$0.04 per share. The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The difference between the issued capital purchased and the value of cash consideration paid was credited to the capital redemption reserve of the Company.

(l) During the year ended 31 March 2008, 1,625,000,000 new ordinary shares of HK$0.10 each of the Company were issued upon the conversion of the 2007 CNs with principal amount totalling HK$195,000,000 issued by the Company as further detailed in note 26 to the financial statements.

(m) During the year ended 31 March 2008, the subscription rights attaching to 246,800,000 share options granted to certain employees and advisors were exercised at a subscription price of HK$0.142 per share *(note 29)*, resulting in the issue of 246,800,000 new ordinary shares of the Company of HK$0.10 each for a total cash consideration, before expenses, of approximately HK$35,046,000.

29. SHARE OPTION SCHEME

The share option scheme of the Company was approved and adopted by the shareholders of the extraordinary general meeting held on 23 August 2002 (the "2002 Scheme"). The 2002 Scheme shall be valid and effective for a period of 10 years commencing from 23 August 2002 (the "Adoption Date"). The primary purpose of the 2002 Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The categories of the participants under the 2002 Scheme are any directors (including executive directors, non-executive directors and independent non-executive directors) of the Company and its subsidiaries and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers to the Group who the board of directors of the Company (the "Board") considers, in its sole discretion, have contributed or will contribute to the Group.

29. SHARE OPTION SCHEME *(Continued)*

The Board may, at its absolute discretion, make an offer to any participant to take up share options. An offer is deemed to have been accepted and a share option is deemed to have been granted and accepted and shall take effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee and the remittance of HK$1 by way of consideration for the grant thereof is received by the Company. Share options granted may be exercised during the period as notified by the Board to each grantee at the time of making the offer and shall be at any time from the date of grant to the tenth anniversary thereof.

The total number of shares which may be issued upon exercise of all share options granted under the 2002 Scheme and other share option scheme(s) of the Company (excluding share options lapsed) must not exceed 311,612,404 shares, being approximately 10% of the total number of the Company's shares in issue on the Adoption Date, except with prior approvals from the Company's shareholders. The maximum number of shares in respect of which share options may be granted to a specifically identified single grantee under the 2002 Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1% of the Company's shares in issue. Any further grant of share options in excess of this limited is subject to shareholders' approval in advance in a general meeting.

The subscription price for shares on the exercise of share options under the 2002 Scheme shall be determined by the Board in its absolute discretion but in any event shall not be less than the greatest of: (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date on which a share option is granted; (ii) the average closing price of the Company's share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date on which a share option is granted; and (iii) the nominal value of the Company's shares.

The 2002 Scheme will expire on 22 August 2012.

29. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the 2002 Scheme during the year:

2007

	Number of share options**								Price of the Company's shares***		
Name or category of participant	At 1 April 2006 '000	Granted during the year '000	Exercised during the year '000	Cancelled during the year '000	At 31 March 2007 '000	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share	At grant date of share options HK$ per share	Immediately before the exercise date HK$ per share	At exercise date of share options HK$ per share
Directors											
Mr. Kwong Wai Tim, William	1,500	–	–	–	1,500	16-01-2004	16-01-2004 to 15-01-2009	1.2	1.06	N/A	N/A
Mr. Lai Ming Wai	1,500	–	–	(1,500)	–	16-01-2004	16-01-2004 to 15-01-2009	1.2	1.06	N/A	N/A
	3,000	–	–	(1,500)	1,500						
Employees											
In aggregate	–	580	(580)	–	–	25-08-2006	25-08-2006 to 24-08-2011	0.155	0.143	0.157	0.144
	–	100,000	(100,000)	–	–	08-09-2006	08-09-2006 to 07-09-2011	0.155	0.143	0.21-0.28	0.260-0.265
	–	100,580	(100,580)	–	–						
Consultants											
In aggregate	–	33,000	(33,000)	–	–	08-09-2006	08-09-2006 to 07-09-2011	0.155	0.143	0.26	0.265
	–	170,000	(170,000)	–	–	14-02-2007	14-02-2007 to 13-02-2012	0.124	0.119	0.119	0.115
	–	203,000	(203,000)	–	–						
	3,000	303,580	(303,580)	(1,500)	1,500						

2008

	Number of share options**								**Price of the Company's shares*****		
Name or category of participant	**At 1 April 2007 '000**	**Granted during the year '000**	**Exercised during the year '000**	**Cancelled during the year '000**	**At 31 March 2008 '000**	**Date of grant of share options***	**Exercise period of share options**	**Exercise price of share options** HK$ per share**	**At grant date of share options HK$ per share**	**Immediately before the exercise date HK$ per share**	**At exercise date of share options HK$ per share**
Directors											
Mr. Kwong Wai Tim, William	**1,500**	**–**	**–**	**(1,500)**	**–**	**16-01-2004**	**16-01-2004 to 15-01-2009**	**1.2**	**1.06**	**N/A**	**N/A**
Employees											
In aggregate	**–**	**167,800**	**(167,800)**	**–**	**–**	**11-05-2007**	**11-05-2007 to 10-05-2012**	**0.142**	**0.142**	**0.142**	**0.142**
	–	**540,000**	**–**	**–**	**540,000**	**20-11-2007**	**20-11-2007 to 19-11-2012**	**0.1**	**0.09**	**N/A**	**N/A**
	–	**707,800**	**(167,800)**	**–**	**540,000**						
Advisors											
In aggregate	**–**	**79,000**	**(79,000)**	**–**	**–**	**11-05-2007**	**11-05-2007 to 10-05-2012**	**0.142**	**0.142**	**0.142**	**0.142**
	1,500	**786,800**	**(246,800)**	**(1,500)#**	**540,000**						

29. SHARE OPTION SCHEME *(Continued)*

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

** The exercise price and the number of the share options are subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day on which the options were granted.

\# The share options were surrendered and cancelled in April 2007.

The fair value of the share options granted during the year was HK$11,210,000 (2007: HK$5,312,000) of which HK$10,032,000 (2007: HK$2,336,000) *(note 6)* related to the employees of the Group and HK$1,178,000 (2007: HK$2,976,000) *(note 6)* related to share-based payment to investment advisors for the provision of investment advisory services, were recognised in the consolidated income statement during the year ended 31 March 2008.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 March 2008:

Dividend yield (%)	–
Expected volatility (%)	63.37 – 66.89
Historical volatility (%)	63.37 – 66.89
Risk-free interest rate (%)	1.19 – 3.755
Expected life of option (year)	0.17 – 0.5
Weighted average share price (HK$)	0.1 – 0.142

The expected life of the options is based on the historical data over the past one year and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the date of approval of these financial statements, the Company had 540,000,000 share options outstanding under the 2002 Scheme, which represented approximately 6.6% of the Company's shares in issue as at that date.

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) Company

		Reserves								
	Notes	Share premium account HK$'000	Equity component of convertible notes HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Shareholder's contribution HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006		348,574	–	485	39,521	595,191	–	–	(622,472)	361,299
Issue of convertible notes	*26*	–	7,780	–	–	–	–	–	–	7,780
Redemption of convertible notes	*26*	–	(3,501)	–	–	–	–	–	1,025	(2,476)
Conversion of convertible notes	*26, 28(f)*	32,287	(4,279)	–	–	–	–	–	–	28,008
Capital reorganisation	*28(c)*	(327,552)	–	–	–	–	–	–	460,758	133,206
Capital contribution from the then shareholder upon acquisition of subsidiaries		–	–	–	–	–	15,000	–	–	15,000
Issue of consideration shares	*28(d)*	33,000	–	–	–	–	–	–	–	33,000
Placement of new shares	*28(e)*	9,900	–	–	–	–	–	–	–	9,900
Equity-settled share option arrangements		–	–	–	–	–	–	5,312	–	5,312
Exercise of share options	*28(g)*	16,739	–	–	–	–	–	(5,312)	–	11,427
Share issue expenses	*28*	(3,854)	–	–	–	–	–	–	–	(3,854)
Loss for the year		–	–	–	–	–	–	–	(257,210)	(257,210)
At 31 March 2007		109,094	–	485	39,521	595,191	15,000	–	(417,899)	341,392

30. RESERVES *(Continued)*

(b) Company *(Continued)*

	Notes	Share premium account HK$'000	Equity component of convertible notes HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Shareholder's contribution HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
		Reserves								
At 31 March 2007 and 1 April 2007		109,094	–	485	39,521	595,191	15,000	–	(417,899)	341,392
Issue of convertible notes	*26*	–	94,971	–	–	–	–	–	–	94,971
Conversion of convertible notes	*26, 28(l)*	27,809	(74,078)	–	–	–	–	–	–	(46,269)
Redemption of convertible notes	*26*	–	(1,899)	–	–	–	–	–	339	(1,560)
Placement of new shares	*28(h)*	103,917	–	–	–	–	–	–	–	103,917
Rights issue	*28(i)*	31,280	–	–	–	–	–	–	–	31,280
Equity-settled share option arrangements		–	–	–	–	–	–	11,210	–	11,210
Exercise of share options	*28(m)*	14,046	–	–	–	–	–	(3,680)	–	10,366
Share issue expenses	*28*	(12,503)	–	–	–	–	–	–	–	(12,503)
Loss for the year		–	–	–	–	–	–	–	(413,529)	(413,529)
At 31 March 2008		273,643	18,994	485	39,521	595,191	15,000	7,530	(831,089)	119,275

The Company's contributed surplus represents the difference between the nominal value of the share capital issued by the Company and the underlying net tangible asset value net of pre-acquisition dividends and realised pre-acquisition investment property revaluation reserve of subsidiaries which were acquired by the Company pursuant to the group reorganisation in 1992.

The distributable reserve of the Group and the Company represents the aggregate of the credit arising from (i) the reduction in the nominal value of the shares from HK$0.10 each to HK$0.002 each by cancelling HK$0.098 paid up on each issued share and the cancellation of share premium account as at 31 October 1998, after a transfer of HK$607,193,000 towards the elimination of the accumulated losses of the Company at 31 October 1998; and (ii) the capital reduction during the year ended 31 March 2002.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised or be transferred to accumulated losses should the related options expire or be forfeited.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

On 4 May 2006, the Group acquired 100% interest in Startech Business Limited, which is principally engaged in property holding, at a cash consideration of HK$3,882,000. On 14 November 2006, the Group acquired 100% interest in the FIS Group, which is principally engaged in general and life insurance brokerage business. Further details of the transaction are included in note 28(d) to the financial statements.

	2008	2007
	HK$'000	HK$'000
Net assets acquired:		
Property, plant and equipment *(note 14)*	–	322
Investment property *(note 15)*	–	9,033
Available-for-sale investment	–	7,000
Trade receivables	–	6,405
Prepayments, deposits and other receivables	–	2,236
Cash and bank balances	–	15,920
Bank overdrafts	–	(29)
Trade payables	–	(974)
Interest-bearing bank and other borrowings	–	(24,637)
Other payables and accruals	–	(7,520)
	–	7,756
Goodwill on acquisition *(note 17)*	–	56,179
	–	63,935
Satisfied by:		
Cash	–	10,935
Issue of shares *(note 28(d))*	–	53,000
	–	63,935

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2008	2007
	HK$'000	HK$'000
Cash consideration	–	(10,935)
Cash and bank balances acquired	–	15,920
Bank overdrafts	–	(29)
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	–	4,956

The subsidiaries acquired in the prior year contributed HK$2,257,000 to the Group's consolidated turnover and a net loss after tax of HK$1,653,000 to the Group's consolidated loss after tax for that year.

Had the combination taken place at the beginning of that year, the revenue from continuing operations of the Group and the loss after tax of the Group for that year would have been HK$9,198,000 and HK$10,095,000, respectively.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Disposal of subsidiaries

	Notes	2008 Subsidiary of continuing operations HK$'000	2007 Subsidiaries of continuing operations HK$'000	Subsidiaries of discontinued operation HK$'000	Total HK$'000
Net assets disposed of:					
Property, plant and equipment	*14*	**53**	–	–	–
Investment property	*15*	**11,500**	2,200	–	2,200
Available-for-sale investment		**–**	12,870	–	12,870
Prepayments, deposits and other receivables		**–**	127	72,235	72,362
Cash and bank balances		**1**	–	2	2
Other payables and accruals		**(39)**	(685)	(39)	(724)
Interest-bearing bank borrowings		**(4,975)**	–	–	–
Deferred tax liabilities	*27*	**(333)**	–	–	–
Exchange fluctuation reserve		**–**	–	(4,034)	(4,034)
		6,207	14,512	68,164	82,676
Gain/(loss) on disposal of subsidiaries, net	*6, 12*	**(212)**	(7,564)	59,836	52,272
		5,995	6,948	128,000	134,948
Satisfied by cash		**5,995**	6,948	128,000	134,948

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2008	2007		
	Subsidiary of continuing operations HK$'000	Subsidiaries of continuing operations HK$'000	Subsidiaries of discontinued operation HK$'000	Total HK$'000
Cash consideration	**5,995**	6,948	128,000	134,948
Cash and bank balances disposed of	**(1)**	–	(2)	(2)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**5,994**	6,948	127,998	134,946

(c) Major non-cash transactions

(i) As detailed in note 28(b) to the financial statements, the Group's acquisition for additional ordinary shares of HCGL at a consideration of HK$11,000,000 was satisfied by the issuance of 55,000,000 new ordinary shares of the Company of HK$0.20 each in last year.

(ii) As detailed in note 28(d) to the financial statements, the Group's acquisition for 100% equity interest in the FIS Group at a consideration of HK$53,000,000 was satisfied by the issuance of 200,000,000 new ordinary shares of the Company of HK$0.10 each in last year.

(iii) On 6 February 2007, the Group exercised its conversion rights attached to the HK$131,000,000 HCGL convertible notes and converted them into 873,333,333 new ordinary shares of HCGL of US$0.01 each at a conversion price of HK$0.15 per share. Upon the conversion of the HCGL convertible notes, the Group's shareholding in HCGL increased to 48.96%, which was treated as an associate of the Group as at 31 March 2007.

(iv) As detailed in notes 26 and 28(f) to the financial statements, the 2006 CNs in the principal amount of HK$55,000,000 were converted into 226,337,447 new ordinary shares of the Company.

(v) As detailed in notes 26 and 28(l) to the financial statements, the 2007 CNs in the principal amount of HK$195,000,000 were converted into 1,625,000,000 new ordinary shares of the Company.

32. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in notes 14, 15, 16 and 25 to the financial statements.

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties *(note 15)* under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At 31 March 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**1,950**	1,427
In the second to fifth years, inclusive	**448**	466
	2,398	1,893

(b) As lessee

The Group leases a staff quarter under an operating lease arrangement. The lease for the property is negotiated for a term of two years.

At 31 March 2008, the Group had total future minimum lease payments under the non-cancellable operating lease falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**731**	442
In the second to fifth years, inclusive	**93**	18
	824	460

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Group had the following capital commitments at the balance sheet date:

	Group	
	2008	2007
	HK$'000	HK$'000
Contracted but not provided for investment properties	**–**	6,618

35. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	**–**	–	**101,248**	53,171

As at 31 March 2008, the banking facilities granted to certain subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$97,781,000 (2007: HK$43,073,000).

36. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with a related party:

		Group	
		2008	2007
	Notes	**HK$'000**	HK$'000
An associate:			
Loan interest income	*(i)*	**1,031**	755
Commission expenses for brokerage services	*(ii)*	**385**	806

36. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(i) The loan interest income arose from a loan granted to an associate in the prior year. The loan was unsecured, bore interest at 1% over the Prime Rate per annum and was fully settled during the year.

(ii) The commission expenses were charged to the Group for brokerage services provided by the associate based on 0.22% of the transaction value and was settled in the Group's margin account with the associate.

(b) Outstanding balance with a related party:

	Group	
	2008	2007
	HK$'000	HK$'000
Due from an associate	**–**	75,822

Except for an amount of HK$53,108,000 included in loans receivable *(note 21)*, the remaining balance was included in prepayments, deposits and other receivables *(note 22)*.

(c) Compensation of key management personnel of the Group:

	2008	2007
	HK$'000	HK$'000
Short term employee benefits	**2,762**	2,913
Post-employment payments	**41**	(104)
Total compensation paid to key management personnel	**2,803**	2,809

Further details of directors' emoluments are included in note 8 to the financial statements.

37. LITIGATION

On 22 November 2004, Freeman Investment Services Limited (formerly "Cinergy Holdings Limited") ("FIS") and Freeman Financial Investment Limited (formerly "Cinergy Financial Services Limited") ("FIL"), both of which were subsequently acquired by the Group in November 2006 and now being indirectly wholly-owned subsidiaries of the Company, entered into a cooperation agreement ("Co-operation Agreement") with an authorised life insurer and investment adviser (the "Insurer"). FIS agreed to, inter alia, provide agency services to the Insurer and to distribute and sell life and investment linked financial products of the Insurer. On 7 January 2005, FIL entered into a general agency agreement with the Insurer as a general agent of the Insurer.

Under the terms and conditions of the Co-operation Agreement, the Insurer has provided certain special and general loans to FIS which amounted to approximately HK$9,329,000 and HK$10,200,000, respectively, as at 31 March 2007. Such loans were the "Other borrowings – unsecured" in an aggregate amount of HK$19,529,000 included in interest-bearing and other borrowings as detailed in note 25 to the financial statements.

A dispute over the Co-operation Agreement between FIS and FIL with the Insurer arose whereby FIS and FIL claimed, inter alia, the Insurer for the material breach of the terms of the said agreements and the Insurer counterclaimed FIS and FIL, inter alia, for repayment of the loans mentioned above. On 30 May 2006, the parties therein agreed to take the matter to the Hong Kong International Arbitration Centre for final adjudication and arbitration. On 29 October 2007, a deed of settlement was entered into by FIS and FIL with the Insurer and the dispute was settled upon payment of a settlement sum of HK$6,300,000 by FIS to settle the outstanding loans and related accrued interest in an aggregate amount of HK$20,845,000. Accordingly, a gain on settlement of the other borrowings of HK$14,545,000 *(note 5)* was recognised in the current year's consolidated income statement.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2008 **Group**

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial asset HK$'000	Total HK$'000
Available-for-sale investment *(note 20)*	–	–	18,973	18,973
Loans receivable *(note 21)*	–	254,152	–	254,152
Financial assets included in prepayments, deposits and other receivables	–	3,825	–	3,825
Investments at fair value through profit or loss *(note 23)*	345,791	–	–	345,791
Cash and bank balances	–	278,649	–	278,649
	345,791	536,626	18,973	901,390

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Financial liabilities included in other payables and accruals	2,980
Convertible notes *(note 26)*	31,853
Interest-bearing bank and other borrowings *(note 25)*	97,781
	132,614

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: *(Continued)*

2007 **Group**

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Loans receivable *(note 21)*	–	295,230	295,230
Financial assets included in prepayments, deposits and other receivables	–	26,234	26,234
Investments at fair value through profit or loss *(note 23)*	132,006	–	132,006
Cash and bank balances	–	72,626	72,626
	132,006	394,090	526,096

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Financial liabilities included in other payables and accruals	4,492
Interest-bearing bank and other borrowings *(note 25)*	62,602
	67,094

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: *(Continued)*

	Company	
	2008	2007
	HK$'000	HK$'000
Financial assets		
Loans and receivables:		
Financial assets included in interests in subsidiaries *(note 18)*	**91,256**	26,478
Due from subsidiaries	**631,669**	505,479
Financial assets included in prepayments, deposits and other receivables	**20**	128
Cash and bank balances	**236,711**	61,472
	959,656	593,557

Financial liabilities

	2008	2007
	HK$'000	HK$'000
Financial liabilities at amortised cost:		
Due to subsidiaries	**2,438**	2,075
Financial liabilities included in other payables and accruals	**694**	1,367
Convertible notes	**31,853**	–
	34,985	3,442

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, convertible notes, other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as loans receivable, investments at fair value through profit or loss and available-for-sale investment, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its interest-bearing financial assets and liabilities. Interest-bearing financial assets are mainly loans receivable and bank deposits primarily at floating interest rates which are mostly short term in nature whereas financial liabilities are mainly bank borrowings at floating interest rates. The Group's policy is to obtain the most favourable interest rate available.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate bank deposits, loans receivable and borrowings) and the Group's and the Company's equity.

	Group			Company	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss before tax**	**Increase/ (decrease) in equity**	**Increase/ (decrease) in basis points**	**Increase/ (decrease) in equity**
		HK$'000	HK$'000		HK$'000
2008					
Hong Kong dollar	25	(1,088)	(1,019)	25	592
Hong Kong dollar	(25)	1,088	1,019	(25)	(592)
2007					
Hong Kong dollar	25	(763)	(662)	25	154
Hong Kong dollar	(25)	763	662	(25)	(154)

Credit risk

The Group's major exposure to the credit risk relates to loans receivable, bank balances, available-for-sale financial asset, investments at fair value through profit or loss, other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group's loans receivable arise from the ordinary course of business of the Group and are closely monitored by the directors on an ongoing basis.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Further quantitative data in respect of the Group's exposure to credit risk arising from loans receivable is disclosed in note 21 to the financial statements.

Liquidity risk

The Group's liquidity risk is minimal in the current year and is managed by matching the raising of loans or equity funding to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The maturity profile of the financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Group

	2008				
	Within 1 year or on demand HK$'000	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Convertible notes	**–**	**–**	**50,000**	**–**	**50,000**
Interest-bearing bank and other borrowings	**6,443**	**7,692**	**39,346**	**66,725**	**120,206**
Other payables	**2,980**	**–**	**–**	**–**	**2,980**
	9,423	**7,692**	**89,346**	**66,725**	**173,186**

	2007				
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	28,538	2,708	14,902	37,113	83,261
Other payables	4,492	–	–	–	4,492
	33,030	2,708	14,902	37,113	87,753

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows: *(Continued)*

Company

	2008				
	Within 1 year or on demand HK$'000	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Due to subsidiaries	**2,438**	**–**	**–**	**–**	**2,438**
Other payables	**694**	**–**	**–**	**–**	**694**
Convertible notes	**–**	**–**	**50,000**	**–**	**50,000**
	3,132	**–**	**50,000**	**–**	**53,132**

	2007				
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Due to subsidiaries	2,075	–	–	–	2,075
Other payables	1,367	–	–	–	1,367
	3,442	–	–	–	3,442

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments *(note 23)* and available-for-sale investment *(note 20)* as at 31 March 2008. The Group's listed investments are listed on the Hong Kong and Singapore stock exchanges and are valued at quoted market prices at the balance sheet date.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk *(Continued)*

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments to which the Group has significant exposure at the balance sheet date, with all other variables held constant and before any impact on tax. For the purpose of this analysis, for the available-for-sale investment the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of investments HK$'000	**Change in loss before tax** HK$'000	**Change in equity** HK$'000
2008			
Trading investments listed in:			
– Hong Kong	319,879	15,994	15,994
– Singapore	25,912	1,296	1,296
Unlisted investments at fair value:			
Available-for-sale investment	18,793	–	940
2007			
Trading investments listed in:			
– Hong Kong	105,681	5,284	5,284
– Singapore	26,325	1,316	1,316

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 31 March 2007.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

The Group monitors capital using a gearing ratio, which is interest-bearing bank and other borrowings divided by the adjusted capital, being the liability component of the convertible notes and equity attributable to equity holders of the Company. The gearing ratios as at the balance sheet dates were as follows:

Group

	2008	2007
	HK$'000	HK$'000
Interest-bearing bank and other borrowings	**97,781**	62,602
Convertible notes, the liability component	**31,853**	–
Equity attributable to the equity holders of the Company	**943,309**	589,238
Adjusted capital	**975,162**	589,238
Gearing ratio	**10.0%**	10.6%

40. POST BALANCE SHEET EVENTS

Saved as disclosed in note 26 to the financial statements, subsequent to the balance sheet date, the Group had the following significant post balance sheet events:

(a) On 14 May 2008, the Company effected a capital reorganisation which involved: (i) a reduction of the nominal value of each issued ordinary share of the Company from HK$0.10 to HK$0.01 each by the cancellation of HK$0.09 of the paid up capital for each issued ordinary share; (ii) the cancellation of the credit arising from such reduction towards the accumulated losses of the Company in the amount of approximately HK$732,988,000 with the balance to be transferred to the distributable reserve of the Company; and (iii) the consolidation of every ten reduced shares of HK$0.01 each in the capital of the Company into one adjusted share ("Adjusted Share").

(b) On 8 July 2008, a rights issue of five rights share for every Adjusted Shares held by members on the register of members on 16 June 2008 was made at an issue price of HK$0.12 per rights share, resulting in the issue of 4,072,156,000 new ordinary shares of HK$0.10 each for a total cash consideration, before expenses, of HK$488,659,000.

41. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

As at the balance sheet date, the carrying amounts of the Group's financial assets and financial liabilities approximated to their fair values.

42. COMPARATIVE AMOUNTS

As further explained in notes 5 and 6 to the financial statements, certain comparative amounts have been reclassified to conform with the current year's presentation.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 July 2008.

Five Year Financial Summary

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

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**85,340**	21,467	16,690	32,220	20,882
Profit/(loss) before tax	**(396,357)**	(214,960)	(53,317)	18,465	(17,054)
Tax	**(7,351)**	1,927	(2,383)	(2,504)	–
Profit/(loss) for the year from continuing operations	**(403,708)**	(213,033)	(55,700)	15,961	(17,054)
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**–**	771	(104,070)	358	–
	(403,708)	(212,262)	(159,770)	16,319	(17,054)
Attributable to:					
Equity holders of the Company	**(403,708)**	(212,262)	(159,770)	16,319	(21,370)
Minority interests	**–**	–	–	–	4,316
	(403,708)	(212,262)	(159,770)	16,319	(17,054)

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,086,324**	661,100	522,573	509,986	469,230
TOTAL LIABILITIES	**(143,015)**	(71,862)	(20,930)	(3,266)	(2,547)
	943,309	589,238	501,643	506,720	466,683

Schedule of Principal Properties

Location	Attributable interest of the Group	Tenure	Existing use
8th & 11th Floor, Units 1601, 1610-1611, 2101-2103, 2105-2111, 2803, 2806 of China United Centre 28 Marble Road North Point Hong Kong	100%	Long term lease	Commercial
Shops A, B, C, D and E of Ground Floor, 230 Tung Chau Street Tai Kok Tsui Kowloon	100%	Medium term lease	Commercial
House No. 3 Splendor Type on Sixth Street of Phase I of Elephant Hill Villa Rui Bian Village Fu Rong Town Huadu City Guangdong Province PRC	100%	Long term lease	Residential

Schedule of Principal Properties

Location	Attributable interest of the Group	Tenure	Existing use
House No. 8 Splendor Type on Fifth Street of Phase I of Elephant Hill Villa Rui Bian Village Fu Rong Town Huadu City Guangdong Province PRC	100%	Long term lease	Residential
House Nos. 1, 12, 13 and 18 Glamour Type of Phase I of Elephant Hill Villa Rui Bian Village Fu Rong Town Huadu City Guangdong Province PRC	100%	Long term lease	Residential