



STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

- Turnover of the Group for the year ended 31 March 2008 was approximately HK\$187,576,000 as compared to approximately HK\$108,793,000 in the corresponding year in 2007, a 72 % increase.
- Profit attributable to equity holders of the Company for year ended 31 March 2008 was approximately HK\$18,549,000 as compared to approximately HK\$6,008,000 in the corresponding year in 2007, a 209% increase.
- Earnings per share for the year ended 31 March 2008 was HK0.99 cent as compared to HK0.32 cent in the corresponding year in 2007, a 209% increase.
- Due to the uncertainty of the view of the Stock Exchange in relation to the resumption of trading of the shares of the Company, the Board is unable to form a proper dividend policy. Nevertheless, the Board intends to propose similar scrip dividend policy as for the year 2007:

Eligible shareholders are entitled to a final dividend of HK\$22 for every lot of shares of the Company (10,000 shares) or HK0.22 cent per share. Shareholders are offered the option of receiving the final dividend in the form of either cash or new shares of the Company.

The proposed dividend will be conditional on:

- (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company;
- (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof; and
- (iii) the resumption of trading in the shares of the Company within 3 months from the date of the forthcoming annual general meeting.

The dividend policy for the year 2007 was well supported by the shareholders of the Company, and was approved in the 2007 annual general meeting. However, since the similar conditions (ii) and (iii) were beyond the control of the Company and were not fulfilled last year, the 2007 final dividend could not be completed as proposed. In this year, the same conditions (ii) and (iii) will be imposed and therefore whether or not the Company can proceed with the proposed final dividend for 2008 will highly depend on the action of the Stock Exchange.

* For identification purpose only

The board of directors (the “Board”) of Styland Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2008 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Year ended 31 March	
		2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	4	187,576	108,793
Cost of sales		(145,834)	(94,241)
Gross profit		41,742	14,552
Other income		11,387	12,279
Administrative expenses		(27,428)	(27,581)
Selling and distribution expenses		(1,423)	(1,169)
Write-back of impairment loss recognised in respect of property held for redevelopment		–	2,000
Change in fair value of investment property		10,000	400
Change in fair value of financial assets at fair value through profit or loss		965	3,453
Gain on disposal of available-for-sale investment		153	–
Impairment loss recognised in respect of trade receivables		(627)	(84)
Impairment loss recognised in respect of loan receivables		(2,074)	(60)
Bad debt recovery for loan receivables		1,373	4,038
Impairment loss recognised in respect of other receivables		(16,885)	–
Finance costs		(1,333)	(7,019)
Profit before tax		15,850	809
Income tax (expense) credit	5	(1,551)	4,790
Profit for the year	6	<u>14,299</u>	<u>5,599</u>
Attributable to:			
Equity holders of the Company		18,549	6,008
Minority interests		(4,250)	(409)
		<u>14,299</u>	<u>5,599</u>
Earnings per share	8		
– Basic		HK0.99 cent	HK0.32 cent
– Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

		31 March 2008 HK\$'000	31 March 2007 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		2,138	2,588
Investment properties		74,000	15,000
Property held for redevelopment		–	49,000
Available-for-sale investment		183	227
		76,321	66,815
CURRENT ASSETS			
Inventories		498	32
Loan receivables	9	28,581	21,505
Trade and bills receivables	10	9,321	3,831
Other receivables, deposits and prepayments		4,773	21,145
Tax recoverable		–	564
Financial assets at fair value through profit or loss		14,960	10,509
Client trust funds		11,746	9,237
Pledged bank deposit		5,000	5,000
Bank balances and cash		32,927	19,359
		107,806	91,182
Interest in a joint venture held-for-sale		174,776	157,298
CURRENT LIABILITIES			
Trade and bills payables	11	16,566	11,466
Other payables and accruals		121,198	22,607
Tax liabilities		1,307	39
Derivative financial instruments – options		1,989	–
Bank borrowings – due within one year		4,688	80,445
		145,748	114,557
NET CURRENT ASSETS		136,834	133,923
TOTAL ASSETS LESS CURRENT LIABILITIES		213,155	200,738
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		13,832	15,728
NET ASSETS		199,323	185,010

	31 March 2008	31 March 2007
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	18,712	18,712
Reserves	142,004	123,441
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	160,716	142,153
Minority interests	38,607	42,857
	<hr/>	<hr/>
TOTAL EQUITY	199,323	185,010
	<hr/> <hr/>	<hr/> <hr/>

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

2. Application on Hong Kong financial reporting standards/changes in accounting policies

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2007.

Hong Kong Accounting Standard (“HKAS”) 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation (“Int”) 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
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 Transaction

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

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

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)	Puttable Finance Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)- Int 12	Service Concession Arrangements ³
HK(IFRIC)- Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)- Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

- 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 January 2008.
⁴ Effective for annual periods beginning on or after 1 July 2008.

The directors of the Company anticipate that the application of these new and revised standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. Segmental information

(a) Business Segments

Segment information about business segments is presented below:

	General import and export trading HK\$'000	Securities dealing and broking services HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the year ended 31 March 2008										
Segment revenue:										
External sales	27,225	17,102	6,923	136,326	-	-	-	-	-	187,576
Inter-segment sales	-	184	-	-	1,200	-	11,042	-	(12,426)	-
Total turnover	<u>27,225</u>	<u>17,286</u>	<u>6,923</u>	<u>136,326</u>	<u>1,200</u>	<u>-</u>	<u>11,042</u>	<u>-</u>	<u>(12,426)</u>	<u>187,576</u>
Intra-segment sales are charged at prevailing market rates.										
Segment result	(2,518)	1,899	1,702	22,931	10,373	(14,455)	(3,323)	2,139	(2,118)	16,630
Unallocated other income										553
Finance costs										(1,333)
Profit before tax										15,850
Income tax expense										(1,551)
Profit for the year										<u>14,299</u>
As at 31 March 2008										
Segment assets	1,763	43,594	2,422	13,761	74,905	176,755	1,923	5,853	-	320,976
Unallocated assets										37,927
Consolidated total assets										<u>358,903</u>
Segment liabilities	793	18,824	422	-	272	104,246	11,935	3,261	-	139,753
Unallocated liabilities										19,827
Consolidated total liabilities										<u>159,580</u>

	General import and export trading HK\$'000	Securities dealing and broking services HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the year ended 31 March 2008										
Other information										
Depreciation	9	116	-	-	1	-	482	-	-	608
Change in fair value of investment property	-	-	-	-	(10,000)	-	-	-	-	(10,000)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(965)	-	-	-	-	-	(965)
Loss on disposal of property, plant and equipment	122	-	-	-	-	-	38	-	-	160
Change in fair value of derivative financial instruments – options	-	-	-	-	-	-	989	-	-	989
Gain on disposal of available-for-sale investment	-	-	-	-	-	(153)	-	-	-	(153)
Impairment loss recognised in respect of trade and receivables	501	126	-	-	-	-	-	-	-	627
Impairment loss recognised in respect of loan receivables	-	1,804	270	-	-	-	-	-	-	2,074
Bad debt recovery for loan receivables	-	-	(1,373)	-	-	-	-	-	-	(1,373)
Impairment loss recognised in respect of other receivables	-	-	-	-	-	16,885	-	-	-	16,885
Reversal of allowance for inventories	(18)	-	-	-	-	-	-	-	-	(18)
Capital expenditure	-	323	-	-	840	-	325	-	-	1,488

	General import and export trading HK\$'000	Securities dealing and broking services HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the year ended 31 March 2007										
Segment revenue:										
External sales	14,134	11,300	3,647	79,712	-	-	-	-	-	108,793
Inter-segment sales	-	265	-	-	1,200	3	10,610	-	(12,078)	-
Total turnover	<u>14,134</u>	<u>11,565</u>	<u>3,647</u>	<u>79,712</u>	<u>1,200</u>	<u>3</u>	<u>10,610</u>	<u>-</u>	<u>(12,078)</u>	<u>108,793</u>
Intra-segment sales are charged at prevailing market rates.										
Segment result	(2,367)	1,760	5,200	4,070	2,826	1,283	(5,139)	(85)	(283)	7,265
Unallocated other income										563
Finance costs										(7,019)
Profit before tax										809
Income tax credit										4,790
Profit for the year										<u>5,599</u>
As at 31 March 2007										
Segment assets	1,203	31,961	8,259	36,119	40,270	164,678	8,387	86	(27)	290,936
Unallocated assets										24,359
Consolidated total assets										<u>315,295</u>
Segment liabilities	825	9,560	328	5,518	283	16,967	523	96	(27)	34,073
Unallocated liabilities										96,212
Consolidated total liabilities										<u>130,285</u>

	General import and export trading HK\$'000	Securities dealing and broking services HK\$'000	Financing HK\$'000	Trading of securities HK\$'000	Property development and investment HK\$'000	Strategic investments HK\$'000	Corporate HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the year ended 31 March 2007										
Other information										
Depreciation	33	46	-	-	1	16	470	-	-	566
Write-back of impairment loss recognised in respect of property held for redevelopment	-	-	-	-	(2,000)	-	-	-	-	(2,000)
Change in fair value of investment property	-	-	-	-	(400)	-	-	-	-	(400)
Loss on disposals of property, plant and equipment	40	-	-	-	-	-	144	-	-	184
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(3,453)	-	-	-	-	-	(3,453)
Impairment loss recognised in respect of trade receivables	84	-	-	-	-	-	-	-	-	84
Impairment loss recognised in respect of loan receivables	-	-	60	-	-	-	-	-	-	60
Bad debt recovery for loan receivables	-	-	(3,918)	-	-	-	-	-	-	(3,918)
Capital expenditure	369	129	-	-	-	-	638	-	-	1,136

(b) **Geographical segments**

The following table provides an analysis of the Group's turnover by geographic market, irrespective of the origin of the goods and services, present segment assets and capital expenditure information for the Group's geographical segments.

	2008 HK\$'000	2007 HK\$'000
Hong Kong	171,365	96,125
Europe	9,308	6,701
North America	4,982	5,933
PRC	1,921	34
	187,576	108,793

	Segment assets		Capital expenditure	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	179,693	139,225	1,488	1,136
PRC	179,210	176,070	–	–
	<u>358,903</u>	<u>315,295</u>	<u>1,488</u>	<u>1,136</u>

4. Turnover represents the amounts received and receivable for goods sold, services provided by the Group to outside customers, brokerage and commission income, interest income and dividend income is analysed as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Value of transactions from sales of securities	136,326	79,712
Sale of goods	27,225	14,134
Commission and brokerage income from securities dealing	17,102	11,300
Interest income from margin and other financing	6,923	3,647
	<u>187,576</u>	<u>108,793</u>

5. **Income Tax (Expense) Credit**

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
Under (Over) provision in prior year	718	(4,800)
Current year	833	10
	<u>1,551</u>	<u>(4,790)</u>

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profits for the two years ended 31 March 2008 and 31 March 2007.

6. Profit for the year

Profit for the year has been arrived at after charging (crediting):

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries and allowances	9,962	10,023
– Retirement benefit scheme contributions	446	449
	10,408	10,472
Auditor's remuneration	580	467
Depreciation	608	566
Change in fair value of derivative financial instruments-options	989	–
Loss on disposals of property, plant and equipment	160	184
Minimum lease payments under operating leases		
for land and buildings	1,313	1,153
Cost of inventories recognized as an expense	24,920	12,331
Reversal of allowance for inventories	(18)	–
Dividend income	(28)	–
	<u> </u>	<u> </u>

7. Dividend

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Proposed final dividend	4,117	4,117
	<u> </u>	<u> </u>

Due to the uncertainty of the view of the Stock Exchange in relation to the resumption of trading of the shares of the Company, the Board is unable to form a proper dividend policy. Nevertheless, the Board intends to propose similar scrip dividend policy as for the year 2007:

Eligible shareholders are entitled to a final dividend of HK\$22 for every lot of shares of the Company (10,000 shares) or HK0.22 cent per share. Shareholders are offered the option of receiving the final dividend in the form of either cash or new shares of the Company.

The proposed dividend will be conditional on:

- (i) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company;
- (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof; and
- (iii) the resumption of trading in the shares of the Company within 3 months from the date of the forthcoming annual general meeting.

The dividend policy for the year 2007 was well supported by the shareholders of the Company, and was approved in the 2007 annual general meeting. However, since the similar conditions (ii) and (iii) were beyond the control of the Company and were not fulfilled last year, the 2007 final dividend could not be completed as proposed. In this year, the same conditions (ii) and (iii) will be imposed and therefore whether or not the Company can proceed with the proposed final dividend for 2008 will highly depend on the action of the Stock Exchange.

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

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

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

Name	Telephone	Facsimile	E-mail
Ms. Yeung	2815 3625	2581 0638	els@everlong.com.hk
Mr. Yu	2850 7107	2581 0638	els@everlong.com.hk
Mr. Ng	2815 3522	2581 0638	els@everlong.com.hk

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

8. Earnings per share

The calculation of basic earnings per share for the year is based on the profit for the year attributable to equity holders of the Company of approximately HK\$18,549,000 (2007: HK\$6,008,000) and the weighted average number of 1,871,188,679 (2007: 1,871,188,679) ordinary shares in issue during the year.

No diluted earnings per share has been presented for the year ended 31 March 2008 as the outstanding share options during the year had an anti-dilutive effect on the basic earnings per share.

No diluted earnings per share had been presented for the year ended 31 March 2007 as there was no diluting events for that year.

9. Loan receivables

	2008	2007
	HK\$'000	HK\$'000
Securities dealing and broking services		
– secured margin loans (<i>Note</i>)	35,841	24,391
Less: Impairment loss recognised	(9,673)	(8,446)
	<u>26,168</u>	<u>15,945</u>
Financing business		
– secured loans (<i>Note</i>)	–	3,598
– unsecured loans	20,351	20,341
	<u>20,351</u>	<u>23,939</u>
Less: Impairment loss recognised	(17,938)	(18,379)
	<u>2,413</u>	<u>5,560</u>
	<u>28,581</u>	<u>21,505</u>

Note:

Secured loans and loans to margin clients are secured by the underlying pledged securities and are interest-bearing. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not meaningful in view of the nature of the business of securities dealing and broking services.

The aged analysis of the Group's loan receivables net of impairment for the financing business is as follow:

	2008	2007
	HK\$'000	HK\$'000
Within 6 months	1,943	1,157
7 to 12 months	405	566
Over 1 year	65	3,837
	<u>2,413</u>	<u>5,560</u>

The following is an aged analysis of past due but not impaired at the balance sheet date:

	Past due but not impaired					
	Neither past					
	due nor	< 90 days	91 to	181 to	1 to	
Total	impaired	180 days	360 days	2 years	2 years	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
31 March 2008	2,413	46	1,780	118	405	64
31 March 2007	5,560	59	962	135	566	3,838

Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

10. Trade and bills receivables

An aged analysis of the Group's trade and bills receivables net of impairment is as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 6 months	8,148	3,347
7 to 12 months	471	129
Over 1 year	702	355
	9,321	3,831

11. Trade and bills payables

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills payable:		
– securities dealing and broking services	13,673	10,745
– general trading and others	2,893	721
	16,566	11,466

An aged analysis of the Group's trade and bills payables is as follows:

Within 6 months	13,344	8,781
7 to 12 months	1,117	665
Over 1 year	2,105	2,020
	16,566	11,466

12. Contingent liabilities

As at 31 March 2008, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the properties mortgage loans granted to certain subsidiaries, of which HK\$15.7 million (2007: HK\$17.6 million) had been utilized at 31 March 2008.

13. Litigation

For details of litigations, please refer to the investment in infrastructure as stated in the section of Investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Growth in turnover and profits

The audited turnover of the Group for the year ended 31 March 2008 was HK\$187,576,000, representing a 72% increase over previous year while the profit attributable to equity holders of the Company for the year soared to HK\$18,549,000, marking a rise of 209%. The basic earnings per share climbed approximately 209% to HK0.99 cent from HK0.32 cent in 2007.

Business reviews

Financial business The Group recorded the fund flows of HK\$7.4 billion for its brokerage and finance business for the current year, a rise of 196%. The total transactions for the brokerage and financial services grew from 25,751 in 2007 to 51,926 in 2008. All of order execution and settlement operated smoothly and the Group received zero complaint from its customers.

Property investment business The price of luxury properties in Hong Kong has been appreciating since last year. As a result, the valuation of the properties of the Group has also been adjusted. The Group is considering to realize one of its investment properties at the satisfactory price and to redevelop the other property. The Group expects that the realization and redevelopment of investment properties may contribute huge gains to the Group and therefore enhance its cash flows.

General trading The Group engages in general trading of diversified products including foods, electronic products and garments. To maximize the return for shareholders of the Company, the Group will gradually fade out from trading of those products with low profit margin and apply the working capital to the products which can generate stable revenue and higher profit margin.

Infrastructure The Group's investment in infrastructure in the PRC contributed great returns to the Group. For the toll road, the Group was responsible for the construction of bridge, highway and toll stations till completion in a coordinated process ("Toll Road"). However, as a result of the relocation of the toll station of the Toll Road by the PRC joint venture ("JV") partner ("JV Partner") unilaterally which has affected revenue of the Toll Road, the Group therefore asked for compensation. According to the arbitration, the JV Partner is required to pay to the Group RMB157,298,300 for the Group's operation interests in the Toll Road as well as the arbitration fee of RMB1,000,968. The Group partially received RMB75,000,000 in April 2007.

Investors

To rest on the diversified businesses, the Group is expecting a bright future. The profit attributable to equity holders of the Company and the net assets value of the Group continues the upward trend. During the past year, the Group has attracted the attention of a number of investors who have respectively subscribed for the share options, convertible bonds and new shares of the Company with a total investment of more than HK\$70 million.

Suspension

Trading in the shares of the Company has been suspended since 21 April 2004. The Stock Exchange has not granted the resumption of trading up to now. To obtain the understanding of the officers of the Stock Exchange and the shareholders of the Company, Mr. Cheung Chi Shing Kenneth, the founder of the Group, made a newspaper advertisement on 2 May 2008 and stated that he will be solely responsible for the proposed censure of the Stock Exchange, if they insist to. Following Mr. Cheung's advertisement, in the evening of the even day, the Stock Exchange also made an announcement in relation to the long suspension of trading in the shares of the Company without the consent of the Company. The Group did not endorse the announcement as it did not reflect the view of the Company. The Company's legal advisor is vigorously dealing with the relevant issues. The Group believes that the legal advisor of the Listing Committee of the Stock Exchange concurs with certain views of the Company, as such the Listing Committee has subsequently abandoned certain proposed sanction after the issue of written legal opinion of its legal advisor which, among other things, expressly point out that the Listing Committee is not given the authority by the Listing Rules to impose such sanction. The Group is disappointed that the Listing Committee did not instruct, after seeking its legal advisor, the Listing Division to grant the resumption of trading in shares of the Company immediately

Appreciation

On behalf of the shareholders of the Company, I would like to extend my appreciation to staff of the Group for their efforts and support. Thanks to the outstanding performance of Ms. Yeung Han Yi Yvonne and Ms. Chan Chi Mei Miranda, both executive directors of the Company, the profit for the Group increased significantly in this year. Both Ms. Yeung and Ms. Chan are respected and supported by employees, independent non-executive directors of the Company as well as customers and business partners. More importantly, though Ms. Yeung and Ms. Chan were criticized by some unfriendly parties who may have bias against them, their efforts and contribution are confirmed by the good results and remarkable track records of the Group, as a result they were nominated and re-elected by the independent shareholders of the Company. All investors expect that Ms. Yeung and Ms. Chan will continue their efforts for the better return for the shareholders.

The Board would like to take this opportunity to express thanks to the founder Mr. Cheung Chi Shing Kenneth. Mr. Cheung resigned as chairman and director of the Group years ago, but he still helps developing the business of the Group by taking advantage of his personal network. Mr. Cheung also assisted the Group in handling various troublesome issues. On behalf of shareholders, investors and the board of the Company, I would like to thank Ms. Yeung Han Yi Yvonne, Ms. Chan Chi Mei Miranda, Mr. Cheung Hoo Win and Ms. Zhang Yuyan for their hard working and selfless dedication to the Group.

PROSPECTS

In light of the continuous keen competition in the general trading of certain product in which the Group engages, the Group will consider to tighten the operation cost on that area and will concentrate on profit-oriented business and fade out from the trading of that kind of product which profit margin is short of expectation. The Group believes that the redefinition of strategy will in the long term generate stable income to the Group and result in greater return for its shareholders.

Through the slowdown of the economy of the United States will cast uncertainty over the territory's economic development, Hong Kong can still take advantage of the continuing growth of economic development in the mainland. To take advantage of abundant fund flows in the mainland, the Group will plan to forge strategic alliances with brokerage firms in the PRC. The Group believes that the alliances will be instrumental in bringing in new referral business to the Group. Other than the brokerage and finance service, the Group will enhance the provision of corporate finance service.

Under the linked exchange rate system between the United States and Hong Kong, interest rates remain at a low level in Hong Kong and is also in the era of the negative real interest rates. To preserve the purchase power, Hong Kong citizens will therefore made investment in the markets of stock and property, which will certainly help to the boost of financial business and lead to the appreciation of properties of the Group.

FINANCIAL REVIEW

At 31 March 2008, the Group had cash at bank and in hand of approximately HK\$32.9 million (2007: HK\$19.4 million) and net assets value of approximately HK\$199.3 million (2007: HK\$185.0 million).

Bank borrowings at 31 March 2008 amounted to HK\$18.5 million (2007: HK\$96.2 million), of which HK\$4.7 million (2007: HK\$80.4 million) were repayable within one year. The gearing ratio, being the ratio of total bank borrowings and of approximately HK\$18.5 million to shareholders' fund of approximately HK\$160.7 million, was about 0.12 (2007: 0.68).

At 31 March 2008, a deposit of HK\$5 million, the investment properties at a total valuation of HK\$74.0 million were pledged to secure the banking facilities granted to the Group.

INVESTMENTS

Investment property

As a result of recovery of property market, the Group recorded a significant appreciation of its investment properties. In fact, the Company received an offer from a potential purchaser during the year and had entered a sale and purchase agreement for disposal of the investment property. The transaction was terminated as the purchaser could not fulfill certain condition on its part. Nevertheless, pursuant to revaluation in respect of the investment property and take into account the sufficient working capital of the Group, the Board will consider to approach other potential purchasers.

Investment in infrastructure

As disclosed in the Company's announcement dated 27 February 2004, the PRC JV Partner in the Toll Road had unilaterally decided to relocate the toll station of the Toll Road, which resulted in significant drop in traffic flows of the Toll Road. The Group kept negotiating with the JV Partner for compensation for the losses since then. As both parties had not been able to come to an agreed sum for the compensation, the Group applied for arbitration through the Wuhan Arbitration Commission ("WAC") in China in October 2004. In April 2006, the WAC arbitrated that the Group could transfer its interests in the JV to the JV Partner at a consideration of RMB157,298,300.

In April 2007, the Group received RMB75,000,000 from Wuhan Communications Commission (武漢市交通委員會) and understands that the payment is relating to the arbitration of WAC. However, due to non co-operation of one of the other shareholders of Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da (HK)"), the non-wholly owned subsidiary of the Group through which the Group made investment in the Toll Road, who is also a co-signer of the bank accounts of Sheng Da (HK), Sheng Da (HK) is not able to make payment of legal fee to a PRC law firm who acted as legal advisor in the arbitration. As a result, Sheng Da (HK), on 24 June 2008, received a writ of summons from Wuhan Intermediate People's Court, in which the PRC lawyer firm

claims against Sheng Da (HK) and its subsidiary for the legal fee RMB100,000 together with overdue interests and costs. In light of insignificant claimed amount, the Board considers that it has no material impact on the Group.

The amount received in April 2007 was applied for the repayment of project loan for JV. Settlement of the loan has strengthened the Group's financial position and has significantly released the burden of interest expenses of the Group.

The Group was also involved in another litigation of Sheng Da (HK). Reference is made to note 37(2) to the financial statements of the Company for the year ended 31 March 2007, in which it mentioned that Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) ("Hainan Wanzhong (海南萬眾)") had filed its appeal against the judgment of Haikou Intermediate People's Court of Hainan and the hearings were made on 10 and 17 May 2007.

Sheng Da (HK) had not received the official judgment for the appeal until 18 July 2008, pursuant to which Haikou High People's Court of Hainan reversed the judgment of Haikou Intermediate People's Court of Hainan and Sheng Da (HK) was ordered (i) to pay to Hainan Wanzhong (海南萬眾) RMB19,270,000 and late payment interest charges; (ii) to be liable for the derivative debts due by Wuhan Shengda Fangdichan Kaifa Co., Ltd (武漢盛達房地產開發有限公司); and (iii) to be collectively liable for the costs of the legal case.

In June 2008, Sheng Da (HK) was informed by the JV Partner that it had received both a Notice for Assistance in Execution and a letter from Haikou Intermediate People's Court of Hainan, pursuant to which the JV Partner was requested to execute the judgment and transfer RMB27,234,582 to the accounts of the court.

The Group is seeking legal advice about the court order and will appeal against the judgment of Haikou High People's Court of Hainan.

As set out in note 37(2) to the financial statements of the Company for the year ended 31 March 2007, the Board continues to have the opinion that the Group is not liable for any debt arising from the lawsuit and the claim from Hainan Wanzhang (海南萬眾) has no ground. The Board considers that the lawsuit does not have material impact on the Group and no provision has been made as at 31 March 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 September to 19 September 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, subject to the fulfillment of conditions set out in note 7, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 September 2008.

CREDIT POLICIES

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

For the securities dealings, and broking and financing businesses, the Group is strictly in compliance with the Securities and Future Ordinance and Hong Kong Monetary Authority. Financial assistance will be granted to customers based on individual assessment on the financial status, repayment records and the liquidity of collaterals placed by a customer and the applicable interest rate will be determined thereon. Financial assistances will be demanded for repayment once a customer fails to repay any deposit, margin or other sum payable to the Group.

FOREIGN EXCHANGE EXPOSURE

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

OPERATIONAL RISK

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

STAFF

As at 31 March 2008, the Group had 49 employees (2007: 50), employees of part-time job are not included. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed annually based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2008 with the following major deviations:

Code provision A.2.1

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer" ("CEO"). As there exists a clear division of each Director's duties in the Group, no designation of CEO does not have any impact on operations of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

Code provision E.1.2

Under the coder provision E.1.2, the chairman of the board should attend the annual general meeting. Chairman of the Company didn't attend the annual general meeting of 2007 due to his personal reason.

REVIEW OF ACCOUNTS

The Company has an audit committee comprising three independent non-executive directors of the Company, namely, Mr. Chow Pat Kan (Chairman), Mr. Lim Man San David and Mr. Yeung Shun Kee Edward. The audit committee has reviewed the Group's annual results for the year ended 31 March 2008.

On behalf of the Board
Cheung Hoo Win
Director

Hong Kong, 21 July 2008

As at the date of this announcement, the board of directors of the Company comprises Ms. Yeung Han Yi Yvonne, Mr. Cheung Hoo Win, Ms. Chan Chi Mei Miranda, Ms. Zhang Yuyan, Mr. Lim Man San David, Mr. Yeung Shun Kee Edward and Mr. Chow Pat Kan.