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 2009

The board (the "Board") of directors (the "Directors") 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 2009 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2009	2008
	NOTES	***HK$'000***	*HK$'000*
Turnover		**132,146**	187,604
Revenue	4	**54,125**	51,278
Cost of sales		**(43,535)**	(31,636)
Gross profit		**10,590**	19,642
Other income		**5,335**	11,359
Administrative expenses		**(25,749)**	(27,428)
Selling and distribution expenses		**(1,452)**	(1,423)
Change in fair value of investment properties		**4,000**	10,000
Change in fair value of financial assets at fair value through profit or loss		**(7,737)**	965
(Loss) gain on disposal of listed trading securities		**(2,555)**	22,128
Gain on disposal of available-for-sale investment		**–**	153
Impairment loss recognised in respect of trade receivables		**(625)**	(643)
Reversal of impairment loss recognised in respect of Trade receivables		**153**	16
Impairment loss recognised in respect of other receivables		**(319)**	(16,885)
Impairment loss recognised in respect of loan receivables		**(120)**	(2,326)
Reversal of impairment loss recognised in respect of loan receivables		**454**	252
Bad debt recovery for loan receivables		**96**	1,373
Finance costs		**(578)**	(1,333)

		Year ended 31 March	
		2009	2008
	NOTES	***HK$'000***	*HK$'000*
(Loss) profit before tax		**(18,507)**	15,850
Income tax expense	5	**(87)**	(1,551)
(Loss) profit for the year	6	**(18,594)**	14,299
Attributable to:			
Equity holders of the Company		**(18,818)**	18,549
Minority interests		**224**	(4,250)
		(18,594)	14,299
Dividend	7	**3,368**	4,117
(Loss) earnings per share	8		
Basic		**(HK1.01 cent)**	HK0.99 cent

CONSOLIDATED BALANCE SHEET

	NOTES	**31 March 2009 HK$'000**	31 March 2008 HK$'000
Non-current assets			
Plant and equipment		**2,188**	2,138
Investment properties		**78,000**	74,000
Available-for-sale investment		**230**	183
		80,418	76,321
Current assets			
Inventories		**156**	498
Loan receivables	9	**17,639**	28,581
Trade and bills receivables	10	**8,797**	9,321
Other receivables, deposits and prepayments		**5,477**	4,773
Financial assets at fair value through profit or loss		**4,973**	14,960
Tax recoverable		**114**	–
Client trust funds		**15,446**	11,746
Pledged bank deposit		**5,000**	5,000
Bank balances and cash		**25,507**	32,927
		83,109	107,806
Interest in a joint venture held-for-sale		**178,080**	174,776
Current liabilities			
Trade and bills payables	11	**18,143**	16,566
Other payables and accruals		**122,196**	122,198
Tax liabilities		**1,334**	1,307
Derivative financial instruments – options		**–**	989
Bank borrowings – due within one year		**6,875**	4,688
Obligations under finance leases – due within one year		**78**	–
		148,626	145,748
Net current assets		**112,563**	136,834
Total assets less current liabilities		**192,981**	213,155
Non-current liabilities			
Bank borrowings – due after one year		**11,936**	13,832
Obligations under finance leases – due after one year		**269**	–
		12,205	13,832
Net assets		**180,776**	199,323

	31 March 2009	31 March 2008
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**18,712**	18,712
Reserves	**123,233**	142,004
Equity attributable to equity holders of the Company	**141,945**	160,716
Minority interests	**38,831**	38,607
Total equity	**180,776**	199,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the 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 of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Emphasis of matter

Without qualifying our opinion, we draw attention to notes to the consolidated financial statements which indicates that the interest in a joint venture is continuously classified as assets held-for-sale while the deposit received from the joint venture partner is included in other payables as a current liability as at 31 March 2009. However, we have not been provided with sufficient evidence to satisfy ourselves about the appropriateness of the classification of this interest in a joint venture and deposit received from the joint venture partner as current asset and current liability respectively.

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation ("INT") 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) - INT 9 and HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[5]
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-INT 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC)-INT 18	Transfers of Assets from Customers[8]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2009.

[4] Effective for annual periods beginning on or after 1 July 2009.

[5] Effective for annual periods beginning on or after 1 July 2008.

[6] Effective for annual periods beginning on or after 1 October 2008.

[7] Effective for annual periods ending on or after 30 June 2009.

[8] Effective for transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the result and the financial position of the Group.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

(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$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
For the year ended 31 March 2009									
Segment revenue									
External sales	41,448	8,960	3,660	57	–	–	–	–	54,125
Inter-segment sales	–	1,354	–	–	1,200	–	16,277	(18,831)	–
	41,448	10,314	3,660	57	1,200	–	16,277	(18,831)	54,125
Segment result	(2,434)	(328)	(1,125)	(2,498)	226	(6,712)	(1,029)	(354)	(14,254)
Change in fair value of investment properties	–	–	–	–	4,000	–	–	–	4,000
Change in fair value of financial assets at fair value through profit or loss	–	–	–	(7,737)	–	–	–	–	(7,737)
Impairment loss recognised in respect of trade receivables	(584)	(41)	–	–	–	–	–	–	(625)
Reversal of impairment loss in respect of trade receivables	153	–	–	–	–	–	–	–	153
Impairment loss recognised in respect of other receivables	–	–	–	–	–	(319)	–	–	(319)
Impairment loss recognised in respect of loan receivables	–	–	(120)	–	–	–	–	–	(120)
Reversal of impairment loss recognised in respect of loan receivables	–	206	248	–	–	–	–	–	454
Bad debt recovery for loan receivables	–	96	–	–	–	–	–	–	96
Bank interest income									423
Finance costs									(578)
Loss before tax									(18,507)
Income tax expense									(87)
Loss for the year									(18,594)
As at 31 March 2009									
Segment assets	6,937	30,741	1,933	9,739	78,036	179,658	3,942	–	310,986
Unallocated assets									30,621
Consolidated total assets									341,607
Segment liabilities	1,922	23,084	460	300	29	106,294	8,250	–	140,339
Unallocated liabilities									20,492
Consolidated total liabilities									160,831
Other information									
Depreciation	3	142	–	–	177	–	279	–	601
Loss on disposals of plant and equipment	–	–	–	–	–	–	7	–	7
Allowance for inventories	192	–	–	–	–	–	–	–	192
Capital expenditure	–	122	–	–	–	–	543	–	665

	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$'000	Eliminations HK$'000	Consolidated HK$'000
For the year ended 31 March 2008									
Segment revenue									
External sales	27,225	17,102	6,923	28	–	–	–	–	51,278
Inter-segment sales	–	184	–	–	1,200	–	11,042	(12,426)	–
	27,225	17,286	6,923	28	1,200	–	11,042	(12,426)	51,278
Segment result	(2,017)	3,829	599	21,994	373	2,277	(1,184)	(2,118)	23,753
Change in fair value of investment properties	–	–	–	–	10,000	–	–	–	10,000
Change in fair value of financial assets at fair value through profit or loss	–	–	–	965	–	–	–	–	965
Gain on disposal of available-for-sale investment	–	–	–	–	–	153	–	–	153
Impairment loss recognised in respect of trade receivables	(501)	(142)	–	–	–	–	–	–	(643)
Reversal of impairment loss recognised in respect of trade receivables	–	–	252	–	–	–	–	–	252
Impairment loss recognised in respect of other receivables	–	–	–	–	–	(16,885)	–	–	(16,885)
Impairment loss recognised in respect of loan receivables	–	(2,149)	(177)	–	–	–	–	–	(2,326)
Reversal of impairment loss recognised in respect of loan receivables	–	16	–	–	–	–	–	–	16
Bad debt recovery for loan receivables	–	–	1,373	–	–	–	–	–	1,373
Bank interest income									525
Finance costs									(1,333)
Profit before tax									15,850
Income tax expense									(1,551)
Profit for the year									14,299
As at 31 March 2008									
Segment assets	7,202	38,118	2,422	19,236	74,905	176,755	2,338	–	320,976
Unallocated assets									37,927
Consolidated total assets									358,903
Segment liabilities	2,951	18,824	422	–	272	104,246	13,038	–	139,753
Unallocated liabilities									19,827
Consolidated total liabilities									159,580
Other information									
Depreciation	9	116	–	–	1	–	482	–	608
Loss on disposals of plant and equipment	122	–	–	–	–	–	38	–	160
Reversal of allowance for inventories	(18)	–	–	–	–	–	–	–	(18)
Capital expenditure	–	323	–	–	840	–	325	–	1,488

(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, presents segment assets and capital expenditure information for the Group's geographical segments:

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**122,684**	171,393
Europe	**5,402**	9,308
North America	**3,945**	4,982
PRC	**115**	1,921
	132,146	187,604

	Segment assets		**Capital expenditure**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**158,999**	179,693	**665**	1,488
PRC	**182,608**	179,210	**–**	–
	341,607	358,903	**665**	1,488

5. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Underprovision in prior years	**–**	718
Current year	**87**	833
Income tax expense for the year	**87**	1,551

On 26 June 2008, the Hong Kong Legislative Council passed to the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profits for the year.

6. (LOSS) PROFIT FOR THE YEAR

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

	2009	2008
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
– Salaries, allowances and other benefits	**12,662**	9,962
– Retirement benefit scheme contributions	**476**	446
	13,138	10,408
Auditor's remuneration	**550**	580
Depreciation	**601**	608
Loss on disposals of plant and equipment	**7**	160
Minimum lease payments under operating leases for land and buildings	**1,642**	1,313
Cost of inventories recognised as an expense	**39,658**	24,920
Allowance for inventories	**192**	–
Reversal of allowance for inventories	**–**	(18)

7. DIVIDEND

	2009	2008
	HK$'000	*HK$'000*
Proposed interim dividend	**3,368**	–
Proposed final dividend	**–**	4,117
	3,368	4,117

During the year ended 31 March 2009, the Board recommended payment of an interim dividend of HK0.18 cent per share. The dividend will be satisfied by scrip dividend wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment. The proposed dividend would be conditional on (i) the approval of the proposed interim dividend at the forthcoming special general meeting of the Company (the "SGM"); and (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued thereof. The circular and a notice convening the SGM to approve the scrip dividend scheme were dispatched to shareholders on 22 July 2009. No final dividend was paid or proposed during the year ended 31 March 2009, nor has any final dividend been proposed since the balance sheet date.

During the year ended 31 March 2008, the Board recommended payment of a final dividend of HK0.22 cent per share. Shareholders would also be offered the option of receiving the final dividend in the form of either cash or new shares of the Company. The proposed dividend would be conditional on (i) the approval of the proposed final dividend at the then annual general meeting of the Company (the "AGM"); (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 then AGM. However, as the trading in shares of the Company had not been resumed during stipulated period, the final dividend proposed for the year ended 31 March 2008 could not be proceeded.

8. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share for the year is based on the (loss) profit for the year attributable to equity holders of the Company of approximately HK$18,818,000 (2008: profit approximately HK$18,549,000) and the weighted average number of 1,871,188,679 (2008: 1,871,188,679) ordinary shares in issue during the year.

No diluted (loss) earnings per share has been presented for the years ended 31 March 2009 and 2008 as there were no potential ordinary shares outstanding for both years.

9. LOAN RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Securities dealing and broking services:		
– secured margin loans *(note)*	**25,312**	35,841
Less: Impairment loss recognised	**(9,587)**	(9,673)
	15,725	26,168
Financing business:		
– unsecured loans	**19,604**	20,351
Less: Impairment loss recognised	**(17,690)**	(17,938)
	1,914	2,413
	17,639	28,581

Note:

Secured 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 amount of credit facilities granted to clients is determined by the market value of the collateral securities accepted by the Group. As at 31 March 2009, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$52 million (2008: HK$225 million).

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

	2009	2008
	HK$'000	*HK$'000*
Within 6 months	**189**	1,943
7 to 12 months	**838**	405
Over 1 year	**887**	65
	1,914	2,413

10. TRADE AND BILLS RECEIVABLES

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

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**9,797**	9,385
Bills receivables	**725**	1,189
	10,522	10,574
Less: Impairment losses recognised	**(1,725)**	(1,253)
	8,797	9,321

	2009	2008
	HK$'000	*HK$'000*
Balance in relation to:		
– securities dealing and broking services	**2,094**	2,734
– general trading and others	**6,703**	6,587
	8,797	9,321

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

	2009	2008
	HK$'000	*HK$'000*
Within 6 months	**8,208**	8,148
7 to 12 months	**448**	471
Over 1 year	**141**	702
	8,797	9,321

11. TRADE AND BILLS PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Trade and bills payable:		
– securities dealing and broking services	**16,428**	13,673
– general trading and others	**1,715**	2,893
	18,143	16,566

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

	2009	2008
	HK$'000	*HK$'000*
Within 6 months	**13,016**	13,344
7 to 12 months	**1,708**	1,117
Over 1 year	**3,419**	2,105
	18,143	16,566

12. LITIGATIONS

(a) Lawsuit in respect of Hainan Wanzhong (海南萬眾)

Reference is made to the financial statements of the Company for the year ended 31 March 2008. On 18 July 2008, Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da (HK)") received the official judgment for the appeal, pursuant to which Sheng Da (HK) was ordered (i) to pay to Hainan Wanzhong Shiye Touzi Co., Ltd (海南萬眾實業投資有限公司) "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. The JV Partner (as defined below) was requested to assist in execution of the judgment to transfer RMB27,234,582 to the accounts of the court.

On 5 February 2009, Sheng Da (HK) received the written ruling from the Supreme People's Court of the People's Republic of China (the "Supreme Court"), pursuant to which the case is accepted for re-examination by the Supreme Court. The Board, based on legal advice, 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, based on legal advice obtained that the lawsuit does not have material impact on the Group and no provision has been made as at 31 March 2009.

(b) Claims for legal and professional fee

Due to non co-operation of Ms. Li Kai Yin, who is one of the small shareholders and a co-signer of the bank signature of Sheng Da (HK), the non-wholly owned subsidiary of the Company through which the Company makes investment in the Toll Road (as defined below), Sheng Da (HK) is not able to make payment of legal fee to a PRC law firm, 北京市中濟律師事務所廣州分所 ("中濟") who acted as a legal advisor in the arbitration in Wuhan. As a result, Sheng Da (HK), in May 2008, received a writ of summons from Wuhan Intermediate People's Court, in which 中濟 claimed against Sheng Da (HK) and its subsidiary for the legal fee RMB100,000 together with overdue interests and costs. The claims were dismissed by the court in December 2008. In June 2009, Sheng Da (HK) received an appeal application by 中濟 against the judgment of Wuhan Intermediate People's Court.

In light of insignificant claimed amount, the Board considers that it has no material impact on the Group. The Board reserves its right to claim that shareholder for the losses which may arise from the non co-operation.

(c) Petition issued by the SFC

Reference is made to the Company's announcement dated 11 September 2008 and the supplemental circular dated 9 April 2009, in which it disclosed that the Company, as one of the defendants, and certain of its current and former directors have been served a petition by the Securities and Futures Commission (the "SFC") in relation to certain past transactions of the Group. The Petition was heard on 17 December 2008. The hearing will be restored after the submission of affirmations by respondents.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Results

During the year under review, the Group recorded a turnover of HK$132.1 million (2008: 187.6 million) and a loss of HK$18.6 million (2008: profit 14.3 million).

According to a valuation report of an independent valuer, the fair value of one of the investment properties as at 31 March 2009, on redevelopment basis, was HK$80 million (the "Company Property"). On that basis, the Group might gain HK$24 million more than the booked value. Also according to the property transaction record of The Land Registry of the SAR government, a nearby property has just concluded at approximately HK$75 million. Given the transaction of the comparable property of similar site size, the market value of the Company Property may be more than HK$80 million in light of the superiority of its view and location.

At 31 March 2009, the Group held a portfolio of listed securities with market value of HK$5.0 million, and had a decrease in fair value of HK$7.7 million due to the effect of the global financial crisis. However, as the Directors and the investment manager expected that the stock market would recover in the second half of the year, and did not dispose of the securities at the depreciated prices. In fact, the stock market has recovered recently and the Group has recorded a total of realized and unrealized gains of approximately HK$8.0 million when compared to their fair values at 31 March 2009.

If the Group took into accounts of the revaluation of the Company Property on redevelopment basis and the appreciation of the listed securities, it might record a profit of approximately HK$13.4 million instead of a loss of HK$18.6 million. However, to follow the prudent accounting standards, the Board including independent non-executive Directors had not booked those gains. Since incorporation, the Group has upheld the deliberate financial planning, adopted prudent accounting policies and strictly complied with accounting guidelines and policies issued by the HKICPA. Thanks to the prudential manner of the Directors in managing the financial matters of the Group, the Group has not been significantly affected by the financial tsunami.

Review of operations

Financial business

During the year under review, due to the sub-prime credit crisis in the United States and the then financial tsunami which had resulted in weak investors' sentiment in the financial market, the overall trading volume of Hong Kong stock market fell significantly as investors were uncertain about the direction of the market. When compared to the closing Hang Seng Index in the previous year, it dropped from 22,849 to 13,576 at 31 March 2009, representing a decrease of 41%. Due to such economic reality, most of the initial public offerings and other fund raising activities were postponed or withdrawn during the year.

In order to minimize its exposure to the market risk, the Group had therefore tightened its credit control during the year under review and this was the main reason for the decrease of revenues from brokerage and financial services; however, thanks to our lean operating structure, the Group continued to record net profits from the segment of brokerage services. Also, to boast effective internal control system, and to strictly follow the Securities and Futures Ordinance, the corporate governance as required by the Stock Exchange and other regulations, the Group operated properly and received zero complaint from its customers in managing the fund flows of approximately HK$5.3 billion which involved more than 44,055 transactions

General trading

To reduce the risk to over-reliance on individual product, the Group's general trading business comprises of food products, consumer goods and electric products. Benefit from this multi-product strategy, the turnover of the general trading marked a rise as compared to the previous year. However, in light of the keen competition, the Group will continue to manage the costs efficiently. More resources will be allocated to profit-oriented products, or measures may be taken, for example, to implement performance reward scheme, so that sale teams will be more target-oriented.

Property investments

Residential properties in Hong Kong experienced depreciation after the outbreak of financial tsunami, but the prices have bottomed out and started to rise in December 2008 and recorded strong recovery since March this year. It is expected that the upward trend will continue based on factors of abundant cash flow in the market and historically low interest rates.

Benefiting from the rebound in the property market in the territory, the Group may consider to realize its investment properties or to redevelop one of them to maximize its valuation. According to a valuation report of an independent valuer, the fair value of one of the investment properties as at 31 March 2009, on redevelopment basis, was HK$80 million. On that basis, the Group might gain HK$24 million more than the booked value, and might record a profit for the current year.

Infrastructure

As disclosed in the Company's announcement dated 27 February 2004, the PRC joint venture (the "JV") partner (the "JV Partner") in the toll road in Wuhan (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 and is entitled to the arbitration costs of RMB1,000,968. In April 2007, the Group received RMB75,000,000 from Wuhan Communications Commission (武漢市交通委員會). The Group is using its best endeavor in negotiation with the relevant parties to receive the balance sum.

Prospects

Subsequent to the year end, the Hang Seng Index rose steadily from 14,545 to over 20,000. It is generally expected that the economy will recover in the second half of the year. Also, during the era of near-zero deposit rate and at historically low level of loan interest rate, to preserve the purchasing power, Hong Kong citizens may make investments in the markets of stock and property, which will boost brokerage business and lead to the appreciation of investment properties of the Group.

In light of the issues of share options, convertible bonds and subscription of new shares and the balance sum of RMB82 million for the disposal of the Group's interest in the Toll Road, the Group has sufficient working capital for its existing operation and will allocate more resources to expand its existing business, especially the brokerage and financial services. In addition, to sustain the business growth and to maximize the return of shareholders of the Company, the Group will also seek other investments with high growth potential.

To overcome the financial crisis, the Chinese government will drive up the development of the economy in the PRC to ensure the achievement of the full-year target of a GDP growth of 8%. The Group will therefore take advantage of the recent economic stimulus plans of the Chinese government, and will consider increasing its investment in the PRC.

Capital structure

Though the long suspension of trading in shares of the Company, we are grateful that we are having the continuing support from public investors. To this end, the Company has concluded with certain independent and public investors for the subscription of share options, convertible bonds and new shares of the Company.

- **On 7 June 2007**, the Company issued 370,000,000 options ("Options") to an independent third party at the exercise price of HK$0.024 per share. The exercisable period is 18 months commencing from the date of fulfilment of conditions precedent set out in the option agreement, which have not been fulfilled at the date of this announcement. Exercise in full of the Options would result in issue of 370,000,000 additional shares with an aggregate subscription value of HK$8,880,000. The new shares are rank pari passu with the existing shares of the Company.

- **On 9 July 2007**, the Company entered into eight subscription agreements in respect of the issue of convertible bonds in the aggregate principal amount of HK$9,880,000 due 2012. The convertible bonds shall not carry any interest. Each of the subscribers will have the right to convert the convertible bonds into shares of the Company at the price of HK$0.026. Any outstanding convertible bonds shall be redeemed on the date falling on the fifth anniversary of the date of issue of the convertible bonds. Completion of the subscription agreements is subject to the conditions as set out in the subscription agreements, which have not been fulfilled at the date of this announcement.

- **On 15 November 2007**, the Company entered into eight several subscription agreements to issue 600,000,000 shares of the Company at the price of HK$0.08 per share which involves the total subscription price of HK$48,000,000. Subsequently, five of the subscribers mutually agreed with the Company to release each other from the respective subscription agreements to subscribe for an aggregate of 300,000,000 subscription shares. Conditions precedent for the completion of the remaining 300,000,000 subscription shares have not been fulfilled at the date of this announcement.

CORPORATE SOCIAL RESPONSIBILITY

- Being a corporation, the Group fulfils its social responsibility. The Group did not have a plan to lay off its staff, and salaries were paid on time when the economic condition was worsening in the financial tsunami. Also, to enhance employees' sense of belonging, the Group organizes monthly gathering to create a caring environment to staff. Benefiting from the sense of belonging of its employees, the Group has a low turnover. More than one third of the employees have been working in the Group for more than 10 years, and the overall average length of service is over 8 years. The Board believes the management team of the Group including Directors is greatly supported by its employees.

- During the year, to express our sympathy to Sichuan earthquake victims, the Group has donated the whole amount of the brokerage commissions for a certain period to HSBC China Earthquake Relief, which was used in rescue and relief work in Sichuan.

- The Board would also like to express its appreciation to Mr. Cheung Chi Shing Kenneth ("Mr. Cheung"), a substantial shareholder of the Company, and his family for their generosity. They donated HK$1.2 million to help the victims of nationwide snow storm and earthquake in Sichuan. In October 2007, Mr. Cheung also donated HK$1.0 million to help students of the closed English Language College to continue their studies so that they could complete their courses.

- Recently, Christian Zheng Sheng College ("Zheng Sheng College") incident (relating to the rehabilitation issue to the youths) has aroused the concern of the public. To continue the practice to contribute to the society, Mr. Cheung and the Company have also made a donation to support Zheng Sheng College in relocation of a new campus.

- Other than helping the Group to recover the RMB75,000,000 in relation to Toll Road in Wuhan, Mr. Cheung voluntarily waived his entitlement of consultancy fee of HK$888,000 for the current year to lighten the Group's pressure in making redundancies or taking pay cuts.

ENHANCEMENT OF CORPORATE GOVERNANCE

The Board is committed to maintain high standards of corporate governance and it considers that effective corporate governance is an essential factor to the corporate success. On 6 July 2009, the Company has submitted proposed corporate governance polices to the Stock Exchange for its approval.

According to the Listing Rules, the Company is required to have at least three independent non-executive directors ("INEDs"), and at least one of them must have appropriate professional qualifications or accounting expertise. In order to strengthen its corporate governance and elevate the function non-executive directors, the Company has appointed four INEDs in its Board, one more than as required by Listing Rules. Also, one of the INEDs is the retiring judge of the Supreme Court while two of them are professional accountants, one more than as required by Listing Rules.

As the number of the INEDs represents half of the members in the Board, there is a strong independent element which can effectively exercise independent judgment and monitor the corporate governance of the Group.

The Company has complied with the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange with the following disclosures:

Code provision A.2.1

Under the code provision A.2.1, the roles chairman and chief executive officer should be separate and should not be performed by the same individual. Though the Company does not have any officer with the title of "chief executive officer" ("CEO"), his duties are usually assumed by the executive Directors. However, to have clear power and authority in the Board, Mr. Cheung Hoo Win, an executive director of the Company, has been appointed as the CEO of the Company.

Code provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Company was not able to attend the annual general meeting of 2008 due to his personal commitment. On 16 July 2009, Mr. Zhao Qingji, an independent non-executive Director of the Company, was appointed Chairman of the Company.

Currently, the authorised representatives of the Company are Mr. Cheung Hoo Win and Mr. Wang Chin Mong. Mr. Cheung Hoo Win is the executive Director and CEO of the Company, and Mr. Wang Chin Mong is the company secretary of the Company and an associate member of HKICPA and a fellow member of Association of Chartered Certified Accountants.

FINANCIAL REVIEW

At 31 March 2009, the Group had cash at bank and in hand of approximately HK$25.5 million (2008: HK$32.9 million) and net assets value of approximately HK$180.8 million (2008: HK$199.3 million).

Bank borrowings at 31 March 2009 amounted to HK$18.8 million (2008: HK$18.5 million), of which HK$6.9 million (2008: HK$4.7 million) were repayable within one year. The gearing ratio, being the ratio of total bank borrowings and financial gearing of approximately HK$19.2 million (2008: HK$18.5 million) to shareholders' fund of approximately HK$141.9 million (2008: HK$160.7 million), was about 0.14 (2008: 0.12).

At 31 March 2009, a deposit of HK$5 million and investment properties at a valuation of HK$78 million were pledged to secure the banking facilities granted to the Group.

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 SFO. 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, US dollars and Renminbi. In light of linked exchange rate system between Hong Kong dollars and US 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 the SFC licensed responsible officers and senior management, who have been acting in compliance with the SFO, has been set up to monitor the settlement matters of traded securities and cash. In order to safeguard client's interests and comply with the requirements of the SFC and the 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 2009, the Group had 49 employees (2008: 49), excluding employees of part-time job. 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.

REVIEW OF ACCOUNTS

The Company has an audit committee comprising four independent non-executive Directors, namely, Mr. Lo Tsz Fung Philip, Mr. Yeung Shun Kee Edward, Mr. Li Hancheng and Mr. Zhao Qingji. The audit committee has reviewed the Group's annual results for the year ended 31 March 2009.

On behalf of the Board
Zhang Yuyan
Director

Hong Kong, 28 July 2009

As at the date of this announcement, the Board consists of four executive Directors, Mr. Cheung Hoo Win, Ms. Yeung Han Yi Yvonne, Ms. Chan Chi Mei Miranda and Ms. Zhang Yuyan and four independent non-executive Directors, Mr. Zhao Qingji, Mr. Yeung Shun Kee Edward, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip.

* *For identification purpose only*