THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **ITC Corporation Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

ITC

ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

MAJOR TRANSACTION

EXTENSION OF TIME FOR THE

POSSIBLE DISPOSALS OF SHARES IN

PYI CORPORATION LIMITED

Financial adviser

ANGLO CHINESE

CORPORATE FINANCE, LIMITED

A notice convening a special general meeting of ITC Corporation Limited to be held at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Tuesday, 15 April 2008 at 11:00 a.m. is set out on pages 79 and 80 of this circular. There is a form of proxy for use at the special general meeting of ITC Corporation Limited accompanying this circular. If you are not able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of ITC Corporation Limited in Hong Kong at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

31 March 2008

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement"	the announcement of the Company dated 19 March 2008
"associate(s)"	has the meaning as ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company" or "ITC"	ITC Corporation Limited (stock code: 372), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	27 March 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China
"PYI"	PYI Corporation Limited (stock code: 498), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
"PYI Group"	PYI and its subsidiaries
"PYI Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of PYI
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM"	the special general meeting of the Company to be held on Tuesday, 15 April 2008 to consider and, if thought fit, approve the proposed disposal of PYI Shares as set in the letter from the Board of this circular by the Shareholders
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of ITC
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Submitted Size Tests"	the percentage ratios for the proposed disposal of PYI Shares under Chapter 14 of the Listing Rules as submitted to the Stock Exchange based on the information up to and including 18 March 2008
"substantial shareholder"	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power of the total issued shares at any general meeting of the company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 372)

Executive Directors:
Dr. Chan Kwok Keung, Charles *(Chairman)*
Ms. Chau Mei Wah, Rosanna
(Deputy Chairman and Managing Director)
Mr. Chan Kwok Chuen, Augustine
Mr. Chan Fut Yan
Mr. Cheung Hon Kit

Independent Non-executive Directors:
Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *SBS, JP*

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
30th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

31 March 2008

To the Shareholders and, for information only, the holders of convertible notes issued by the Company

Dear Sir and Madam,

MAJOR TRANSACTION
EXTENSION OF TIME FOR THE POSSIBLE DISPOSALS OF SHARES IN PYI CORPORATION LIMITED

INTRODUCTION

On 19 March 2008, ITC announced that the Directors intend to seek Shareholders' approval for extending the mandate for the possible disposal of PYI Shares for another twelve months. Under the proposed mandate, the possible disposal of up to a maximum of 300 million PYI Shares at a minimum disposal price of HK$2.13 per PYI Share (subject to adjustment in the event of a share consolidation or share subdivision by PYI) will constitute a major transaction under the Listing Rules.

The current disposal mandate was granted on 18 April 2007 at the special general meeting of the Company, which allows the Company to dispose of the PYI Shares, for a period from 18 April 2007 to 17 April 2008, at a price not less than the minimum disposal price of HK$3.00 per PYI Share, provided that all of the percentage ratios applicable to the aggregated disposals of PYI Shares would not exceed the upper limit of 75% of a major transaction under the Listing Rule. For further details of the current disposal mandate, reference is made to the announcements of the Company dated 12 March 2007 and 18 April 2007 and also the circular of the Company dated 2 April 2007.

THE PROPOSED DISPOSALS OF PYI SHARES

The Directors intend to seek Shareholders' approval for extending the mandate for the possible disposals of PYI Shares for another twelve months. Since obtaining the Shareholders' approval for the possible disposals on 18 April 2007 and up until the Latest Practicable Date, the Group has not disposed of any PYI Shares. Having regard to the general market condition, analysts' sentiment and the performance of PYI Shares, the Directors considered it be in the interests of the Company and the Shareholders as a whole not to dispose of PYI Shares under the current mandate granted by the Shareholders on 18 April 2007. This current disposal mandate will expire on 17 April 2008, being twelve months after the approval was obtained. The Directors, hence, intend to seek the Shareholders' approval for extending the mandate for another twelve months, so that the Company can continue to be able to dispose of PYI Shares expeditiously when market conditions become favourable and to the benefit of the Company and the Shareholders as a whole.

Under the proposed mandate, the possible disposals of up to a maximum of 300 million PYI Shares will be conducted in one or more transactions which taking in aggregate will constitute a major transaction under the Listing Rules, for which the Shareholders' approval is required. At present no Shareholder is required to abstain from voting on the approval of the proposed mandate of disposal. Given the maximum number of 300 million PYI Shares to be disposed under the proposed mandate, representing approximately 19.91% of the existing issued share capital of PYI, and the minimum disposal price of HK$2.13 per PYI Share, the consideration is approximately HK$639.0 million. Assuming that the maximum of approximately 300 million PYI Shares are sold, the Group's shareholding interest in PYI will decrease from approximately 26.84% to approximately 6.93% of the existing issued share capital of PYI. The price of any disposal will be subject to a minimum disposal price of HK$2.13 per PYI Share (subject to adjustment in the event of a share consolidation or share subdivision by PYI). The minimum disposal price of HK$2.13 per PYI Share represents a premium of approximately 16.39% over the closing price of HK$1.83 as quoted on the Stock Exchange on the Latest Practicable Date.

No contractual arrangements have been entered into by the Company in relation to the possible disposals of PYI Shares as the Directors consider that the Company should obtain the approval from the Shareholders for extending the disposal mandate for another twelve months so that the Directors can continue to be able to conduct the disposal(s) expeditiously when market conditions become favourable. Furthermore, due to the length of time required to meeting the disclosure and approval requirements under Chapter 14 of the Listing Rules, market opportunities may be missed if advance approval were not sought.

The proposed disposals of PYI Shares will be conducted through the open market. The Company will make an announcement when: (i) the aggregate disposal of PYI Shares first exceeds the 5% discloseable transaction threshold and the 25% major transaction threshold, respectively, based on the Submitted Size Tests; (ii) upon expiration of the disposal mandate; and (iii) if any disclosure obligation should arise under Rule 13.09 of the Listing Rules in relation to the proposed disposal. The Submitted Size Tests were calculated at the time of the Announcement with reference to the information available up to and on 18 March 2008. In the Submitted Size Tests, the calculation of consideration ratio under Rule 14.07(4) used the 5-day average share price of the Shares multiplied by the outstanding shares of the Company as at 18 March 2008 as denominator to determine the market capitalisation of the Company. Such market capitalisation of the Company in the Submitted Size Tests will be used as denominator and the then aggregated consideration of the disposals, with reference to the actual disposal price per PYI Share and the actual number of PYI Shares to be disposed of, will be used as numerator to calculate the then consideration ratio so as to determine when the aggregate disposals under the proposed mandate should be subsequently announced as described above. The subsequent announcement(s) will include, among other things, the number of the PYI Shares disposed of, the average disposal price per PYI Share and any estimated gain or loss arisen from the disposal(s).

The proposed disposals for which advance Shareholders' approval is being sought will only be effected if:

– the minimum disposal price equals to or exceeds HK$2.13 per PYI Share (subject to adjustment in the event of a share consolidation or share subdivision by PYI);

– the disposal price per PYI Share shall not be at a discount of more than 5% to the average of the closing prices of PYI Shares during the 5 completed trading days immediately prior to the date on which the relevant disposal takes place;

– the maximum number of PYI Shares to be disposed of under the mandate granted by the Shareholders is 300 million PYI Shares (subject to adjustment in the event of a share consolidation or share subdivision by PYI), being approximately 19.91% of the existing issued share capital of PYI;

– all the PYI Shares to be disposed are disposed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, to parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associates (as defined by the Listing Rules) of any of them or any connected persons (as defined by the Listing Rules) of the Company; and

– the disposal is completed within the later of twelve months of (a) the approval of the Shareholders being given; or (b) 18 April 2008, which the Directors consider to be a reasonable period to conduct such disposal of PYI Shares.

The minimum disposal price of HK$2.13 per PYI Share represents:

– a premium of approximately 1.91% over the net asset value of approximately HK$2.09 per PYI Share (which is calculated based on the unaudited net asset value attributable to equity holders of approximately HK$3,135.6 million as at 30 September 2007 divided by the number of PYI Shares outstanding as at 30 September 2007 of approximately 1,497.8 million PYI Shares, this information is obtained from the interim report of PYI for the six months ended 30 September 2007);

– a price to earnings ratio of approximately 9.03 times the basic earnings per PYI Share of approximately HK$0.236 for the year ended 31 March 2007;

– a premium of approximately 25.29% over the closing price of HK$1.70 per PYI Share as quoted on the Stock Exchange on 18 March 2008;

– a premium of approximately 0.95% over the average of the closing prices of approximately HK$2.11 per PYI Share as quoted on the Stock Exchange for the last 10 trading days up to and including 18 March 2008;

– a discount of approximately 10.50% to the average of the closing prices of approximately HK$2.38 per PYI Share as quoted on the Stock Exchange for the last 30 trading days up to and including 18 March 2008;

– a discount of approximately 20.52% to the average of the closing prices of approximately HK$2.68 per PYI Share as quoted on the Stock Exchange for the last 60 trading days up to and including 18 March 2008; and

– a premium of approximately 16.39% over the closing price of HK$1.83 per PYI Share as quoted on the Stock Exchange on the Latest Practicable Date.

The minimum disposal price of HK$2.13 per PYI Share under the proposed mandate is set with reference to the market condition at the time when the Announcement was made and the recent share price performance of the PYI Shares. The Directors consider the minimum disposal price set is fair and reasonable.

FINANCIAL EFFECT OF THE PROPOSED DISPOSALS ON ITC

Based on the maximum of 300 million PYI Shares to be disposed under the proposed mandate and the minimum disposal price of HK$2.13 per PYI Share, the proposed disposal will raise approximately HK$639.0 million in cash, before expenses and tax, for ITC on completion. As at the Latest Practicable Date, there is no specific use for the proceeds other than to be used for general working capital.

According to the Group's books and records as at 30 September 2007, the carrying amount per PYI Share was approximately HK$2.13, which equals to the minimum disposal price under the proposed mandate and accordingly no gain or loss on disposal before expenses and tax, will be resulted. Any disposal at a price higher than the carrying amount per PYI Share will result in a gain on disposal. The Group shall discontinue the use of the equity method from the date that PYI ceases to be an associate of the Group as a result of the disposal and shall account for the investment in PYI as available-for-sale investment in accordance with Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement".

REASONS FOR THE PROPOSED DISPOSALS

The proposed disposals of PYI Shares will enable the Company to realise a portion of its shareholding interest in PYI and diversify its investment base. It will also enable the Company to further increase the public float and widen the shareholder base of PYI, from which the Company would benefit as a shareholder who would be interested in approximately 6.93% of PYI, should the maximum number of PYI Shares were to be sold. Although no acquisition or investment proposals are currently under negotiation, the proceeds from the disposals may provide the Company with additional resources to fund such acquisitions and investments when opportunities arise.

INFORMATION ON ITC

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. It directly holds investments, namely, Hanny Holdings Limited ("Hanny"), PYI, Wing On Travel (Holdings) Limited, ITC Properties Group Limited, Burcon NutraScience Corporation and PSC

Corporation Ltd. Through its listed associated companies, Hanny and PYI, the Group has indirect interests in Paul Y. Engineering Group Limited ("Paul Y. Engineering"), See Corporation Limited, China Enterprises Limited, MRI Holdings Limited, Intraco Limited and Tat Seng Packaging Group Ltd.. The principal activities of the Group comprise investment holding, the provision of finance, property investment and treasury investment.

INFORMATION ON PYI

The PYI Group is principally engaged in the business of development and investment in port and other infrastructure projects, land and property development and investment in association with port facilities, treasury investment and, through its subsidiary, Paul Y. Engineering, comprehensive engineering and property-related services.

The following is a summary of the audited consolidated results of PYI Group for the two years ended 31 March 2006 and 2007 respectively:

	For the financial year ended 31 March	
	2007	**2006**
		(restated)
	HK$'000	*HK$'000*
Profit before taxation	326,595	367,128
Taxation credit/(charge)	50,552	(52,804)
Profit after taxation (before minority interests)	377,147	314,324

The following is extracted from pages 26 and 27 of the 2007 Annual Report of PYI:

"**Profit**

Profit before taxation of about HK$327 million was achieved as compared with about HK$367 million for last year. The Group's profit before taxation was composed of:

(i) net gain of about HK$59 million in management contracting, project management and facilities management businesses (2006: HK$138 million);

(ii) net gain of about HK$3 million in LPG distribution (2006: Nil);

(iii) net gain of about HK$174 million in treasury investment (2006: HK$80 million);

(iv) net gain of about HK$14 million in property investment (2006: HK$12 million);

(v) interest income and other income of about HK$42 million (2006: HK$108 million);

(vi) discount on acquisition of LPG business of about HK$4 million (2006: Nil);

(vii) gain on disposal of interest in an associate of about HK$5 million (2006: Nil);

(viii) net gain of about HK$223 million from associates and jointly controlled entities (2006: 10 million);

(ix) development costs of about HK$14 million in port and infrastructure development and logistics business (2006: Nil);

(x) net corporate and other expenses of about HK$159 million (2006: HK$128 million), of which HK$23 million (2006: HK$3 million) was attributed to share-based payment expense for share options granted to directors and employees. Higher corporate costs were employed to support the business expansion and the growing turnover during the year; and

(xi) finance costs of about HK$24 million (2006: HK$17 million).

The amount of profit before taxation in last year included increase in fair value of derivative financial instruments of about HK$18 million, increase in fair value of investment properties of about HK$85 million and gain on disposal of subsidiaries of about HK$61 million. None of these items occurred in the current year.

Net profit for the year attributable to the shareholders of PYI was about HK$346 million (2006: HK$279 million) and basic earnings per share was HK23.6 cents (2006: HK20.4 cents). Such improvement was mainly due to deferred tax credit of HK$63 million arising from a reduction of the PRC enterprise income tax rate from 33% to 25% as promulgated in March 2007."

Further details are set out in the 2007 Annual Report of PYI.

SGM

The proposed disposals of PYI Shares under the proposed mandate (the "proposed Disposals") will constitute a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present no Shareholder is required to abstain from voting on the approval of the proposed Disposals.

A notice convening the SGM to be held on Tuesday, 15 April 2008 at 11:00 a.m. at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the proposed Disposals is set out on pages 79 and 80 of this circular.

Whether or not the Shareholders are able to attend the meeting, they are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish.

RECOMMENDATION

The Board considers that the terms of the proposed Disposals are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the proposed Disposals and matters ancillary thereto as set out in the notice of SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
On behalf of the Board of
ITC Corporation Limited
Dr. Chan Kwok Keung, Charles
Chairman

1. THREE YEAR FINANCIAL SUMMARY

The following is a summary of the audited consolidated results of the Group for each of the three years ended 31 March 2005, 2006 and 2007, and the audited assets and liabilities of the Group as at 31 March 2005, 31 March 2006, 31 March 2007 as extracted from the annual report of ITC for the year ended 31 March 2007 and 31 March 2006.

Results

	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Continuing operations			
Revenue	493,298	252,959	104,361
Cost of sales	(366,676)	(205,884)	(48,117)
Gross profit	126,622	47,075	56,244
Other income	22,714	2,331	(3,189)
Administrative expenses	(96,198)	(59,199)	(64,612)
Impairment losses	(10,014)	–	–
Gain on disposal of available-for-sale investments	8,209	–	–
Other gains (losses), net	79,733	(1,071)	–
Finance costs	(39,450)	(28,012)	(23,868)
Net investment expenses	–	–	(8,182)
Discount on acquisitions	560,055	2,578	20,938
Allowance for amounts due from associates and a related company	(2,731)	(3,064)	(17,001)
Net gain (loss) on disposal and dilution of interests in associates	1,893	(79,530)	(141,028)
Share of results of associates	248,742	165,328	146,468
Profit before taxation	899,575	46,436	(34,230)
Taxation	(8,695)	–	(260)
Profit (loss) for the year from continuing operations	890,880	46,436	(34,490)
Discontinued operations			
Profit for the year from discontinued operations	–	–	151,672
Profit for the year	890,880	46,436	117,182
Attributable to:			
Equity holders of the Company	843,929	50,289	88,898
Minority interests	46,951	(3,853)	28,284
	890,880	46,436	117,182
Distributions	59,191	32,201	6,543
	HK cents	*HK cents*	*HK cents*
Earnings per share			
Basic	45.6	4.4	10.8
Diluted	39.0	3.8	5.7

Assets and Liabilities

	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000* (Restated)
Non-current assets			
Property, plant and equipment	179,765	50,835	40,760
Investment properties	150,421	4,016	3,525
Prepaid lease payments	87,437	89,651	91,865
Intangible assets	4,580	1,080	1,840
Interests in associates	1,594,047	1,179,749	1,912,286
Debt portion of convertible notes	274,304	–	–
Conversion options embedded in convertible notes	98,466	–	–
Deposits paid for acquisition of subsidiaries	50,000	–	–
Deposits for acquisition of long-term investments	145,000	–	–
Payments for acquisition of interest in properties	58,830	–	–
Available-for-sale investments	1,033,823	83,730	–
Deferred tax assets	1,464	–	–
	3,678,137	1,409,061	2,050,276
Current assets			
Inventories	239	137	115
Prepaid lease payments	2,214	2,214	2,214
Other assets	229,288	–	–
Debtors, deposits and prepayments	404,029	14,370	4,587
Margin account receivables	17,523	10,791	25
Deposits paid for acquisition of investments held for trading	73,289	–	–
Amounts due from associates	500,050	205,083	8,538
Amounts due from related companies	7,262	247,362	1,632
Loans receivable	340,549	205,400	23,231
Financial assets designated at fair value through profit or loss	147,238	82,744	–
Investments in securities	–	–	5,025
Investments held for trading	626,649	55,730	–
Gold bullion	–	–	65,303
Tax recoverable	1,438	–	–
Short term bank deposits, bank balances and cash	282,304	227,808	16,032
	2,632,072	1,051,639	126,702
Current liabilities			
Margin account payables	6,794	25,048	–
Creditors and accrued expenses	91,884	25,383	20,306
Amounts due to associates	163,015	123	93
Derivative financial instruments	222	460	–
Redeemable convertible preference shares	286,137	–	–
Convertible notes	–	–	162,628
Tax payable	63,977	–	–
Borrowings – due within one year	517,100	2,450	21,224
Bank overdrafts	71,599	28,217	14,922
	1,200,728	81,681	219,173
Net current assets (liabilities)	1,431,344	969,958	(92,471)
Total assets less current liabilities	5,109,481	2,379,019	1,957,805

	2007 *HK$'000*	2006 *HK$'000*	2005 *HK$'000* (Restated)
Non-current liabilities			
Redeemable convertible preference shares	–	286,811	286,537
Borrowings – due after one year	141,350	60,100	62,550
Convertible notes payable	556,980	–	–
Deferred tax liabilities	39,091	99	48
	737,421	347,010	349,135
Net assets	4,372,060	2,032,009	1,608,670
Capital and reserves			
Share capital	187,298	183,750	107,201
Reserves	2,623,128	1,826,195	1,471,810
Equity attributable to equity holders of the Company	2,810,426	2,009,945	1,579,011
Convertible notes reserve of a subsidiary	55,279	–	–
Minority interests	1,506,355	22,064	29,659
Total equity	4,372,060	2,032,009	1,608,670

2. AUDITED FINANCIAL STATEMENTS

The following is the audited consolidated income statement of the Group for each of the two years ended 31 March 2007 and the audited consolidated balance sheet of the Group as at 31 March 2006 and 2007 together with the relevant notes ("Financial Statements"), as extracted from the Company's annual report for the year ended 31 March 2007. Terms defined herein apply to this section only.

Consolidated Income Statement
For the year ended 31st March, 2007

	Notes	**2007** *HK$'000*	**2006** *HK$'000* (Restated)
Revenue	6	493,298	252,959
Cost of sales		(366,676)	(205,884)
Gross profit		126,622	47,075
Other income	7	22,714	2,331
Administrative expenses		(96,198)	(59,199)
Impairment losses	9	(10,014)	–
Gain on disposal of available-for-sale investments		8,209	–
Other gains (losses), net	10	79,733	(1,071)
Finance costs	11	(39,450)	(28,012)
Discount on acquisitions	12	560,055	2,578
Allowance for amounts due from associates and a related company		(2,731)	(3,064)
Net gain (loss) on disposal and dilution of interests in associates	13	1,893	(79,530)
Share of results of associates		248,742	165,328
Profit before taxation	14	899,575	46,436
Taxation	15	(8,695)	–
Profit for the year		890,880	46,436
Attributable to:			
Equity holders of the Company		843,929	50,289
Minority interests		46,951	(3,853)
		890,880	46,436
Distributions	16	59,191	32,201
		HK cents	*HK cents*
Earnings per share	17		
Basic		45.6	4.4
Diluted		39.0	3.8

Consolidated Balance Sheet
At 31st March, 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	18	179,765	50,835
Investment properties	19	150,421	4,016
Prepaid lease payments	20	87,437	89,651
Intangible assets	21	4,580	1,080
Interests in associates	22	1,594,047	1,179,749
Debt portion of convertible notes	23	274,304	–
Conversion options embedded in convertible notes	23	98,466	–
Deposits paid for acquisition of subsidiaries	24	50,000	–
Deposits for acquisition of long-term investments	25	145,000	–
Payments for acquisition of interest in properties	26	58,830	–
Available-for-sale investments	27	1,033,823	83,730
Deferred tax assets	45	1,464	–
		3,678,137	1,409,061
Current assets			
Inventories		239	137
Prepaid lease payments	20	2,214	2,214
Other assets	28	229,288	–
Debtors, deposits and prepayments	29	404,029	14,370
Margin account receivables	30	17,523	10,791
Deposits paid for acquisition of investments held for trading	31	73,289	–
Amounts due from associates	32	500,050	205,083
Amounts due from related companies	33	7,262	247,362
Loans receivable	34	340,549	205,400
Financial assets designated at fair value through profit or loss	35	147,238	82,744
Investments held for trading	36	626,649	55,730
Tax recoverable		1,438	–
Short term bank deposits, bank balances and cash	37	282,304	227,808
		2,632,072	1,051,639
Current liabilities			
Margin account payables	30	6,794	25,048
Creditors and accrued expenses	38	91,884	25,383
Amounts due to associates	39	163,015	123
Derivative financial instruments	40	222	460
Redeemable convertible preference shares	41	286,137	–
Tax payable		63,977	–
Borrowings – due within one year	42	517,100	2,450
Bank overdrafts	43	71,599	28,217
		1,200,728	81,681
Net current assets		1,431,344	969,958
Total assets less current liabilities		5,109,481	2,379,019

	Notes	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Redeemable convertible preference shares	41	–	286,811
Borrowings – due after one year	42	141,350	60,100
Convertible notes payable	44	556,980	–
Deferred tax liabilities	45	39,091	99
		737,421	347,010
Net assets		4,372,060	2,032,009
Capital and reserves			
Share capital	46	187,298	183,750
Reserves		2,623,128	1,826,195
Equity attributable to equity holders of the Company		2,810,426	2,009,945
Convertible notes reserve of a subsidiary		55,279	–
Minority interests		1,506,355	22,064
Total equity		4,372,060	2,032,009

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2007

	Attributable to equity holders of the Company															
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (Note (a))	Reserve on acquisition HK$'000 (Note (b))	Capital redemption reserve HK$'000	Other reserve HK$'000 (Note (c))	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Convertible notes reserve HK$'000	Preference share reserve HK$'000	Retained profits HK$'000	Total HK$'000	Convertible notes reserve of a subsidiary HK$'000	Minority interests HK$'000	Total HK$'000
At 1st April, 2005																
– as originally stated	107,201	39,510	1,108,927	–	908	726	224	491	34,613	5,337	871	311,181	1,609,989	–	29,659	1,639,648
– effect of change in accounting policy *(Note 3)*	–	–	–	–	–	–	–	–	–	–	–	115,479	115,479	–	–	115,479
– as restated	1 07,201	39,510	1,108,927	–	908	726	224	491	34,613	5,337	871	426,660	1,725,468	–	29,659	1,755,127
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	3,122	–	–	–	3,122	–	–	3,122
Share of post-acquisition reserve movements of associates	–	–	–	(58,374)	–	4,090	–	(9,175)	264	–	–	–	(63,195)	–	–	(63,195)
Surplus arising from revaluation of:																
– land and buildings	–	–	–	–	–	–	294	–	–	–	–	–	294	–	–	294
– available-for-sale investments	–	–	–	–	–	–	–	23,224	–	–	–	–	23,224	–	–	23,224
Deferred tax liability arising on revaluation of land and buildings	–	–	–	–	–	–	(51)	–	–	–	–	–	(51)	–	–	(51)
Net (expense) income recognised directly in equity	–	–	–	(58,374)	–	4,090	243	14,049	3,386	–	–	–	(36,606)	–	–	(36,606)
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	50,289	50,289	–	(3,853)	46,436
Released on disposal and dilution of interests in associates	–	–	–	–	–	(1,346)	–	719	(12,308)	–	–	–	(12,935)	–	–	(12,935)
Total recognised income and expenses for the year	–	–	–	(58,374)	–	2,744	243	14,768	(8,922)	–	–	50,289	748	–	(3,853)	(3,105)
Issue of shares:																
– on conversion of convertible notes	54,834	114,984	–	–	–	–	–	–	–	(5,337)	–	–	164,481	–	–	164,481
– under scrip dividend scheme	275	(275)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– for raising fund	21,440	128,563	–	–	–	–	–	–	–	–	–	–	150,003	–	–	150,003
Distributions paid	–	–	–	–	–	–	–	–	–	–	–	(32,201)	(32,201)	–	–	(32,201)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(3,742)	(3,742)
Credit arising on scrip dividends	–	–	–	–	–	–	–	–	–	–	–	1,446	1,446	–	–	1,446
At 31st March, 2006 as restated	183,750	282,782	1,108,927	(58,374)	908	3,470	467	15,259	25,691	–	871	446,194	2,009,945	–	22,064	2,032,009
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	2,165	–	–	–	2,165	–	(7,190)	(5,025)
Share of post-acquisition reserve movements of associates	–	–	–	(32,134)	–	127	–	(10,306)	26,857	–	–	–	(15,456)	–	5,914	(9,542)
Surplus arising from revaluation of:																
– land and buildings	–	–	–	–	–	–	8,943	–	–	–	–	–	8,943	–	–	8,943
– available-for-sale investments	–	–	–	–	–	–	–	3,449	–	–	–	–	3,449	–	2,235	5,684
Deferred tax liability arising on revaluation of land and buildings	–	–	–	–	–	–	(2,746)	–	–	–	–	–	(2,746)	–	–	(2,746)
Net (expense) income recognised directly in equity	–	–	–	(32,134)	–	127	6,197	(6,857)	29,022	–	–	–	(3,645)	–	959	(2,686)
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	843,929	843,929	–	46,951	890,880
Released on disposal and dilution of interests in associates	–	–	–	4,98 7	–	(72)	–	(68)	(1,617)	–	–	–	3,230	–	–	3,230
Released on disposal of available-for-sale investments	–	–	–	–	–	–	–	(8,241)	–	–	–	–	(8,241)	–	–	(8, 241)
Total recognised income and expenses for the year	–	–	–	(27,147)	–	55	6,197	(15,166)	27,405	–	–	843,929	835,273	–	47,910	883,183
Issue of shares:																
– on conversion of redeemable convertible preference shares	90	855	–	–	–	–	–	–	–	–	(3)	–	942	–	–	942
– under scrip dividend scheme	3,458	(3,458)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Distributions paid	–	–	–	–	–	–	–	–	–	–	–	(59,191)	(59,191)	–	–	(5 9,191)
Acquisition of interests in subsidiaries	–	–	–	4,215	–	–	–	(1,681)	–	–	–	3,143	5,677	55,279	1,765,646	1,826,602
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(325,106)	(325,106)
Credit arising on scrip dividends	–	–	–	–	–	–	–	–	–	–	–	17,780	17,780	–	–	17,780
Dividend paid to minority shareholders of a listed subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4,159)	(4,159)
At 31st March, 2007	187,298	280,179	1,108,927	(81,306)	908	3,525	6,664	(1,588)	53,096	–	868	1,251,855	2,810,426	55,279	1,506,355	4,372,060

Notes:

(a) The contributed surplus of the Group comprises the difference between the nominal amount of the ordinary share capital issued by the Company in exchange for the nominal amount of the share capital of a subsidiary acquired pursuant to a corporate reorganisation on 24th January, 1992 and the credits arising from the changes in the capital and reserves of the Company in other capital reorganisations and the transfers to the accumulated losses as approved by the board of directors from time to time.

(b) The reserve on acquisition of the Group represents:

(i) the amount of fair value changes shared by the Group in relation to the acquisition of additional interest in a subsidiary of an associate;

(ii) the amount of fair value changes shared by the Group in relation to the acquisition of a subsidiary by an associate; and

(iii) the fair value changes arising from the acquisition of a subsidiary by the Company.

(c) Other reserve represents the statutory reserves required by the relevant rules and regulations of The People's Republic of China (the "PRC") applicable to the Group's associates.

Consolidated Cash Flow Statement
For the year ended 31st March, 2007

	2007 HK$'000	2006 HK$'000 (Restated)
OPERATING ACTIVITIES		
Profit before taxation	899,575	46,436
Adjustments for:		
Allowance recognised (reversed) for:		
– amounts due from associates and related companies	2,731	3,064
– debtors, deposits and prepayments	2,612	773
– loans receivable	(8,993)	3,475
Depreciation of property, plant and equipment	10,235	4,440
Release of prepaid lease payments	2,214	2,214
Discount on acquisition of:		
– interests in subsidiaries	(370,923)	–
– additional interests in subsidiaries	(189,132)	(2,578)
Net (gain) loss on disposal and dilution of interests in associates	(1,893)	79,530
Net other (gain) loss arising from changes in fair values of:		
– conversion options embedded in convertible notes	32,239	–
– derivative financial instruments	222	460
– financial assets designated at fair value through profit or loss	(12,673)	289
– investments held for trading	(106,842)	940
– investment properties	7,018	(335)
Gain on disposal of:		
– gold bullion	–	(7,075)
– available-for-sale investments	(8,209)	–
– property, plant and equipment	(960)	(295)
Impairment loss on:		
– intangible assets	–	1,085
– available-for-sale investments	4,859	–
– goodwill of associates	5,155	–
Surplus arising from revaluation of land and buildings	–	(2,582)
Interest expenses	39,450	28,012
Share of results of associates	(248,742)	(165,328)
Operating cash flows before movements in working capital	57,943	(7,475)
Increase in inventories	(70)	(22)
Increase in debtors, deposits and prepayments	(83,683)	(10,556)
Increase in margin account receivables	(4,231)	(10,766)
Deposits paid for acquisition of investments held for trading	(73,289)	–
Increase in amounts due from associates	(292,708)	(196,662)
Decrease (increase) in amounts due from related companies	131,946	(248,677)
Decrease (increase) in loans receivable	316,509	(185,644)
Decrease (increase) in financial assets designated at fair value through profit or loss	58,206	(82,744)
Decrease (increase) in investments held for trading	2,254	(51,934)
(Decrease) increase in margin account payables	(24,678)	25,048
(Decrease) increase in creditors and accrued expenses	(46,545)	5,077
Increase in amounts due to associates	162,754	30
Decrease in amounts due to a related company	(190,969)	–
Increase in derivative financial instruments	(460)	–
Cash from (used in) operations	12,979	(764,325)
Dividends received from associates	94,963	498,555
Hong Kong Profits Tax paid	(17)	–
NET CASH FROM (USED IN) OPERATING ACTIVITIES	107,925	(265,770)

	Note	2007 HK$'000	2006 HK$'000 (Restated)
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	48	(231,355)	–
Acquisition of additional interests in subsidiaries		(135,974)	(1,164)
Acquisition of convertible notes		(121,322)	–
Acquisition of additional interests in associates		(25,582)	(55,335)
Additions to investment properties		(10,358)	–
Additions to available-for-sale investments		(11,823)	(60,506)
Additions to property, plant and equipment		(7,472)	(10,967)
Refund of deposits paid for acquisition of long-term investments		45,175	–
Proceeds from disposal of available-for-sale investments		29,968	–
Proceeds from disposal of property, plant and equipment		2,560	484
Acquisition of other intangible assets		–	(325)
Proceeds from disposal of interests in associates		–	448,214
Proceeds from disposal of gold bullion		–	71,757
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(466,183)	392,158
FINANCING ACTIVITIES			
Other loans raised		500,000	–
Dividends paid		(41,411)	(30,755)
Repayments of other loans		(40,000)	(18,774)
Interest paid		(27,501)	(25,885)
Repayments of bank borrowings		(4,775)	(2,450)
Dividend paid to minority shareholders of a listed subsidiary		(4,159)	–
Repayment of obligation under a finance lease		(111)	–
Net proceeds from issue of shares		–	150,003
NET CASH FROM FINANCING ACTIVITIES		382,043	72,139
NET INCREASE IN CASH AND CASH EQUIVALENTS		23,785	198,527
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		199,591	1,110
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(12,671)	(46)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		210,705	199,591
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Short term bank deposits, bank balances and cash		282,304	227,808
Less: bank overdrafts		(71,599)	(28,217)
		210,705	199,591

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2007

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section to the annual report.

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

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries and the Group's principal associates are set out in notes 58 and 22 respectively.

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

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006. The adoption of the new HKFRSs has 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 or revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions[6]
HK(IFRIC) – INT 12	Service Concession Arrangements[7]

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

3. CHANGE IN ACCOUNTING POLICY

In the current year, the Group and its associates have changed their accounting policy for recognising the purchase of additional interest in a subsidiary. Prior to 1st April, 2006, such acquisition was recognised by calculating the goodwill or discount as the difference between the consideration paid for the additional interest and the carrying amount of the net assets of the subsidiary attributable to the additional interest acquired. Under the new accounting policy, the Group and its associates revalue all of the identifiable assets and liabilities of the subsidiary to fair value. Goodwill or discount arising on the purchase of the additional interest is calculated as the difference between the cost of the additional interest acquired and the increase in the Group's or the associate's interest, based on the fair value of all identifiable assets and liabilities of the subsidiary. The directors consider that by adoption of this revised policy, the Group financial statements presents more meaningful information based on the nature of the underlying operations of the subsidiaries and associates. The fair value attributable to the additional interest acquired is not recognised in the relevant assets or liabilities of the subsidiary and is recognised by debiting to the reserve on acquisition.

This change in accounting policy has been applied retrospectively and has had no material impact on the profit for the current year.

Accordingly, prior year adjustments were made to account for the effect of the purchase of additional interest in certain subsidiaries of the Group's associate for the year ended 31st March, 2006. Comparative figures were restated accordingly.

The financial effects of the change in the accounting policy are that the increase in fair value of net assets attributable to the additional interest acquired by the Group's associate of approximately HK$58,374,000 has debited to the Group's reserve on acquisition for the year ended 31st March, 2006, and the Group's retained profits at 1st April, 2005 has increased by approximately HK$115,479,000.

The effects on the profit for the year ended 31st March, 2006 and the respective financial statement line items are summarised as follows:

	2006
	HK$'000
Profit for the year, as originally stated	103,541
Increase in net loss on disposal and dilution of interests in associates	(47,934)
Decrease in share of results of associates	(9,171)
Decrease in profit for the year	(57,105)
As restated	46,436
Attributable to:	
Equity holders of the Company, as originally stated	107,394
Adjustments arising from decrease in profit for the year	(57,105)
As restated	50,289

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("the HKFRSs") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

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

Acquisition of additional interests in subsidiaries

On acquisition of additional interest in a subsidiary, the difference between the fair values and the carrying values of the underlying assets and liabilities attributable to the additional interest in a subsidiary acquired is debited to reserve on acquisition. Goodwill or discount arising on the purchase of the additional interest is calculated as the difference between the additional cost of the interest acquired and the increase in the Group's interest, based on the fair value of all identifiable assets and liabilities of the subsidiary.

Business combinations achieved in stages

For business combination that involves more than one exchange transaction through successive share purchases, the cost of the transaction and fair value information at the date of each exchange transaction are treated separately to determine the amount of any discount on acquisition/goodwill associated with that transaction. Any adjustments to those fair values relating to previously held interests is accounted for as changes in reserve on acquisition.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

No depreciation is provided in respect of freehold land.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Construction in progress represents property, plant and equipment in the course of construction for its own use purposes. Construction in progress is stated at cost which includes all development expenditure and the direct costs attributable to such projects. Construction in progress is not depreciated until completion of construction and the asset is available for intended use. The cost of completed construction works is transferred to the appropriate categories of property, plant and equipment.

Investment properties

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

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

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Intangible assets

On initial recognition, intangible assets acquired separately other than from business combinations are recognised at cost. The cost of such intangible assets is their fair value at the acquisition date. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any identified impairment loss.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of intangible assets is estimated to be less than its carrying amount, the carrying amount of the intangible assets is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the intangible assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for that intangible assets in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

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

Financial assets

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

Available-for-sale financial assets

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

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated at fair value through profit or loss.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other debtors, margin account receivables, loans receivable, bank deposits, bank balances, amounts due from associates/related companies, debt portion of convertible notes) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Convertible notes held by the Group are separately disclosed as a debt portion and conversion option embedded in convertible notes. On initial recognition, the debt portion represents the residual between the fair value of the convertible notes and the fair value of the embedded conversion option. The debt portion is classified as loans and receivables and is subsequently measured at amortised cost according to the effective interest method.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Convertible notes payable and redeemable convertible preference shares

Convertible notes payable and redeemable convertible preference shares issued by group entities that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the respective group entity's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes payable/ redeemable convertible preference shares and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible notes/preference shares into equity, is included in equity (convertible notes reserve/preference share reserve).

In subsequent periods, the liability component of the convertible notes payable and redeemable convertible preference shares is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the respective group entity, will remain in convertible notes reserve/preference share reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve/preference share reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve/preference share reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes payable/redeemable convertible preference shares are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes payable/redeemable convertible preference shares using the effective interest method.

Other financial liabilities

Other financial liabilities (including bank and other borrowings, trade and other creditors, margin account payables, amounts due to associates/related companies) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held for trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards. Where the Group needs to separate an embedded derivative but is unable to measure the embedded derivative, the entire contracts are treated as held for trading.

Derecognition

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

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

Inventories

Inventories represent finished goods which are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Impairment (other than intangible assets with indefinite useful lives)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Other assets

Other assets represent costs incurred for the exclusive development right to a land development project in the PRC and also the right to obtain the land for the development. The amounts are stated at the lower of cost and net realisable value.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are rendered.

Sales of securities are recognised on a trade-date basis when contracts are executed.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

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

Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Transaction fee income derived from the provision of an internet-based electronic trading system is recognised when a transaction is duly executed on a trade date basis.

Precious metals contract trading is recognised as income or debit to income when the contract is closed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period which they are incurred.

Leasing

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease terms on a straight-line basis.

Leasehold land and building

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

5. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The risks associated with the Group's principal financial instruments and the policies on how to mitigate the Group's principal risks are set out below.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties'/debtors' failure to perform/discharge their obligations as at 31st March, 2007 in relation to each class of recognised financial assets/financial guarantee given is the carrying amount of those assets as stated in the consolidated balance sheet and the amount of contingent liabilities disclosed in note 51. In order to minimise the credit risk, management of the Group has determined credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and loan debtor and convertible notes receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk on loans receivable and amount due from related companies/associates, amounting to approximately HK$341 million, HK$7 million and HK$500 million, respectively. As they have a strong-financial position with good payment record in the past, the directors of the Company consider that the Group's credit risk is minimal. Other than that, the Group has no significant concentration of credit risk.

In addition, the credit risk on corporate guarantee given to a third party/an associate is limited because management will regularly review the financial performance of the third party/associate and reconsider the continuance of the given guarantee regularly.

The credit risk on liquid fund is limited because the counterparties are banks and other financial institutions with high-credit-ratings.

Market risk

Currency risk

Certain investments held for trading and other receivables are denominated in United States dollars. Since United States dollars is linked to Hong Kong dollars, the Group does not expect any significant movements in USD/HKD exchange rate. Management has closely monitored foreign exchange exposure to mitigate the foreign currency risk.

Interest rate risk

Fair value interest rate risk

The Group's fair value interest rate risks relate primarily to fixed rate convertible notes, fixed rate redeemable convertible preference shares and fixed rate borrowings.

Cash flow interest rate risk

All bank deposits, amounts due from related companies, loans receivable and borrowings of the Group are arranged at floating rates (except preference shares, convertible notes payable and other loans). Management has employed a treasury team to closely monitor interest rate movement and manage the potential risk.

The Group currently does not have an interest rate hedging policy. However, the management closely monitor interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Price risk

The Group is exposed to equity security price risk through the Group's available-for-sale investments, investments held for trading, conversion options embedded in convertible notes and financial assets designated at fair value through profit or loss. The management manages this exposure by reviewing the investment portfolio regularly.

(b) Fair value

The fair value of the Group's financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions; and
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, the fair value of an option-based derivative is estimated using option pricing model.

The directors consider that the carrying amounts of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the amounts received and receivable from outside customers for the year and is analysed as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Trading of listed securities	378,643	207,682
Interest income	97,741	35,492
Property investment	738	674
Trading of building materials and machinery	5,177	4,234
Others	10,999	4,877
	493,298	252,959

Business segments

For management purposes, the Group's operations are currently organised into five operating divisions, namely finance, securities investment (investments held for trading), other investment, property investment, and trading of building materials and machinery. These divisions are the basis on which the Group reports its primary segment information.

Business segment information for the year ended 31st March, 2007 is presented below:

	Finance	Securities investment	Other investment	Property investment	Trading of building materials and machinery	Unallocated	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE								
External sales	53,248	378,643	44,493	738	5,177	10,999	–	493,298
Inter-segment sales	15,772	–	15,804	5,113	–	49	(36,738)	–
Total	69,020	378,643	60,297	5,851	5,177	11,048	(36,738)	493,298
RESULT								
Segment result	24,277	123,724	22,146	(8,511)	418	3,504	–	165,558
Unallocated corporate expenses								(37,223)
Discount on acquisitions								560,055
Finance costs								(39,450)
Net gain on disposal and dilution of interests in associates								1,893
Share of results of associates								248,742
Profit before taxation								899,575
Taxation								(8,695)
Profit for the year								890,880

Inter-segment sales are charged at prevailing market rate or, where no market rate was available, at terms determined and agreed by both parties.

	Finance	Securities investment	Other investment	Property investment	Trading of building materials and machinery	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
BALANCE SHEET							
ASSETS							
Segment assets	358,809	717,461	1,837,036	150,421	846	371,065	3,435,638
Interests in associates							1,594,047
Unallocated corporate assets							1,280,524
Total assets							6,310,209
LIABILITIES							
Segment liabilities	–	7,016	10,966	–	–	18,074	36,056
Unallocated corporate liabilities							1,902,093
Total liabilities							1,938,149
OTHER INFORMATION							
Capital additions	–	–	–	143,000	6	129,203	272,209
Depreciation of property, plant and equipment	–	–	–	–	3	10,232	10,235
Release of prepaid lease payments	–	–	–	–	–	2,214	2,214
Gain (loss) arising from changes in fair value of:							
– convertible options embedded in convertible notes	–	–	(32,239)	–	–	–	(32,239)
– financial assets designated at fair value through profit or loss	–	–	12,673	–	–	–	12,673
– investments held for trading	–	106,842	–	–	–	–	106,842
– investment properties	–	–	–	(7,018)	–	–	(7,018)
Impairment loss on available-for-sale investments	–	–	4,859	–	–	–	4,859

Business segment information for the year ended 31st March, 2006 (restated) is presented below:

	Finance	Securities investment	Other investment	Property investment	Trading of building materials and machinery	Unallocated	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE								
External sales	32,409	207,682	3,083	674	4,234	4,877	–	252,959
Inter-segment sales	4,233	–	–	5,075	–	–	(9,308)	–
Total	36,642	207,682	3,083	5,749	4,234	4,877	(9,308)	252,959
RESULT								
Segment result	5,822	4,601	1,070	1,967	163	(513)	–	13,110
Unallocated corporate expenses								(27,038)
Discount on acquisitions								2,578
Finance costs								(28,012)
Net loss on disposal and dilution of interests in associates								(79,530)
Share of results of associates								165,328
Profit before taxation								46,436
Taxation								–
Profit for the year								46,436

Inter-segment sales are charged at market price or, where no market price was available, at terms determined and agreed by both parties.

	Finance HK$'000	Securities investment HK$'000	Other investment HK$'000	Property investment HK$'000	Trading of building materials and machinery HK$'000	Unallocated HK$'000	Consolidated HK$'000
BALANCE SHEET							
ASSETS							
Segment assets	657,838	66,521	389,464	31,595	825	715	1,146,958
Interests in associates							1,179,749
Unallocated corporate assets							133,993
Total assets							2,460,700
LIABILITIES							
Segment liabilities	–	25,508	16,896	48	477	870	43,799
Unallocated corporate liabilities							384,892
Total liabilities							428,691
OTHER INFORMATION							
Capital additions	–	–	–	–	3	10,964	10,967
Depreciation of property, plant and equipment	–	–	–	–	–	4,440	4,440
Release of prepaid lease payments	–	–	–	–	–	2,214	2,214
Gain (loss) arising from changes in fair value of:							
– financial assets designated at fair value through profit or loss	–	–	(289)	–	–	–	(289)
– investments held for trading	–	(940)	–	–	–	–	(940)
– investment properties	–	–	–	335	–	–	335

Borrowings and finance costs were classified as unallocated as they could not be reliably allocated into the above operating divisions.

Geographical segments

Over 90% of the revenue of the Group was from the customers in Hong Kong; accordingly, no geographical analysis of revenue was presented.

The following is an analysis of the carrying amount of segment assets and capital additions, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	3,011,193	1,118,253	147,396	10,874
The PRC	346,013	2	124,704	–
Others	78,432	28,703	109	93
	3,435,638	1,146,958	272,209	10,967

7. OTHER INCOME (EXPENSES)

	2007	**2006**
	HK$'000	*HK$'000*
Reversal of allowance for loans receivable	7,084	–
Surplus arising from revaluation of land and buildings	–	2,582
Gain on disposal of gold bullion	–	7,075
Loss on gold trading contract	–	(7,326)
Net foreign exchange gain	15,630	–
	22,714	2,331

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

(a) Directors' emoluments

	Fees	Other emoluments		Discretionary bonus	Total emoluments
		Salaries and other benefits	Retirement benefit schemes contributions		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007					
Chan Kwok Keung, Charles	10	3,000	300	2,000	5,310
Chau Mei Wah, Rosanna	10	3,000	300	1,500	4,810
Chan Kwok Chuen, Augustine	10	1,838	63	1,000	2,911
Chan Fut Yan	10	600	60	–	670
Cheung Hon Kit	10	–	–	–	10
Chuck, Winston Calptor	200	–	–	–	200
Lee Kit Wah	200	–	–	–	200
Shek Lai Him, Abraham	153	–	–	–	153
Wong Kam Cheong, Stanley	91	–	–	–	91
Total	694	8,438	723	4,500	14,355
2006					
Chan Kwok Keung, Charles	10	2,200	220	–	2,430
Chau Mei Wah, Rosanna	10	1,400	140	–	1,550
Chan Kwok Chuen, Augustine	10	1,838	64	–	1,912
Chan Fut Yan	10	600	60	–	670
Cheung Hon Kit	10	–	–	–	10
Lau Ko Yuen, Tom	5	270	27	–	302
Chuck, Winston Calptor	120	–	–	–	120
Lee Kit Wah	120	–	–	–	120
Wong Kam Cheong, Stanley	120	–	–	–	120
Total	415	6,308	511	–	7,234

(b) Employees' emoluments

The five highest paid individuals in the Group for the year ended 31st March, 2007 included three directors and two employees (2006: three directors and two employees). The emoluments of the remaining two (2006: two) individuals were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other benefits	1,903	3,410
Discretionary bonus	800	200
Retirement benefit scheme contributions	57	22
	2,760	3,632

Their emoluments were within the following bands:

	2007 *Number of employees*	2006 *Number of employees*
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	–	1
	2	2

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors has waived any emoluments during the year.

9. IMPAIRMENT LOSSES

	2007 *HK$'000*	2006 *HK$'000*
Impairment losses recognised in respect of:		
Available-for-sale investments	4,859	–
Goodwill of associates	5,155	–
	10,014	–

10. OTHER GAINS (LOSSES), NET

	2007 *HK$'000*	2006 *HK$'000*
Net other gains (losses) arising from changes in fair value of:		
Conversion options embedded in convertible notes	(32,239)	–
Derivative financial instruments	(222)	(460)
Financial assets designated at fair value through profit or loss	12,673	(289)
Investments held for trading *(Note)*	106,842	(940)
Gold trading contracts	(303)	283
Investment properties	(7,018)	335
	79,733	(1,071)

Note: Amount represents unrealised gain (loss) on investments held for trading.

11. FINANCE COSTS

	2007 *HK$'000*	2006 *HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	2,929	834
Bank borrowings not wholly repayable within five years	3,105	2,482
Convertible notes payable	11,681	11,938
Redeemable convertible preference shares	10,947	10,952
Other borrowings wholly repayable within five years	8,990	1,406
Margin account payables	1,798	400
	39,450	28,012

12. DISCOUNT ON ACQUISITIONS

	2007	2006
	HK$'000	*HK$'000*
Discount on acquisitions of:		
Interests in subsidiaries	370,923	–
Additional interests in subsidiaries	189,132	2,578
	560,055	2,578

13. NET GAIN (LOSS) ON DISPOSAL AND DILUTION OF INTERESTS IN ASSOCIATES

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Gain on dilution of interests in associates	20,145	76
Loss on dilution of interests in associates	(18,252)	(11,599)
Loss on disposal of interests in associates	–	(68,007)
	1,893	(79,530)

For the year 2007, the gain was due to the deemed disposal of interest in associates arose from the dilution effect of exercise of share options, issuance of scrip dividend, issuance of new shares and conversion of convertible notes by outsiders. Whereas, the loss was due to the deemed disposal of interest in associates arose from the dilution effect of exercise of share options and issuance of new shares to outsiders.

For the year 2006, both the gain and loss were due to the deemed disposal of interest in associates arose from the dilution effect of exercise of share options by outsiders.

14. PROFIT BEFORE TAXATION

	2007 HK$'000	2006 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	7,324	1,665
Cost of inventories recognised as an expense	3,014	2,497
Release of prepaid lease payments	2,214	2,214
Depreciation of property, plant and equipment	10,235	4,440
Impairment loss on intangible assets	–	1,085
Minimum lease payments under operating leases in respect of premises	1,697	1,416
Staff costs, including directors' emoluments *(Note (a) below)*	43,645	27,890
Share of tax of associates (included in share of results of associates)	(14,137)	36,020
Net foreign exchange losses	–	203
Allowance for bad and doubtful debts	2,612	773
and after crediting:		
Dividend income received from listed securities	6,797	1,504
Gain on disposal of property, plant and equipment	960	295
Net realised gain on investments held for trading *(Note (b) below)*	12,254	1,989
Rental income under operating leases in respect of premises, net of negligible outgoings	738	674

Notes:

	2007 HK$'000	2006 HK$'000
(a) Staff costs, including directors' emoluments:		
Salaries and other benefits	36,181	25,935
Discretionary bonus	6,627	1,139
Retirement benefit scheme contributions, no forfeited contributions for the year (2006: HK$68,000)	837	816
	43,645	27,890
(b) Proceeds on sale of investments held for trading (included in revenue)	373,490	205,070
Less: Cost of sales (included in cost of sales)	(361,236)	(203,081)
Net realised gain on investments held for trading	12,254	1,989

15. TAXATION

	2007 *HK$'000*	2006 *HK$'000*
Current tax:		
Hong Kong Profits Tax	9,920	–
Overseas tax	342	–
	10,262	–
Overprovision of overseas tax in previous year	(5)	–
Deferred tax *(note 45)*	(1,562)	–
Taxation attributable to the Group	8,695	–

Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

Hong Kong Profits Tax was calculated at the rate of 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

For 2006, no provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit for the year.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007 *HK$'000*	2006 *HK$'000* (Restated)
Profit before taxation	899,575	46,436
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	157,426	8,126
Tax effect of expenses not deductible for tax purposes	5,836	20,279
Tax effect of income not taxable for tax purposes	(106,590)	(2,153)
Tax effect of utilisation of deductible temporary differences previously not recognised	(5,122)	(40)
Tax effect of tax losses not recognised	7,238	2,720
Tax effect of share of results of associates	(43,530)	(28,932)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(6,558)	–
Overprovision of taxation in previous years	(5)	–
Taxation for the year	8,695	–

Details of the deferred tax are set out in note 45.

16. DISTRIBUTIONS

	2007	2006
	HK$'000	*HK$'000*
Dividends recognised as distributions to equity holders of the Company during the year:		
Ordinary shares:		
Final dividend paid for 2006 – HK1.7 cents (2005: HK1.5 cents) per share	31,237	16,080
Interim dividend paid for 2007 – HK1.5 cents (2006: HK1.5 cents) per share	27,954	16,121
	59,191	32,201
Dividend proposed in respect of the current year:		
Final dividend proposed for 2007 – HK2.0 cents (2006: HK1.7 cents) per ordinary share	43,460	31,237

Of the dividend paid during the year, approximately HK$17,780,000 (2006: HK$1,446,000) was settled in ordinary shares under the Company's scrip dividend schemes announced by the Company on 6th October, 2006 and 25th January, 2007 in respect of the 2006 final and 2007 interim dividend.

The amount of the final dividend proposed for the year ended 31st March, 2007, which will be payable in cash with an option to elect scrip dividend of ordinary shares, has been calculated by reference to 2,172,982,368 issued ordinary shares as at the date of this report.

In addition, the Board has also recommended a bonus issue of new ordinary shares to the holders of ordinary shares of the Company on the basis of one new ordinary share for every five ordinary shares held by them.

17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Profit for the year attributable to equity holders of the Company for the purposes of basic earnings per share	843,929	50,289
Effect of dilutive potential ordinary shares:		
Adjustment of finance cost on convertible notes payable	–	11,938
Adjustment of finance cost on redeemable convertible preference shares	10,947	10,952
Adjustment to the share of results of associates and subsidiaries based on dilution of their earnings per share	(28,587)	–
Earnings for the purposes of diluted earnings per share	826,289	73,179

	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,848,921,433	1,142,341,794
Effect of dilutive potential ordinary shares:		
Redeemable convertible preference shares	271,797,404	272,085,692
Convertible notes payable	–	500,270,320
Weighted average number of ordinary shares for the purposes of diluted earnings per share	2,120,718,837	1,914,697,806

The following table summarised the impact on basic and diluted earnings per share attributable to the equity holders of the Company for the year ended 31st March, 2006 as a result of change in accounting policy:

	Basic *HK$*	Diluted *HK$*
Reported figures before adjustments	0.094	0.068
Adjustments arising from the change in accounting policy	(0.050)	(0.030)
Restated	0.044	0.038

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Plant, machinery and office equipment *HK$'000*	Motor vehicles *HK$'000*	Furniture and fixtures *HK$'000*	Sand mining vessel *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
COST OR VALUATION							
At 1st April, 2005	32,051	1,317	14,293	1,433	–	3,804	52,898
Translation adjustments	859	17	37	53	–	–	966
Additions	–	1,926	5,318	3,723	–	–	10,967
Disposals	–	(65)	(1,948)	(654)	–	–	(2,667)
Transfer	–	221	–	3,583	–	(3,804)	–
Revaluation increase	2,351	–	–	–	–	–	2,351
At 31st March, 2006	35,261	3,416	17,700	8,138	–	–	64,515
Translation adjustments	365	8	(27)	20	2,286	–	2,652
Additions	–	300	6,022	1,150	–	–	7,472
Acquired on acquisition of subsidiaries	–	32	1,438	1,075	119,192	–	121,737
Disposals	–	(94)	(6,541)	(329)	–	–	(6,964)
Revaluation increase	8,398	–	–	–	–	–	8,398
At 31st March, 2007	44,024	3,662	18,592	10,054	121,478	–	197,810
Comprising:							
At cost	–	3,662	18,592	10,054	121,478	–	153,786
At valuation – 2007	44,024	–	–	–	–	–	44,024
	44,024	3,662	18,592	10,054	121,478	–	197,810
DEPRECIATION							
At 1st April, 2005	–	973	9,908	1,257	–	–	12,138
Translation adjustments	–	16	35	54	–	–	105
Provided for the year	525	566	1,887	1,462	–	–	4,440
Eliminated on disposals	–	(63)	(1,820)	(595)	–	–	(2,478)
Reversal on revaluation	(525)	–	–	–	–	–	(525)
At 31st March, 2006	–	1,492	10,010	2,178	–	–	13,680
Translation adjustments	–	6	14	19	–	–	39
Provided for the year	545	677	2,717	1,543	4,753	–	10,235
Eliminated on disposals	–	(94)	(5,091)	(179)	–	–	(5,364)
Reversal on revaluation	(545)	–	–	–	–	–	(545)
At 31st March, 2007	–	2,081	7,650	3,561	4,753	–	18,045
CARRYING VALUES							
At 31st March, 2007	44,024	1,581	10,942	6,493	116,725	–	179,765
At 31st March, 2006	35,261	1,924	7,690	5,960	–	–	50,835

The above items of property, plant and equipment, other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Freehold land	Nil
Buildings	2% – 5%
Plant, machinery and office equipment	10% – $33^1/_3$%
Motor vehicles	20% – $33^1/_3$%
Furniture and fixtures	10% – $33^1/_3$%
Sand mining vessel	10%

At 31st March, 2007, land and buildings of the Group were revalued by RHL Appraisal Ltd., an independent qualified professional property valuer, either on an open market value basis or on an existing use basis. RHL Appraisal Ltd. is not connected with the Group. This revaluation gave rise to a surplus on revaluation of approximately HK$8,943,000 and had been credited to the property revaluation reserve of the Group.

The carrying values of land and buildings held by the Group as at the balance sheet date comprised:

	2007	**2006**
	HK$'000	*HK$'000*
Freehold properties in Canada	31,624	22,761
Buildings in Hong Kong	12,400	12,500
	44,024	35,261

At 31st March, 2007, had the Group's land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value would have been approximately HK$35,213,000 (2006: HK$35,376,000).

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1st April, 2005	3,525
Translation adjustments	156
Increase in fair value recognised in the consolidated income statement	335
At 31st March, 2006	4,016
Translation adjustments	65
Acquired on an acquisition of subsidiaries	143,000
Additions	10,358
Net decrease in fair value recognised in the consolidated income statement	(7,018)
At 31st March, 2007	150,421

The fair value of the Group's investment properties at 31st March, 2007 have been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Ltd. and B.I. Appraisals Limited, who are members of the Hong Kong Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to the Hong Kong Institute of Surveyors Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

20. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent leasehold land held under medium-term lease in Hong Kong and are analysed for reporting purposes as follows:

	2007	2006
	HK$'000	*HK$'000*
Non-current assets	87,437	89,651
Current assets	2,214	2,214
	89,651	91,865

21. INTANGIBLE ASSETS

Intangible assets represent club memberships in Hong Kong and the PRC with indefinite life. The directors have reviewed the carrying amounts of the intangible assets and considered that, in light of market conditions, no impairment loss has been recognised (2006: impairment loss of HK$1,085,000) in the consolidated income statement.

22. INTERESTS IN ASSOCIATES

	2007	2006
	HK$'000	*HK$'000*
Share of net assets of associates:		
Listed in Hong Kong	997,900	1,172,442
Listed overseas	271,506	4,042
Unlisted	324,641	–
Goodwill *(Note (a) below)*	–	3,265
	1,594,047	1,179,749
Market value of listed securities:		
Hong Kong	1,477,663	1,359,053
Overseas	362,788	93,771
	1,840,451	1,452,824

Notes:

(a) Included in the cost of interests in associates is goodwill of HK$5,155,000 (2006: HK$3,265,000) arising on acquisitions and deemed acquisitions.

	HK$'000
Cost	
At 1st April, 2005	528
Arising on acquisition of additional interest of an associate	2,738
Dilution of interest in an associate	(1)
At 31st March, 2006	3,265
Arising on acquisition or deemed acquisition of interests in associates	1,890
At 31st March, 2007	5,155
Impairment	
At 1st April, 2005 and 31st March, 2006	–
Recognised for the year	5,155
At 31st March, 2007	5,155
Carrying value	
At 31st March, 2007	–
At 31st March, 2006	3,265

(b) Particulars of the Group's principal associates as at 31st March, 2007 are as follows:

Name of associate	Place of incorporation/ registration	Principal place of operation	Percentage of issued share capital/registered capital attributable to the Group %	Principal activities
Burcon NutraScience Corporation	Canada	Canada	25.46	Investment holding in company engaged in the development of commercial canola protein
Central Town Limited	Hong Kong	Hong Kong	50.00	Property investment
PYI Corporation Limited	Bermuda	Hong Kong	26.97	Investment holding in companies engaged in development and investment in ports and infrastructure project, property development and investment, treasury investment, construction, engineering and specialist works
PSC Corporation Ltd	Singapore	Singapore	18.35	Supply of household consumer products
Wing On Travel (Holdings) Limited ("Wing On Travel")	Bermuda	Hong Kong	9.35	Business of providing package tours, travel and other related services
Hangzhou Zhongce Rubber Company Limited	PRC	PRC	9.65	Manufacturing of tires

All of the above associates are held by the Company indirectly. Hangzhou Zhongce Rubber Company Limited is a sino-foreign equity joint venture.

The Group held approximately 24.28% of the issued share capital of Hanny Holdings Limited ("Hanny") at 31st March, 2006. During the year, the Group acquired additional equity interest in Hanny through acquisition of shares from an independent third party which triggered a conditional mandatory cash offer (the "Offer"). In December 2006, pursuant to the Offer, the Group's interest in Hanny has increased to more than 50% and obtain control on Hanny. Accordingly, Hanny became a subsidiary of the Group.

(c) The summarised financial information in respect of the Group's associates is set out below:

	2007	**2006**
	HK$'000	*HK$'000*
		(Restated)
Total assets	18,638,321	10,369,691
Total liabilities	(11,429,865)	(5,128,224)
Net assets	7,208,456	5,241,467
Group's share of net assets of associates	1,594,047	1,176,484
Revenue	9,827,896	9,246,233
Profit for the year	819,856	268,695
Group's share of results of associates for the year	207,221	118,036

23. DEBT PORTION OF CONVERTIBLE NOTES AND CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

	Debt portion	**Embedded conversion option**
	HK$'000	*HK$'000*
Convertible notes issued by:		
Macau Prime Properties Holdings Limited ("MPP") *(Note (a) below)*	23,848	1,754
Wing On Travel *(Note (b) below)*	250,456	44,642
	274,304	46,396
Convertible options embedded in other convertible notes *(note 27)*		52,070
		98,466

Notes:

(a) In June 2006, the Group subscribed at face value for 1% convertible notes issued by MPP (the "MPP Notes") with a principal amount of HK$30,000,000 (the "MPP Notes") entitling the holder of the MPP Notes to convert into shares in MPP at an initial conversion price of HK$0.7 per share. Unless previously converted, MPP shall redeem the MPP Notes at the redemption amount which is 110% of their principal amount of plus the outstanding interest on 14th June, 2011.

(b) The convertible note is held by a subsidiary of Hanny with an aggregate principal amount of HK$300,000,000 which was issued by Wing On Travel ("Wing On Travel CN"), an associate of the Group, and carries interest at 2% per annum with an initial conversion price of HK$0.79 per share (subject to adjustments). Unless previously converted or lapsed by Wing On Travel, Wing On Travel shall redeem the Wing On Travel CN on 7th June, 2011 at 110% of their principal amount.

The Group classified the debt portion of the convertible notes as loans and receivables and the embedded conversion option is deemed as held for trading and recognised at fair value on initial recognition. The fair values of the convertible notes on initial recognition are determined by the directors of the Company with reference to the valuation performed by Greater China Appraisal Limited, a firm of independent professional valuers not connected with the Group. The effective interest rates of the debt portion of convertible notes ranged from 8.9% to 9.16% per annum.

24. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

The deposits were paid by a subsidiary of Hanny pursuant to a conditional agreement for the acquisition of 100% equity interest in Goal Wisdom Limited at a consideration of HK$50,000,000. Goal Wisdom Limited is an investment holding company with its subsidiary engaged in food and beverage operations and related management. Subsequent to the balance sheet date, the acquisition was cancelled as certain conditions, including the transfer of land use right of a piece of land located in the PRC to the subsidiary of Goal Wisdom Limited, could not be fulfilled and the amount was refunded in full.

25. DEPOSITS FOR ACQUISITION OF LONG-TERM INVESTMENTS

The deposits which were paid by certain subsidiaries of Hanny include an amount of HK$35,000,000 paid in 2006 pursuant to a conditional agreement for the acquisition of equity interest in an unlisted investment established, and principally engaged in port business, (the "Port Investment") in the PRC. The acquisition has not been completed at the date of this report as the conditions have not been fulfilled. The vendor has pledged the shares of the Port Investment to the Group as security to the deposit paid. In the opinion of the directors, the land use right will be obtained in due course and the directors have assessed the recoverable amount of the deposit with reference to the business valuation report of the Port Investment and assets valuation report of the land held by the Port Investment, and considered no impairment loss is identified.

The deposits also include an aggregate amount of approximately HK$110,000,000 paid as tender deposits pursuant to certain conditional agreements for the acquisition of certain interests in water supply business, sand vessel business and the exploitation right for river sand business. These payments would be refundable from the counterparties if the terms and conditions could not be concluded within one year from date of the payments. Subsequent to the balance sheet date, the agreements relating to the acquisition of water supply business and sand vessel business were completed. The directors of Hanny are of the view that is impracticable to disclose the financial information of the water supply and sand vessel business as at the date of this report since the assessment of the financial information is still in progress.

Subsequent to the balance sheet date, Hanny entered into conditional agreement to acquire the exploitation right for river sand business. The acquisition has not been completed as at the date of this report.

26. PAYMENTS FOR ACQUISITION OF INTEREST IN PROPERTIES

The amount represents an initial amount of RMB58,000,000 (equivalent to HK$58,830,000) paid by certain subsidiaries of Hanny pursuant to a conditional agreement for the acquisition of interest in certain properties, comprising a parcel of land situated in Shanghai, the 24-storey building erected thereon and two levels of underground carparks, for an aggregate consideration of RMB450,000,000 (equivalent to HK$424,528,000).

As the conditions stated in the agreement cannot be fulfilled by the vendor, the subsidiaries of Hanny commenced legal proceedings against the vendor. On 22nd June, 2006, the People's High Court of Shanghai City ruled the case in favour of the subsidiaries of Hanny and demanded the vendor to continue fulfilling its obligations under the agreement.

On 12th July, 2007, an independent third party made an letter of offer to acquire the project from Hanny and made a deposit of RMB70,000,000 (equivalent to HK$70,000,000) into an escrow account held under the People's High Court of Shanghai City as protection to Hanny. The directors of Hanny consulted with Hanny's legal counsel and were of the view that the carrying amount of deposit was not less than its recoverable amount and considered no impairment loss is identified.

27. AVAILABLE-FOR-SALE INVESTMENTS

	2007	2006
	HK$'000	*HK$'000*
Available-for-sale investments:		
Listed investments, at fair value:		
– Equity securities listed in Hong Kong	257,552	69,990
– Equity securities listed elsewhere	28,315	13,740
Unlisted debt securities, at fair value *(Note (a) below)*	704,067	–
	989,934	83,730
Unlisted equity securities, at cost less impairment *(Note (b) below)*	43,889	–
	1,033,823	83,730

During the year, an impairment loss of HK$4,859,000 in respect of available-for-sale investments was directly recognised in the consolidated income statement.

Notes:

(a) At 31st March, 2007, the debt securities which were held by certain subsidiaries of Hanny include the debt portion of five convertible notes with the following terms:

Issuer	Principal amount	Maturity date	Coupon rate	Redemption amount
	HK$'000		%	
MPP	330,000	10th August, 2010	–	110% of the principal amount
MPP	270,000	14th June, 2011	1.00	110% of the principal amount
See Corporation Limited ("See Corp")	170,000	9th August, 2010	–	110% of the principal amount
Wo Kee Hong (Holdings) Limited	30,000	5th September, 2008	7.25	100% of the principal amount
Asia Standard International Limited	19,000	14th May, 2009	4.00	100% of the principal amount

All these companies are public limited companies with their shares listed on the Hong Kong Stock Exchange.

The fair values of the corresponding conversion option element were approximately HK$52,070,000 (note 23).

The effective interest rate for the unlisted debt securities is ranging from 8.3% to 10% per annum.

(b) Amount mainly represents 9.67% interests in Apex Quality Group Limited ("Apex"). Apex is incorporated in the British Virgin Islands and engaged in hotel and leisure related business. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

28. OTHER ASSETS

The other assets represent payments made by certain subsidiaries of Hanny to the PRC government for the rights to obtain the land and the exclusive development right pertaining to the land development project of 珠海市龍山智業產業園 located in Long Shan Development Area, Doumen District, Zhuhai City. The subsidiaries of Hanny are also entitled to sell the rights to other investors at a consideration to be agreed among themselves. The management has assessed the carrying value of the other assets with reference to the valuation performed by an independent valuer on an open market value basis and considers that no impairment is identified.

29. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK$13,892,000 (2006: HK$11,747,000) and their aged analysis at the balance sheet date is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Trade debtors		
0-30 days	7,018	11,587
31-60 days	28	129
61-90 days	1	28
Over 90 days	6,845	3
	13,892	11,747

Trade debtors arise from property investment business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally range from 30 days to 90 days.

Included in other receivables is consideration receivables in connection with the disposal of the business of trading of computer related products under the trade name of "Memorex®" by Hanny on 19th January, 2006 of US$33,000,000 (equivalent to HK$256,047,000) held under an escrow account. On 29th March, 2007, Hanny received a notice of claim (the "Claim") from Imation Corp. ("Imation") in connection with the alleged breaches of warranties as set out in the disposal agreement entered into between Hanny and Imation on 19th January, 2006 (the "Disposal Agreement"). The Claim demanded the withhold of the amount of HK$256,047,000 (US$33,000,000) in the escrow account pending the resolution of the Claim. Hanny has objected to the Claim on the grounds that the allegations in the Claim are not supported and that Imation failed to indicate what investigation Imation had made of the allegations. Hanny asserted that based upon the generality of the Claim, it appears to have been disclosed in the disclosure schedules to the Disposal Agreement, and therefore, not properly the subject of an indemnification claim.

Hanny is now in discussions with Imation concerning the Claim and possible resolution of the dispute. The directors of Hanny are of the opinion, after seeking legal advice that the Claim is ill-founded and there were no breach of any warranties made by Hanny in the Disposal Agreement. No impairment is considered necessary to make against the receivables.

30. MARGIN ACCOUNT RECEIVABLES/PAYABLES

The margin account receivables/payables carry variable interest rates ranging from 0.5% to 5.138% (2006: 0.01% to 4%) per annum.

31. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS HELD FOR TRADING

In March 2007, Hanny entered into conditional agreements to acquire 10,563,715 shares of Guangzhou Global Telecom Inc., a company whose shares were subsequently listed on the Over-The-Counter Bulletin Board of United States of America on 17th May, 2007, for a consideration of HK$146,000,000 which is based on the subscription price under the initial public offer of Guangzhou Global Telecom Inc.. An amount of HK$73,289,000 was paid as deposit upon entering the agreements. The transactions were completed subsequent to 31st March, 2007.

32. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, repayable on demand and non-interest bearing, except for an amount of approximately HK$88,000,000 (2006: HK$169,000,000) which bears interest at the best lending rate of Hong Kong dollars quoted by The Hongkong and Shanghai Banking Corporation Limited (the "Best Lending Rate") plus 2% per annum which range from 9.75% to 10% per annum.

33. AMOUNTS DUE FROM RELATED COMPANIES

	2007	**2006**
	HK$'000	*HK$'000*
Associates of China Strategic Holdings Limited	–	135,548
Associates of Hanny	–	111,244
MPP	1,055	570
See Corp	6,207	–
	7,262	247,362

The Group and the above related companies have common directors who have significant influence in the above companies. MPP and See Corp are the investees of the Group.

The amounts are unsecured, aged within one year, repayable within one year and non-interest bearing, except for an amount of approximately HK$5,742,000 (2006: HK$239,000,000) which bears interest at 9.75% to 10% per annum.

34. LOANS RECEIVABLE

	2007	2006
	HK$'000	*HK$'000*
Secured *(Note (a) below)*	308,549	21,400
Unsecured *(Note (b) below)*	33,898	189,373
	342,447	210,773
Less: Impairment loss recognised	(1,898)	(5,373)
	340,549	205,400

Notes:

(a) As 31st March, 2007, the amount were secured by the (i) shares in land/property holding companies; (ii) shares in certain subsidiaries engaged in garment manufacturing; and (iii) listed securities.

At 31st March, 2006, the amount were secured by the motor vehicle and interest in certain private companies with aggregate net asset value of HK$173,900,000 and the amounts were fully repaid during the year.

The loans receivables carry interest at Best Lending Rate plus 2% to 3% per annum (2006: Best Lending Rate plus 2% to 3% per annum) which range from 9.75% to 11% per annum and repayable within one year (2006: Within one year).

(b) The amounts are unsecured, carries interest at Best Lending Rate plus 2% to 3% per annum (2006: Best Lending Rate to 3% per annum) which range from 9.75% to 11% per annum and repayable within one year from the balance sheet date (2006: Within one year).

35. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	2006
	HK$'000	*HK$'000*
Equity linked notes *(Note (a) below)*	24,689	82,744
Convertible notes *(Note (b) below)*	122,549	–
	147,238	82,744

Notes:

(a) The equity linked notes represent notes with interest payments based on the annual return of a portfolio of underlying asset-backed securities which have an early redemption option. Each equity linked note held by the Group contains one or more embedded derivatives. Hence, the Group designated the entire equity linked notes as financial assets at fair value through profit or loss.

(b) The amounts represent two convertible notes with principal amount of HK$50,000,000 from Mei Ah Enterprises Group Limited and HK$50,000,000 from Golden Harvest Entertainment (Holdings) Limited. The Group designated them as financial assets at fair value through profit or loss. During the year, a gain of HK$12,521,000 arising from changes in fair value was recognised in the consolidated income statement.

36. INVESTMENTS HELD FOR TRADING (OTHER THAN DERIVATIVES)

	2007	**2006**
	HK$'000	*HK$'000*
Listed equity securities, at fair value:		
– in Hong Kong	594,645	42,254
– elsewhere	32,004	13,476
	626,649	55,730

37. SHORT TERM BANK DEPOSITS AND BANK BALANCES

The short term bank deposits and bank balances carry variable interest rates ranging from 2.75% to 5.1% (2006: 0.95% to 4.6%) per annum.

38. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of approximately HK$18,396,000 (2006: HK$758,000) and their aged analysis at the balance sheet date is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Trade creditors		
0 – 30 days	18,320	730
31 – 60 days	47	22
61 – 90 days	–	4
Over 90 days	29	2
	18,396	758

39. AMOUNTS DUE TO ASSOCIATES

The amounts are unsecured, non-interest bearing and repayable on demand.

40. DERIVATIVE FINANCIAL INSTRUMENTS

	2007	**2006**
	HK$'000	*HK$'000*
Derivative financial liabilities		
Equity accumulator	–	285
Futures	222	175
	222	460

The equity accumulator had original maturity on 20th March, 2007 but was knocked out on 26th June, 2006 pursuant to its terms. The futures represent the Group's investment in an overseas stock market index with maturity on 7th June, 2007 (2006: 30th June, 2006).

41. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The movement of the liability component of the redeemable convertible preference shares for the current and prior years is set out below:

	HK$'000
At 1st April, 2005	286,537
Finance cost	10,952
Interest paid in the form of a dividend	(10,678)
At 31st March, 2006 shown under non-current liabilities	286,811
Finance cost	10,947
Interest paid in the form of a dividend	(10,679)
Conversion on 6th December, 2006	(942)
At 31st March, 2007 shown under current liabilities	286,137

Number of redeemable convertible preference shares issued and fully paid is as follows:

	Number of shares
At 1st April, 2005 and 2006	266,952,000
Conversion on 6th December, 2006	(890,000)
At 31st March, 2007	266,062,000

The redeemable convertible preference shares are listed and will be redeemed on 3rd November, 2007 (on the next following business day if it is not a business day), with a redemption value of HK$1.06 per preference share, unless they are previously converted, redeemed or purchased and cancelled. The redeemable convertible preference shares rank in priority to the ordinary shares in the Company as to dividends and return of capital and are convertible into ordinary shares of the Company at the option of the holders at any time in accordance with the rights and restrictions as set out in the special resolution of the Company pass on 13th October, 2004 for the redeemable convertible preference shares. However, redeemable convertible preference shares are subject to compulsory conversion at the option of the Company in any of the following cases:

– the closing price of the ordinary shares in the Company on the Hong Kong Stock Exchange is 125% or more of the conversion price of HK$1.04, subject to adjustments, for twenty consecutive trading days; or

– there are less than 50,000,000 redeemable convertible preference shares in issue.

The redeemable convertible preference shares contain two components: liability and equity elements. The equity element is presented in equity heading "preference share reserve". The effective interest rate of the liability component is 3.88% per annum. The fair value of the embedded derivative of the redeemable convertible is considered to be negligible.

On 6th December, 2006, 907,115 ordinary shares of HK$0.10 each of the Company were issued upon conversion of 890,000 redeemable convertible preference shares of HK$0.10 each at the conversion price of HK$1.04 per share. The ordinary shares issued by the Company ranked pari passu with the then existing ordinary shares of the Company in all respects.

42. BORROWINGS

	2007	2006
	HK$'000	*HK$'000*
Borrowings comprise:		
Bank loans	148,450	62,550
Other loans	510,000	–
	658,450	62,550
Analysed as:		
Secured	658,450	62,550
Unsecured	–	–
	658,450	62,550
The borrowings are repayable as follows:		
Within one year or on demand	517,100	2,450
From one to two years	9,890	2,450
From two to three years	9,890	2,450
From three to four years	9,890	2,450
From four to five years	12,690	5,250
More than five years	98,990	47,500
	658,450	62,550
Less: Amount due within one year or on demand shown under current liabilities	(517,100)	(2,450)
Amount due after one year	141,350	60,100

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	2007	2006
	HK$'000	*HK$'000*
Fixed-rate borrowings which due within one year	510,000	–

The Group has variable-rate borrowings which carry interest at Hong Kong Interbank Offer Rate or Canadian prime rate plus a fixed percentage.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable rate borrowings are 4.715% to 10% (2006: 1.184% to 4.965%) per annum. The interest rate of the Group's fixed-rate borrowings are 15% (2006: nil) per annum.

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

43. BANK OVERDRAFTS

Bank overdrafts carry interest at market rates which range from 6% to 8% (2006: 8%).

44. CONVERTIBLE NOTES PAYABLE

	2007	**2006**
	HK$'000	*HK$'000*
Liability component:		
At the beginning of the year	–	162,628
On acquisition of subsidiaries	545,299	–
Interest charge	11,681	11,938
Interest paid	–	(10,085)
Conversion	–	(164,481)
At the end of the year	556,980	–

At 31st March, 2007, the amount represents the convertible notes issued by Hanny (the "Hanny Bonds") which carry interest at 2% per annum and will be matured in June 2011. The Hanny Bonds are denominated in Hong Kong dollars, with conversion price of HK$9 per share (subject to anti-dilutive adjustments). The effective interest rate of the liability component is 6.87% per annum to the Group. Unless previously converted by the holders of the Hanny Bonds, the Hanny Bonds will be redeemed on the date of maturity at the principal amount of the Hanny Bonds then outstanding. The above amount of HK$545,299,000 as acquired through acquisition of subsidiaries is after elimination of the portion of Hanny Bonds held by the Group (Note 48).

The amount in 2006 represented convertible notes issued by the Company on 3rd March, 2003 and they were fully converted during the year ended 31st March, 2006.

45. DEFERRED TAX ASSETS (LIABILITIES)

The following table summarises the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation *HK$'000*	Revaluation of properties *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1st April, 2005	865	48	(865)	48
Charge (credit) to the consolidated income statement	298	–	(298)	–
Charge to equity	–	51	–	51
At 31st March, 2006	1,163	99	(1,163)	99
Charge (credit) to the consolidated income statement	21	(1,288)	(295)	(1,562)
Charge to equity	–	2,746	–	2,746
Arising on acquisition of subsidiaries	21,874	15,548	(1,078)	36,344
At 31st March, 2007	23,058	17,105	(2,536)	37,627

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2007 *HK$'000*	**2006** *HK$'000*
Deferred tax assets	1,464	–
Deferred tax liabilities	(39,091)	(99)
	(37,627)	(99)

For the purpose of presentation in the consolidated balance sheet, the above deferred tax assets and liabilities have been offset.

At the balance sheet date, the Group has unused tax losses of approximately HK$495,251,000 (2006: HK$475,314,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$14,491,000 (2006: HK$6,645,000) of such losses. No deferred tax asset in respect of the remaining tax losses of approximately HK$480,760,000 (2006: HK$468,669,000) has been recognised due to the unpredictability of future profit streams. Tax losses can be carried forward indefinitely.

46. SHARE CAPITAL

	Number of shares	Value *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1st April, 2005, 31st March, 2006 and 31st March, 2007	3,000,000,000	300,000
Issued and fully paid:		
At 1st April, 2005	1,072,008,541	107,201
Conversion of convertible notes *(Note (a) below)*	548,333,330	54,834
Issue of shares *(Notes (b) & (c) below)*	217,153,274	21,715
At 31st March, 2006	1,837,495,145	183,750
Conversion of redeemable convertible preference shares *(Note (d) below)*	907,115	90
Issue of shares *(Note (e) below)*	34,580,108	3,458
At 31st March, 2007	1,872,982,368	187,298

Notes:

(a) During the year ended 31st March, 2006, 548,333,330 ordinary shares of the Company of HK$0.10 each were issued upon conversion of the convertible notes at the conversion price of HK$0.30 per ordinary share. Details are as follows:

Date of conversion	Amount of convertible notes being converted *HK$'000*	No. of ordinary shares issued upon conversion
24th February, 2006	39,900	133,000,000
27th February, 2006	6,900	23,000,000
28th February, 2006	33,900	112,999,998
2nd March, 2006	83,800	279,333,332
	164,500	548,333,330

(b) On 3rd November, 2005, 2,753,274 ordinary shares of the Company of HK$0.10 each were issued in the form of a scrip dividend.

(c) On 24th February, 2006, 214,400,000 ordinary shares of the Company of HK$0.10 each were issued at an issuance price of HK$0.72 ordinary share.

(d) On 6th December, 2006, 907,115 ordinary shares of the Company of HK$0.10 each were issued upon the conversion of 890,000 redeemable convertible preference shares of HK$0.10 each at the conversion price of HK$1.04 per ordinary share.

(e) 25,208,848 and 9,371,260 ordinary shares of the Company of HK$0.10 each were issued in the form of a scrip dividend on 3rd November, 2006 and 27th February, 2007, respectively.

The ordinary shares issued by the Company ranked pari passu with the then existing ordinary shares of the Company in all respects.

47. SHARE OPTIONS

(a) Share options of the Company

The Company adopted a share option scheme (the "ITC Scheme") on 16th January, 2002 (the "Adoption Date") for the purpose of providing incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company. The board of directors of the Company may in its absolute discretion, subject to the terms of the ITC Scheme, grant options to any employees (including directors) of the Company and its subsidiaries to subscribe for ordinary shares of the Company.

At the time of adoption by the Company of the ITC Scheme, the aggregate number of ordinary shares which may be issued upon the exercise of all options to be granted under the ITC Scheme and any other share option scheme(s) adopted by the Company must not exceed 10% of the total number of issued ordinary shares of the Company as at the date of shareholders' approval of the ITC Scheme. By ordinary resolution passed on 15th May, 2006 relating to the refreshing of the scheme limit on grant of options under the ITC Scheme and any other share option scheme(s) of the Company, the scheme limit on grant of options was refreshed. As a result, the total number of ordinary shares available for issue under the ITC Scheme is 183,749,514, representing approximately 8.46% of the aggregate number of issued ordinary shares of the Company as at the date of this report. Notwithstanding the foregoing, the maximum number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the ITC Scheme and any other share option scheme(s) of the Company must not, in aggregate, exceed 30% of the total number of issued ordinary shares of the Company from time to time.

Unless approved by the shareholders of the Company in general meeting, the total number of ordinary shares of the Company issued and to be issued upon exercise of the options granted and to be granted (whether exercised, cancelled or outstanding) under the ITC Scheme and any other share option scheme(s) of the Company to any eligible person in any 12-month period expiring on the date of offer shall not exceed 1% of the total number of the Company's ordinary shares in issue as at the date of grant. Options granted to a substantial shareholder and/or an independent non-executive director of the Company or any of their respective associates (as defined in the Listing Rules) in any 12-month period in excess of 0.1% of the total number of shares of the Company in issue and have an aggregate value exceeding HK$5 million must be approved by the shareholders of the Company in general meeting in advance.

The period within which the options may be exercised will be determined by the directors of the Company at the time of grant. This period must expire in any event not later than the last day of the ten year period after the Adoption Date. The ITC Scheme does not provide for any minimum period for which an option must be held before it can be exercised. Options may be granted at an initial payment of HK$1.00 for each acceptance of grant of option(s). The directors of the Company shall specify a date, being a date not later than 30 days after (i) the date on which the offer of the options is issued, or (ii) the date on which the conditions for the offer are satisfied, by which the eligible person must accept the offer or be deemed to have declined it.

The exercise price of the options will be determined by the directors of the Company (subject to adjustments as provided in the rules of the ITC Scheme) which shall be at least the highest of (i) the nominal value of the ordinary shares of the Company; (ii) the closing price of the ordinary shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of the offer, which must be a business day; and (iii) the average of the closing prices of the ordinary shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer.

The ITC Scheme shall be valid and effective for a period of ten years commencing after the Adoption Date, after which period no further options shall be granted.

As at 31st March, 2007 and 2006, there were no outstanding share options granted by the Company pursuant to the ITC Scheme. No share options were granted, exercised, cancelled or lapsed during the year and prior year.

(b) Share options of Trasy Gold Ex Limited ("Trasy")

(i) Pre-IPO Share Option Plan of Trasy

Trasy, a subsidiary of the Company, adopted a pre-IPO share option plan (the "Trasy Pre-IPO Plan") on 6th November, 2000. Pursuant to the Trasy Pre-IPO Plan, the board of directors of Trasy could, at its discretion, grant options to any full-time employees or executives of Trasy or its former ultimate holding company and their subsidiaries on or before 29th November, 2000 which entitle them to subscribe for shares representing up to a maximum of 10% of the shares of Trasy in issue on the date of listing on the Growth Enterprise Market of the Hong Kong Stock Exchange on 7th December, 2000.

Details of the share options granted under the Trasy Pre-IPO Plan are as follows:

			Number of shares of Trasy to be issued upon exercise of the share options						
Grantees	Date of grant	Exercise price per share *HK$*	Balance as at 1.4.2005	Cancelled during the year	Lapsed during the year	Balance as at 31.3.2006	Cancelled during the year	Lapsed during the year	Balance as at 31.3.2007
Directors of Trasy	29th November, 2000	0.21	44,152,000	(44,152,000)	–	–	–	–	–
Others	29th November, 2000	0.21	16,580,000	(15,068,000)	(1,512,000)	–	–	–	–
Total			60,732,000	(59,220,000)	(1,512,000)	–	–	–	–

All the above options have a duration of ten years from the date of grant.

No share options were exercised under the Trasy Pre-IPO Plan during the year and prior year.

(ii) Share Option Scheme of Trasy

Trasy adopted a new share option scheme (the "Trasy Scheme") on 30th April, 2002. The purpose of the Trasy Scheme is to enable the board of Trasy, at its discretion, grant options to any employees or proposed employees or executives, including executive directors, of Trasy, the controlling company and of their respective subsidiaries, non-executive directors of Trasy, any controlling company and their respective subsidiaries, any suppliers, adviser, consultant, contractor, customers, person or entity that provides research, development or other technological support to Trasy and its subsidiaries (the "Trasy Group") or any shareholders of any members of the Trasy Group or any investor entity as incentives or rewards for their contribution to the Trasy Group.

The total number of shares may be issued upon exercise of all options to be granted under the Trasy Scheme must not, in aggregate, exceed 10% of the issued share capital of Trasy as at the date of adoption of the Trasy Scheme, unless approval by its shareholders has been obtained, and which must not in aggregate exceed 30% of the shares in issue from time to time. The maximum entitlement of each participant under the Trasy Scheme in any 12-month period up to the date of grant shall not exceed 1% of shares in issue as at the date of grant.

An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option upon payment of HK$1.00 to Trasy by way of consideration for the grant. There is no minimum period for which an option must be held before it can be exercised. An option may be exercised in accordance with the terms of the Trasy Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.

The exercise price in respect of any particular option granted under the Trasy Scheme shall be determined by the board of directors of Trasy and will not be less than the highest of (a) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (b) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

The Trasy Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

No share options were granted by Trasy under the Trasy Scheme since the adoption date of the Trasy Scheme during the year and the prior year. Subsequent to the year end, Trasy granted share options to eligible participants. As at 11th June, 2007, the date of cessation of Trasy as a subsidiary of the Company, Trasy had 5,300,000 outstanding share options.

(c) Share options of Hanny

Hanny's share option scheme was adopted on 21st August, 2001 (the "2001 Share Option Scheme") for the primary purpose of providing incentives to the employees of Hanny and its subsidiaries (the "Hanny Group"). Under the 2001 Share Option Scheme, the board of directors of Hanny may grant options to eligible employees including the directors (but excluding independent non-executive directors) of Hanny and the directors of any of the subsidiaries of Hanny to subscribe for shares in Hanny.

Pursuant to a resolution passed at a special general meeting of Hanny on 17th March, 2003, Hanny has terminated the 2001 Share Option Scheme and adopted a new share option scheme (the "2003 Share Option Scheme"). Under the 2003 Share Option Scheme, the board of directors of Hanny may grant options to directors and employees of the Hanny Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any members of the Hanny Group who the board of directors of Hanny considers have contributed or will contribute or can contribute to the Hanny Group. The purpose of the 2003 Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Hanny Group and to encourage participants to work towards enhancing the value of the Hanny Group and its shares for the benefits of the Hanny Group and its shareholders as a whole.

Subject to the condition that the total number of shares which may be issued upon the exercise of all outstanding options granted and to be exercised under the 2003 Share Option Scheme and any other schemes of Hanny must not exceed 30% of the shares of Hanny in issue from time to time, the total number of shares in respect of which options may be granted under the 2003 Share Option Scheme, when aggregated with any shares subject to any other schemes, is not permitted to exceed 10% of the shares of Hanny in issue on the date of approval and adoption of the 2003 Share Option Scheme.

Under the 2003 Share Option Scheme, the options which may be granted to any individual in any one year are not permitted to exceed 1% of the shares of Hanny in issue, without prior approval from Hanny's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess 0.1% of Hanny's share capital or with a value in excess of HK$5 million must be approved in advance by Hanny's shareholders.

No options were outstanding under the 2001 Share Option Scheme and the 2003 Share Option Scheme as at 31st March, 2007.

Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time from the date on which the option is accepted to the tenth anniversary of the date of grant. The exercise price is determined by the directors of Hanny, and will not be less than the higher of the closing price of Hanny shares on the date of grant or the average closing price of the shares for the five business days immediately preceding the date of grant or the nominal value of the share of Hanny.

The following tables disclose details of Hanny's share options held by employees (including directors) of Hanny and movements in such holdings during the years ended 31st March, 2006 and 31st March, 2007:

2003 Share Option Scheme

			Number of share options			
Date of grant	**Exercisable period**	**Exercise price per share** *HK$*	**Balance as at 1.4.2005**	**Exercised during the year**	**Lapsed during the year**	**Balance as at 31.3.2006 and 31.3.2007**
Directors of the Company 23.2.2004	23.2.2004 to 22.2.2006	3.415	3,200,000	(3,200,000)	–	–
Employees 23.2.2004	23.2.2004 to 22.2.2006	3.415	9,600,000	(6,800,000)	(2,800,000)	–
			12,800,000	(10,000,000)	(2,800,000)	–

During the years ended 31st March, 2006 and 31st March, 2007, movements of the share options are as follows:

			Number of share options			
Date of grant	**Exercisable period**	**Exercise price per share** *HK$*	**Balance as at 1.4.2005 and 1.4.2006**	**Exercised during the year**	**Lapsed during the year**	**Balance as at 31.3.2007**
Directors of the Company 31.8.2001	31.8.2001 to 30.8.2006	2.9888	5,750,000	–	(5,750,000)	–
Employees 31.8.2001	31.8.2001 to 30.8.2006	2.9888	3,250,000	(3,250,000)	–	–
			9,000,000	(3,250,000)	(5,750,000)	–

48. ACQUISITION OF SUBSIDIARIES

As stated in note 22, the Group acquired an additional equity interest in Hanny during the year. Hanny and its subsidiaries are engaged in the business of securities trading, property investment and trading, holding of vessels for sand mining and strategic investments. Hanny's shares are listed on the Hong Kong Stock Exchange and it became a subsidiary of the Company in December, 2006. The acquisition had been accounted for using the purchase method. The amounts of assets and liabilities acquired by the Group, and the discount on acquisition arising, during the year are as follows:

	Hanny's carrying amount before combination	Adjustments	Fair value
	HK$'000	*HK$'000*	*HK$'000*
NET ASSETS ACQUIRED:			
Property, plant and equipment	121,737	–	121,737
Investment properties	143,000	–	143,000
Interests in associates	811,988	(16,975)	795,013
Conversion option embedded in convertible notes	116,303	–	116,303
Debt portion of convertible notes	239,787	9,007	248,794
Available-for-sale investments	967,994	–	967,994
Deposits paid for acquisition of subsidiaries	50,000	–	50,000
Deposits paid for acquisition of long-term investments	190,175	–	190,175
Payments for acquisition of interest in properties	57,546	–	57,546
Intangible assets	3,500	–	3,500
Inventories	32	–	32
Other assets	229,288	–	229,288
Debtors, deposits and prepayments	335,820	–	335,820
Amount due from an associate	60,453	–	60,453
Investments held for trading	466,331	–	466,331
Financial assets designated at fair value through profit or loss	106,961	–	106,961
Loans receivable	442,665	–	442,665
Margin account receivables	2,501	–	2,501
Amount due from related companies	30,000	–	30,000
Tax recoverable	1,095	–	1,095
Short them bank deposits, bank balances and cash	55,348	–	55,348
Creditors and accrued expense	(139,236)	–	(139,236)
Amounts due to associates	(138)	–	(138)
Margin account payables	(6,424)	–	(6,424)
Amounts due to related companies	(190,227)	–	(190,227)
Amount due to ultimate holding company	(169,757)	–	(169,757)
Tax payable	(53,248)	–	(53,248)
Borrowings	(140,675)	–	(140,675)
Obligation under a finance lease	(111)	–	(111)
Convertible notes payable	(644,556)	17,652	(626,904)
Deferred taxation	(36,344)	–	(36,344)
	3,051,808	9,684	3,061,492
Minority interests			(1,765,646)
Convertible notes reserve *(Note)*			(59,530)
Less: interests acquired in previous acquisition:			
– interest in of an associate			(554,332)
– revaluation increase on net assets shared by the Group in interest in an associate			(4,215)
– available-for-sale investments			(18,681)
– investment revaluation reserve reversed			1,681
Discount on acquisition			(370,923)
Share of results recognised in retained profits			(3,143)
			286,703
SATISFIED BY:			
Cash consideration paid			286,703
Net cash outflow arising on acquisitions:			
Cash consideration paid			(286,703)
Cash and cash equivalents acquired			55,348
			(231,355)

Note: Since a portion of Hanny Bonds is held by the Group, the corresponding convertible notes reserves is eliminated after acquisition, and the remaining amount of HK$55,279,000 is presented in the consolidated statement of changes in equity.

During the year, Hanny contributed HK$41,582,000 and HK$121,535,000 to the Group's revenue and profit for the year, between the dates of acquisition and the balance sheet date.

Had the acquisition been completed on 1st April, 2006, the Group's revenue and profit for the year attributable to the equity holders of the Company from operations would have been approximately HK$467,255,000 and HK$1,370,732,000, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been impacted had the acquisitions been completed on 1st April, 2006, nor is it intended to be a projection of future results.

The consideration paid for acquisition of interest in Hanny, including the offer price of HK$3.8 per share, was based on the then market price of Hanny's shares which was substantially lower than the fair value of the net assets acquired. Accordingly, a discount on acquisition of HK$370,923,000 was recognised for the year ended 31st March, 2007. Subsequent to December 2006, the Group acquired additional equity interest of 14.20% in Hanny resulting in a discount on acquisition of additional interest in subsidiaries of approximately HK$189,132,000.

In 2006, the Group acquired property, plant and equipment and other intangible assets through acquisition of the entire share capital of Darierian Limited at a consideration of HK$3,500,000. The acquisition was accounted for as purchase of assets.

49. MAJOR NON-CASH TRANSACTIONS

During the year, 890,000 redeemable convertible preference shares were converted into 907,115 ordinary shares of the Company at HK$1.04 per share.

In 2006, HK$164,500,000 convertible notes issued by the Company were converted into 548,335,330 ordinary shares of the Company at HK$0.30 per share.

50. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are separately held in funds under the control of trustees.

The cost charged to the consolidated income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, there were no significant forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

The Group also joined a Mandatory Provident Fund Scheme (the "MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contributions are available to reduce the contributions payable in future years.

51. CONTINGENT LIABILITIES

	2007	2006
	HK$'000	*HK$'000*
Guarantees given to banks and financial institutions in respect of general facilities:		
– granted to an associate	56,000	56,000
– granted to a third party	23,292	–
Financial support given to an associate	8,790	9,090
	88,082	65,090

52. OPERATING LEASE ARRANGEMENTS

(a) The Group as a lessee:

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2007	2006
	HK$'000	*HK$'000*
Within one year	363	807
In the second to fifth year inclusive	327	647
	690	1,454

Leases are negotiated, and monthly rentals are fixed, for an average term of two years.

(b) The Group as a lessor:

At the balance sheet date, the Group had contracted with tenants for future minimum lease payments which fall due as follows:

	2007	2006
	HK$'000	*HK$'000*
Within one year	1,050	506
In the second to fifth year inclusive	745	1,188
	1,795	1,694

The properties held have committed tenants for the next two years.

53. COMMITMENTS

	2007 *HK$'000*	2006 *HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	–	1,398

54. PLEDGE OF ASSETS

At the balance sheet date, the following assets were pledged by the Group to secure banking and other financing facilities:

	2007 *HK$'000*	2006 *HK$'000*
Listed securities of associates	92,955	–
Buildings	44,024	35,261
Prepaid lease payments	89,651	91,865
Investment property	150,421	4,016
Investments held for trading	101,543	42,758
	478,594	173,900

55. POST BALANCE SHEET EVENTS

(a) In April 2007, Hanny issued 43,500,000 ordinary shares at a price of HK$3.40 each pursuant to a placing and subscription agreement. In May 2007, the Group disposed of 21,000,000 ordinary shares of Hanny at a price of HK$5.00 each and the Company's interest in Hanny has been reduced to 50.27%. Subsequent to the disposal, the Company's interest in Hanny has been further reduced to approximately 49.54% due to the conversion of the Hanny Bonds by certain holders of the Hanny Bonds and Hanny ceased to be a subsidiary of the Company on 18th May, 2007. The directors are in the process of determining the financial effect of the dilution and the process has not yet completed at the date of this report.

(b) In May 2007, the Group disposed approximately 6.45% equity interest in Trasy and the interest in Trasy has been reduced to 50.00004%. The Group's interest in Trasy has been further diluted to approximately 49.998% as a result of exercise of share options granted under the Trasy Scheme and Trasy ceased to be a subsidiary of the Company on 11th June, 2007. The directors are in the process of determining the financial effect of the dilution and the process has not yet completed at the date of this report.

In June 2007, Trasy issued 550,000,000 ordinary shares at the price of HK$0.20 each pursuant to a placing and subscription agreement. The placing and subscription were both completed in June 2007 and the Company's shareholding interest in Trasy further decreased to approximately 38.58%.

In June 2007, the Company has conditionally agreed to subscribe for up to 340,000,000 new shares of Trasy at HK$0.205 per share while Trasy has conditionally agreed to place up to 392,000,000 new shares of Trasy at HK$0.205 per share to independent third parties through a placing agent. The number of shares of Trasy being subscribed and held by the Company and its concert parties will be a minimum of 38.58% but not exceeding 40% of the issued share capital of Trasy as enlarged by the placement and subscription. In addition, the Company has conditionally agreed to subscribe for HK$50 million convertible notes of Trasy and may elect to subscribe for an additional amount up to HK$50 million (representing the principal amount out of HK$100 million convertible notes of Trasy which have not been successfully placed by the placing agent who has conditionally agreed to place up to HK$100 million convertible notes of Trasy).

(c) In June 2007, the Company issued 300,000,000 ordinary shares at a price of HK$0.74 per share. The number of issued ordinary shares of the Company increased from 1,872,982,368 to 2,172,982,368.

(d) In April 2007, Total Wealth Limited, an indirect wholly-owned subsidiary of the Company held through Hanny, entered into agreements to subscribe for 125,000,000 shares of Wonson International Holdings Limited ("Wonson") at subscription price of HK$0.16 per share and the convertible notes issued by Wonson with principal amount of HK$40,000,000 at fair value.

56. RELATED PARTIES TRANSACTIONS

During the year, the Group had transactions/balances with the following related parties, details of which are as follows:

Class of related party	Nature of transactions/balances	2007 HK$'000	2006 HK$'000
Associates of the Group	Sales of building materials by the Group	424	10
	Dividend income (including scrip dividend) received by the Group	104,593	498,555
	Rentals and related building management fee charged by the Group	366	593
	Service fees charged by the Group	1,028	1,464
	Interest income received by the Group	18,901	7,981
	Purchase of property, plant and equipment	–	3,175
	Purchase of club membership	–	325
	Rental and related building management fee paid by the Group	2,027	–
Directors or company controlled by director	Interest paid by the Group	–	1,406
	Interest paid on convertible notes issued by the Group	–	6,791
Other related companies *(Note)*	Rental and related building management fee charged by the Group	190	65
	Interest income received by the Group	8,398	7,801

Note: The Group and the above related companies have common directors who have significant influence in the above other related companies.

In respect of the related party transactions stated above, only the transactions involving directors or company controlled by director of the year 2006 were regarded as connected transactions as defined in Chapter 14A of the Listing Rules and the Company has disclosed the transactions pursuant to the relevant disclosure requirements accordingly.

Compensation of key management personnel

The directors were considered to be key management personnel of the Group. The remuneration of directors was disclosed in note 8. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The discretionary bonus is based on the director's and employee's skills, knowledge and involvement in the Company's affairs and are determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions.

57. BALANCE SHEET OF THE COMPANY

	2007 *HK$'000*	2006 *HK$'000*
Total assets	1,978,996	1,967,634
Total liabilities	(304,943)	(300,117)
Total assets and liabilities	1,674,053	1,667,517
Capital and reserves		
Share capital	187,298	183,750
Reserves	1,486,755	1,483,767
Total equity	1,674,053	1,667,517

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31st March, 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital held by the Company*/ subsidiaries %	attributable to the Group %	Principal activities
All Combine Investments Limited	British Virgin Islands	US$1 ordinary share	100*	100	Investment holding
Burcon Group Limited *(Note (a))*	Canada	CAD1,000 class A common shares	100	100	Investment and property holding
China Enterprises Limited ("CEL") *(Note (b))*	Bermuda	US$90,173 common stock	55.23	36.72	Investment holding
Dreyer and Company Limited	Hong Kong	HK$6,424,000 ordinary shares	99	99	Trading of building materials and machinery
Great Intelligence Holdings Limited	Hong Kong	HK$2 ordinary shares	100	100	Securities trading and treasury investment
Great Intelligence Limited Islands	British Virgin	US$1 ordinary share	100*	100	Investment holding
Great Intelligence Limited	Hong Kong	HK$2 ordinary shares	100	100	Property holding and investment
Hanny	Bermuda	HK$2,528,243 ordinary shares	67.23	67.23	Investment holding
Hanny Magnetics Limited	Hong Kong	HK$1,100,000,200 ordinary share HK$6,000,000 5% non-voting deferred shares *(Note (c))*	100	100	Investment holding

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital held by the Company*/ subsidiaries %	attributable to the Group %	Principal activities
Island Town Limited	Hong Kong	HK$100	100	67.23	Investment property holding
ITC Development Co. Limited	British Virgin Islands	US$15,000 ordinary shares	100*	100	Investment holding
ITC Finance Limited	Hong Kong	HK$2 ordinary shares	100	100	Provision of finance
ITC Investment Holdings Limited	British Virgin Islands	US$1 ordinary share	100*	100	Investment holding
ITC Management Group Limited	British Virgin Islands	US$2 ordinary shares	100*	100	Investment holding
ITC Management Limited	Hong Kong	HK$2 ordinary shares	100	100	Provision of management and financial services and treasury investment
Large Scale Investments Limited	British Virgin Islands	US$1 ordinary share	100*	100	Investment holding
MRI Holdings Limited ("MRI") *(Note (d))*	Australia	A$31,381,010	57.26	38.08	Investment holding
Trasy	Cayman Islands	HK$27,790,000 ordinary shares	56.45	56.45	Provision and operation of an internet-based precious metal trading system
Zhuhai Zhongce Property Investment Limited	British Virgin Islands	US$1	100	67.23	Holding of land development project held for sale
廣州耀陽實業有限公司 *(Note (e))*	PRC	RMB1,000,000	100	67.23	Sand mining

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

All of the above subsidiaries are limited companies.

Notes:

(a) Burcon Group Limited operates in Canada.

(b) CEL operates in both Hong Kong and the PRC and its shares are trading on the Over-the-Counter Bulletin Board of the United States of America.

(c) The holders of the 5% non-voting deferred shares are not entitled to receive notice of or to attend or vote at any general meetings of Hanny Magnetics Limited. The non-voting deferred shares practically carry no rights to dividends or to participate in any distribution on winding up.

(d) MRI operates in both Australia and Hong Kong and its shares are listed on the Australia Securities Exchange.

(e) This company is registered in the form of wholly-owned foreign investment enterprise.

(f) All of the other subsidiaries mentioned in the above table operate in Hong Kong.

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

None of the subsidiaries had issued any debt securities at the end of the year except for Hanny which has issued Hanny Bonds at principal amount of approximately HK$770,725,000, in which the Group has approximately HK$101,742,000 interest.

3. INDEBTEDNESS

Borrowings

At the close of business on 31 January 2008, being the latest practicable date for this statement prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK$48,195,000 comprising secured bank borrowings of approximately HK$48,192,000 and unsecured bank borrowings of approximately HK$3,000. The secured bank borrowings of approximately HK$48,192,000 included bank borrowings of approximately HK$27,650,000 and bank overdrafts of approximately HK$20,542,000. The unsecured bank borrowings of approximately HK$3,000 represented wholly unsecured bank overdraft.

Pledge of assets

As the close of business on 31 January 2008, certain of the Group's properties, certain shares of associates, margin account receivables and derivative financial instruments with an aggregate carrying value of approximately HK$253,349,000 were pledged to banks and financial institutions to secure general facilities granted to the Group.

Debt securities

At the close of business on 31 January 2008, the Group had outstanding convertible notes with principal amount of approximately HK$200,000,000. The convertible notes are convertible into approximately 317.5 million Shares at the prevailing conversion price of HK$0.63 per Share. The carrying amount of the convertible notes on the balance sheet at 31 January 2008 was approximately HK$192,287,000.

Contingent liabilities

At the close of business on 31 January 2008, the Group had contingent liabilities in respect of guarantees given to banks on general banking facilities granted to Central Town Limited ("Central Town"), an associate of the Company, of approximately HK$53,667,000. The Group also had given financial support to Central Town of approximately HK$6,440,000. For details of these guarantees and financial support, please refer to the announcement of the Company dated 1 June 2005.

Save as aforesaid and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 January 2008 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL

Taking into account the Group's internal resources, presently available banking and other facilities and the effect of the Disposal, and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital to meet its present requirement and for the next twelve months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2007 (being the date to which the latest published audited accounts of the Company were made up) up to and including the Latest Practicable Date.

6. FINANCIAL AND TRADING PROSPECTS

The principal activities of the Group comprise investment holdings, the provision of finance, property investment and treasury investment. In respect of strategic investments, the Group holds significant interests, directly or indirectly, in a number of companies listed in Hong Kong, Canada, Singapore, the United States, Australia and Germany and other high potential unlisted investments.

Pursuant to its long-term strategy, ITC continues to explore potential investments in an aggressive but cautious manner, with a view to enhance the value of its strategic investments through active participation in or close liaisons with the management of the investee companies of the Group. The current strategic framework has provided and will provide the Group with the basis to prosper on a sustained growth.

Assuming that the maximum of approximately 300 million PYI Shares are sold, the Group's shareholding interest in PYI will decrease from approximately 26.84% to approximately 6.93% of the existing issued share capital of PYI. The Group shall discontinue the use of the equity method from the date that PYI ceases to be an associate of the Group as a result of the disposal and shall account for the investment in PYI as "available-for-sale investment" in accordance with Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement". Although no acquisition or investment proposals are currently under negotiation, the proceeds from the possible disposals of PYI Shares may provide the Company with additional resources to fund such acquisitions and investments when opportunities arise.

In view of the growth of the Hong Kong economy and the diversified investment profile of the Group, ITC is confident about the future prospects of its investment and business operation.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of ITC or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to ITC and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and the Model Code and which were required to be entered in the register kept by ITC pursuant to Section 352 of the SFO, were as follows:

(a) Interests and short positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ Short position	No. of Shares held	Approximate % of the existing issued share capital of ITC
Dr. Chan Kwok Keung, Charles ("Dr. Chan")	Beneficial owner	Long position	126,353,336	4.69%
Dr. Chan	Interest of controlled corporation *(Note)*	Long position	810,712,518	30.08%

Note: Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited which was, in turn, wholly owned by Dr. Chan. Dr. Chan was deemed to be interested in 810,712,518 Shares held by Galaxyway Investments Limited.

(b) Interests and short positions in shares, underlying shares and debentures of the following associated corporations

(i) Hanny Holdings Limited ("Hanny")

Name of Director	Capacity	Long position/ Short position	No. of shares of Hanny held	No. of underlying shares (in respect of unlisted equity derivatives) of Hanny held	Approximate % of the existing issued share capital of Hanny
Dr. Chan	Interest of controlled corporation *(Note)*	Long position	2,501,529,452	–	49.90%
Dr. Chan	Interest of controlled corporations *(Note)*	Long position	–	283,521,894 *(Note)*	5.65%
Dr. Chan	Beneficial owner	Long position	23,941,600	–	0.47%
Dr. Chan	Beneficial owner	Long position	–	4,241,507 *(Note)*	0.08%

Name of Director	Capacity	Long position/ Short position	No. of shares of Hanny held	No. of underlying shares (in respect of unlisted equity derivatives) of Hanny held	Approximate % of the existing issued share capital of Hanny
Chan Kwok Chuen, Augustine	Beneficial owner	Long position	16,176,000	–	0.32%
Cheung Hon Kit	Beneficial owner	Long position	79	–	0.00%
Shek Lai Him, Abraham	Beneficial owner	Long position	422	–	0.00%

Note: The shares of Hanny were held by an indirect wholly-owned subsidiary of ITC. ITC, through its indirect wholly-owned subsidiaries, also held the 2% convertible bonds due 2011 issued by Hanny with an aggregate principal amount of HK$189,959,670. Upon full conversion of such convertible bonds at a conversion price of HK$0.67 per share of Hanny (subject to adjustments), 283,521,894 shares of Hanny would be issued to indirect wholly-owned subsidiaries of ITC.

By virtue of his direct and deemed interests in approximately 34.77% of the existing issued share capital of ITC, Dr. Chan was deemed to be interested in these shares of Hanny and underlying shares of Hanny held by the indirect wholly-owned subsidiaries of ITC.

Dr. Chan owned the 2% convertible bonds due 2011 issued by Hanny in the principal amount of HK$2,841,810. Upon full conversion of such convertible bonds at a conversion price of HK$0.67 per share of Hanny (subject to adjustments), 4,241,507 shares of Hanny would be issued to Dr. Chan.

(ii) PYI

Name of Director	Capacity	Long position/ Short position	No. of PYI Shares held	No. of underlying shares (in respect of the share options (unlisted equity derivatives)) of PYI held	Approximate % of the existing issued share capital of PYI
Dr. Chan	Interest of controlled corporation *(Note 1)*	Long position	404,512,565	–	26.84%
Dr. Chan	Beneficial owner	Long position	11,978,677	–	0.79%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	1,280,000 *(Note 2)*	0.08%
Chan Fut Yan	Beneficial owner	Long position	–	2,500,000 *(Note 2)*	0.16%
Cheung Hon Kit	Beneficial owner	Long position	400	–	0.00%
Shek Lai Him, Abraham	Beneficial owner	Long position	2,000	–	0.00%

Notes:

1. The PYI Shares were held by an indirect wholly-owned subsidiary of ITC. By virtue of his direct and deemed interests in approximately 34.77% of the existing issued share capital of ITC, Dr. Chan was deemed to be interested in these PYI Shares held by an indirect wholly-owned subsidiary of ITC.

2. Ms. Chau Mei Wah, Rosanna and Mr. Chan Fut Yan held share options (which were granted on 28 December 2004) with rights to subscribe for 1,280,000 PYI Shares and 2,500,000 PYI Shares respectively at HK$1.5 per PYI Share (subject to adjustments) during the period from 28 December 2004 to 26 August 2012.

(iii) Burcon NutraScience Corporation ("Burcon")

Name of Director	Capacity	Long position/ Short position	No. of shares of Burcon held	No. of underlying shares (in respect of the share options (unlisted equity derivatives)) of Burcon held	Approximate % of the existing issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	323,347	–	1.28%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	81,000	0.32%

(iv) Wing On Travel (Holdings) Limited ("Wing On Travel")

Name of Director	Capacity	Long position/ Short position	No. of shares of Wing On Travel held	No. of underlying shares (in respect of the unlisted equity derivatives) of Wing On Travel held	Approximate % of the existing issued share capital of Wing On Travel
Dr. Chan	Interest of controlled corporations *(Note 1)*	Long position	492,357,481	–	27.04%
Dr. Chan	Interest of controlled corporation *(Note 1)*	Long position	–	79,746,835 *(Note 1)*	4.37%
Dr. Chan	Beneficial owner	Long position	4,529,800	–	0.24%
Cheung Hon Kit	Beneficial owner	Long position	–	4,000,000 *(Note 2)*	0.21%

Notes:

1. 258,846,000 shares of Wing On Travel were held by an indirect wholly-owned subsidiary of ITC. 21,339,481 shares of Wing On Travel and 1,000,000 shares of Wing On Travel were held by a wholly-owned subsidiary of China Enterprises Limited ("CEL") and CEL, respectively, of which Group Dragon Investments Limited, an indirect wholly-owned subsidiary of Hanny, indirectly owned approximately 55.22% of the effective equity interest. 211,172,000 shares of Wing On Travel were held by the indirect wholly-owned subsidiaries of Hanny. CEL held a convertible exchangeable note in the principal amount of HK$63,000,000. Upon full conversion of such convertible exchangeable note at an initial conversion price of HK$0.79 per share of Wing On Travel (subject to adjustments), 79,746,835 shares of Wing On Travel would be issued to CEL. ITC indirectly held approximately 49.90% of the existing issued share capital of Hanny and Dr. Chan directly held approximately 0.47% of the existing issued share capital of Hanny. By virtue of his direct and deemed interests in approximately 34.77% of the existing issued share capital of ITC, Dr. Chan was deemed to be interested in these shares of Wing On Travel and underlying shares of Wing On Travel held by the subsidiaries of Hanny and ITC.

2. Mr. Cheung Hon Kit held share options (which were granted on 22 June 2006) with rights to subscribe for 4,000,000 shares of Wing On Travel at HK$0.728 per share of Wing On Travel (subject to adjustments) during the period from 22 June 2006 to 21 June 2008.

(v) ITC Properties Group Limited ("ITC Properties")

Name of Director	Capacity	Long position/ Short position	No. of shares of ITC Properties held	No. of underlying shares (in respect of the unlisted equity derivatives) of ITC Properties held	Approximate % of the existing issued share capital of ITC Properties
Dr. Chan	Interest of controlled corporations *(Note 1)*	Long position	719,642,272	–	23.24%
Dr. Chan	Interest of controlled corporations *(Note 1)*	Long position	–	1,178,571,427 *(Note 1)*	38.07%
Dr. Chan	Beneficial owner	Long position	3,810,000	–	0.12%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	3,000,000 *(Note 2)*	0.09%
Chan Fut Yan	Beneficial owner	Long position	–	13,000,000 *(Note 2)*	0.41%
Cheung Hon Kit	Beneficial owner	Long position	15,000,000	–	0.48%
Cheung Hon Kit	Beneficial owner	Long position	–	22,000,000 *(Note 2)*	0.71%

Notes:

1. 202,125,000 shares of ITC Properties were held by the indirect wholly-owned subsidiaries of ITC. 517,517,272 shares of ITC Properties were held by the indirect wholly-owned subsidiaries of Hanny. An indirect wholly-owned subsidiary of ITC held a convertible note of ITC Properties in the principal amount of HK$30,000,000 at an initial conversion price of HK$0.7 per share of ITC Properties (subject to adjustments). Upon full conversion of such convertible notes, 42,857,142 shares of ITC Properties would be issued to such indirect wholly-owned subsidiary of ITC. An indirect wholly-owned subsidiary of Hanny owned convertible notes of ITC Properties in the principal amounts of HK$330,000,000 and HK$270,000,000 at initial conversion prices of HK$0.44 and HK$0.7 per share of ITC Properties (subject to adjustments), respectively. Upon full conversion of such convertible notes, 750,000,000 and 385,714,285 shares of ITC Properties would be issued to such indirect wholly-owned subsidiary of Hanny. An indirect wholly-owned subsidiary of ITC owned approximately 49.90% of the existing issued share capital of Hanny and Dr. Chan directly held approximately 0.47% of the existing issued share capital of Hanny. By virtue of his direct and deemed interests in approximately 34.77% of the existing issued share capital of ITC, Dr. Chan was deemed to be interested in these shares of ITC Properties and underlying shares of ITC Properties held by the subsidiaries of Hanny and ITC.

2. Details of outstanding share options granted to the Directors by ITC Properties as at the Latest Practicable Date were as follows:

Name of optionholder	Date of grant	Exercisable period	No. of share options	Exercise price per share of ITC Properties (subject to adjustments) *HK$*
Chau Mei Wah, Rosanna	27.07.2007	27.07.2007 to 26.07.2011	3,000,000	0.67
Chan Fut Yan	15.08.2006	15.08.2006 to 14.08.2008	6,000,000	0.5
Chan Fut Yan	27.07.2007	27.07.2007 to 26.07.2011	7,000,000	0.67
Cheung Hon Kit	15.08.2006	15.08.2006 to 14.08.2008	10,000,000	0.5
Cheung Hon Kit	27.07.2007	27.07.2007 to 26.07.2011	12,000,000	0.67

As at the Latest Practicable Date, Hanny, PYI, Burcon, Wing On Travel and ITC Properties were associated corporations of ITC within the meaning of Part XV of the SFO.

Dr. Chan was, by virtue of his direct and deemed interests in approximately 34.77% of the existing issued share capital of ITC, deemed to be interested in the shares and underlying shares (in respect of equity derivatives), if any, of the associated corporations (within the meaning of Part XV of the SFO) of ITC held by the Group under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of ITC had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests and short positions in the shares, underlying shares or debentures of ITC or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to ITC and the Stock Exchange or any interests which are required to be entered into the register kept by ITC pursuant to Section 352 of the SFO or any interests which are required to be notified to ITC and the Stock Exchange pursuant to the Model Code.

(B) Interests and short positions of substantial Shareholders/other persons recorded in the register kept under the SFO

As at the Latest Practicable Date, so far as is known to the Directors, the following parties had an interest or short position in the Shares and underlying shares of ITC which would fall to be disclosed to ITC under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Interests and short positions of substantial Shareholders in the Shares and underlying shares of ITC

Name	Capacity	Long position/ Short position	No. of Shares held	Approximate % of the existing issued share capital of ITC
Dr. Chan	Beneficial owner	Long position	126,353,336	4.69%
Dr. Chan	Interest of controlled corporation *(Note)*	Long position	810,712,518	30.08%
Chinaview International Limited	Interest of controlled corporation *(Note)*	Long position	810,712,518	30.08%
Galaxyway Investments Limited	Beneficial owner *(Note)*	Long position	810,712,518	30.08%
Ng Yuen Lan, Macy	Interest of spouse *(Note)*	Long position	937,065,854	34.77%

Note: Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited which is, in turn, wholly owned by Dr. Chan. Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan. Chinaview International Limited, Dr. Chan and Ms. Ng Yuen Lan, Macy were deemed to be interested in the Shares held by Galaxyway Investments Limited. Ms. Ng Yuen Lan, Macy was deemed to be interested in the Shares held by Dr. Chan.

(b) Interests and short positions of other persons in the Shares and underlying shares of ITC

Name	Capacity	Long position/ Short position	No. of Shares held	Approximate % of the existing issued share capital of ITC
Paul G. Desmarais	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
Nordex Inc.	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
Gelco Enterprises Ltee	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
Power Corporation of Canada	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
2795957 Canada Inc.	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
171263 Canada Inc.	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
Power Financial Corporation	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
IGM Financial Inc.	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
Mackenzie Inc.	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%
Mackenzie Financial Corporation	Interest of controlled corporations *(Note)*	Long position	186,288,086	6.91%

Note: So far as known to the Directors, Mackenzie Cundill Investment Mgmt. (Bermuda) Ltd. was interested in 51,228,086 Shares. Mackenzie Cundill Investment Mgmt. (Bermuda) Ltd. was a wholly-owned subsidiary of Mackenzie (Rockies) Corp., which in turn was a wholly-owned subsidiary of Mackenzie Financial Corporation. Mackenzie Cundill Investment Management Ltd., a wholly-owned subsidiary of Mackenzie Financial Corporation, was deemed to be interested in 135,060,000 Shares held by Mackenzie Financial Capital Corporation. Mackenzie Financial Capital Corporation was a wholly-owned subsidiary of Mackenzie Financial Corporation. Mackenzie Financial Corporation was a wholly-owned subsidiary of Mackenzie Inc. which was, in turn, a wholly-owned subsidiary of IGM Financial Inc. of which Power Financial Corporation held approximately 55.99% shareholding interests. 171263 Canada Inc., a wholly-owned subsidiary of 2795957 Canada Inc., owned approximately 66.40% shareholding interests in Power Financial Corporation. 2795957 Canada Inc. was a wholly-owned subsidiary of Power Corporation of Canada of which Gelco Enterprises Ltee owned approximately 54.18% shareholding interests. Nordex Inc., a company which was owned as to 68.00% by Mr. Paul G. Desmarais, owned approximately 94.95% shareholding interests in Gelco Enterprises Ltee.

By virtue of the SFO, each of Mr. Paul G. Desmarais, Nordex Inc., Gelco Enterprises Ltee, Power Corporation of Canada, 2795957 Canada Inc., 171263 Canada Inc., Power Financial Corporation, IGM Financial Inc., Mackenzie Inc., Mackenzie Financial Corporation and Mackenzie Cundill Investment Management Ltd. was deemed to be interested in the Shares in which Mackenzie Cundill Investment Mgmt. (Bermuda) Ltd. and Mackenzie Financial Capital Corporation were interested.

Save as disclosed above, the Directors are not aware that there is any party (not being a Director) who, as at the Latest Practicable Date, had an interest or short positions in the Shares and underlying shares of ITC which would fall to be disclosed to ITC under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such shares.

3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESSES

None of the Directors had any interest, direct or indirect, in any asset which have since 31 March 2007, being the date to which the latest published audited accounts of the Company were made up, up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by, or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors nor their respective associates were interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with any member of the Group which are not determinable by the Group within one year without any payment of compensation, other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no litigation or claims which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened against any member of the Group.

MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by the Group within the two years immediately preceding the date of this circular up to the Latest Practicable Date and which are or may be material:

(i) a supplemental agreement dated 28 March 2006 made between ITC Management Limited ("ITC Management"), an indirect wholly-owned subsidiary of ITC, and Hanny pursuant to which ITC Management agreed to increase the loan facility by HK$39,000,000 from HK$130,000,000 to HK$169,000,000;

(ii) the conditional subscription agreement dated 27 June 2006 (as supplemented by a supplemental agreement dated 30 August 2006) made between ITC and Hanny in relation to the subscription of US$75 million (equivalent to approximately HK$582.5 million) convertible exchangeable notes of Hanny at face value. On 29 December 2006, Hanny and ITC entered into termination agreement to terminate the conditional subscription agreement;

(iii) the mandate letter dated 16 August 2006 entered into between Famex Investment Limited ("Famex"), an indirect wholly-owned subsidiary of ITC, ITC and Kingston Corporate Finance Limited, 71 forms of acceptance and transfer of a total of 53,080,585 shares of Hanny at the offer price of HK$3.80 per share of Hanny and 32 forms of acceptance and transfer of a total of HK$5,775,870 2% convertible bonds of Hanny due 2011 (the "Hanny Convertible Bonds") at the offer price for each HK$15 face value of Hanny Convertible Bonds at HK$6.3334 in relation to conditional mandatory cash offers by Kingston Securities Limited ("Kingston Securities") on behalf of Famex for all issued shares in Hanny and for all outstanding Hanny Convertible Bonds, other than those already owned or agreed to be acquired by Famex and parties acting in concert with it (except Cobbleford Limited);

(iv) the loan facility letter dated 16 August 2006 (as supplemented by supplemental facility letters dated 25 August 2006, 29 August 2006, 31 August 2006, 9 November 2006 and 20 November 2006) entered into between Famex and Kingtson Securities pursuant to which Kingston Securities agreed to grant a loan facility of up to HK$600,000,000 to Famex in relation to the making of the offers as mentioned in (iii) above;

(v) the sale and purchase agreement dated 17 August 2006 (as supplemented by supplemental agreements dated 28 August 2006 and 4 October 2006) entered into between Famex and Mr. Ma Ho Man, Hoffman in relation to the conditional acquisition of 22,812,359 shares of Hanny by Famex at a consideration of HK$86,686,964.20;

(vi) the placing and subscription agreement dated 11 April 2007 entered into between ITC, Hanny and Taifook Securities Company Limited ("Taifook Securities") pursuant to which Taifook Securities agreed to place, as placing agent of ITC, on a fully-underwritten basis, 43,500,000 existing shares of Hanny at the price of HK$3.40 per share on behalf of ITC and ITC agreed to subscribe for 43,500,000 new shares of Hanny at the price of HK$3.40 per share;

(vii) the contract note for disposal by Famex of 21,000,000 shares of Hanny at the price of HK$5.00 per share on 9 May 2007;

(viii) the placing and subscription agreement dated 12 June 2007 entered into between ITC, Trasy Gold Ex Limited ("Trasy") and Taifook Securities pursuant to which Taifook Securities agreed to place, as placing agent of ITC, on a fully-underwritten basis, 550,000,000 existing shares of Trasy at the price of HK$0.20 per share on behalf of ITC and ITC agreed to subscribe for 550,000,000 new shares of Trasy at the price of HK$0.20 per share;

(ix) the placing and subscription agreement dated 16 June 2007 entered into between Dr. Chan, ITC and Kingston Securities pursuant to which Kingston Securities agreed to place, as placing agent of Dr. Chan, on a fully-underwritten basis, 300,000,000 existing Shares at the price of HK$0.74 per Share and Dr. Chan agreed to subscribe for 300,000,000 new Shares at the price of HK$0.74 per Share;

(x) the conditional subscription agreement dated 28 June 2007 entered into between ITC and Trasy in relation to the subscription of up to 340,000,000 new shares of Trasy at the price of HK$0.205 per share. On 23 August 2007, Trasy and ITC entered into a termination agreement to terminate the conditional subscription agreement;

(xi) the conditional subscription agreement dated 29 June 2007 (as supplemented by a letter dated 23 August 2007) entered into between ITC and Trasy in relation to the subscription of 4% convertible notes of Trasy in the principal amount of HK$50,000,000 (subject to any increase of an amount up to the additional amount as mentioned therein). The conditional subscription agreement has lapsed on 31 October 2007;

(xii) the sale and purchase agreement dated 9 August 2007 entered into between Famex and Mr. Hung Hon Man in relation to the conditional acquisition of the Hanny Convertible Bonds in an aggregate principal amount of HK$88,217,520 at a consideration of HK$69,691,840 in cash;

(xiii) the conditional subscription agreement dated 24 August 2007 entered into between ITC and Hanny in relation to the subscription of up to 499,000,000 new shares of Hanny at the price of HK$0.35 per share. The subscription price was adjusted to HK$0.29 per share by the supplemental agreement dated 10 September 2007 entered into between ITC and Hanny;

(xiv) the placing and subscription agreement dated 27 August 2007 entered into between Golden Hall Holdings Limited ("Golden Hall"), an indirect wholly-owned subsidiary of ITC, Trasy and Kingston Securities pursuant to which Kingston Securities agreed to place, as placing agent of Golden Hall, on a fully-underwritten basis, 330,000,000 existing shares of Trasy at the price of HK$0.19 per share on behalf of Golden Hall and Golden Hall agreed to subscribe for 330,000,000 new shares of Trasy at the price of HK$0.19 per share;

(xv) the placing agreement dated 5 September 2007 entered into between ITC and Taifook Securities pursuant to which Taifook Securities agreed to place, as a placing agent of ITC, on a best effort basis, up to a maximum aggregate principal amount of HK$200,000,000 5% convertible notes due 2009 (the "Convertible Notes") at an initial conversion price of HK$0.75 per Share. The initial conversion price of the Convertible Notes was adjusted to HK$0.63 per Share retroactively on 2 November 2007;

(xvi) the placing and subscription agreement dated 12 September 2007 entered into between Golden Hall, Trasy and Kingston Securities pursuant to which Kingston Securities agreed to place, as placing agent of Golden Hall, on a fully-underwritten basis, 335,000,000 existing shares of Trasy at the price of HK$0.162 per share on behalf of Golden Hall and Golden Hall agreed to subscribe for 335,000,000 new shares of Trasy at the price of HK$0.162 per share;

(xvii) the contract note for disposal by Golden Hall of 1,197,451,139 shares of Trasy at the price of HK$0.10 per share on 28 September 2007;

(xviii) the contract notes for acquisitions by Great Intelligence Holdings Limited and Selective Choice Investments Limited, indirect wholly-owned subsidiaries of ITC, of an aggregate of 200,125,000 shares of ITC Properties at an aggregate consideration of approximately HK$85.0 million during the period from 16 October 2007 to 18 January 2008; and

(xix) the contract notes for acquisitions by Asia Will Limited, an indirect wholly-owned subsidiary of ITC, of an aggregate of 269,052,000 shares of Wing On Travel at an aggregate consideration of approximately HK$104.6 million during the period from 27 December 2006 to 18 January 2008.

PROCEDURE FOR DEMANDING A POLL

Pursuant to bye-law 79 of the bye-laws of ITC, at any general meeting a resolution put to the vote at the meeting shall be determined by a show of hands of members present in person or by a duly authorised corporate representative or by proxy entitled to vote unless voting by way of a poll is required by the rules of the designated stock exchange or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

(1) by the Chairman of the meeting; or

(2) by at least three (3) members present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or

(3) by any member or members present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(4) by any member or members present in person or by a duly authorised corporate representative or by proxy and holding shares in ITC conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or

(5) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting, and if on a show of hand a meeting votes in the opposite manner to that instructed in those proxies, provided that if it is apparent from the total proxies held that a vote taken on a poll shall not reverse the vote taken on a show of hands, then the Director or Directors shall not be required to demand a poll.

In accordance with the requirements of the Listing Rules, the results of the polls will be published on the websites of the Stock Exchange and ITC.

GENERAL

a. The secretary and the qualified accountant of ITC is Law Hon Wa, William, *CPA, FCCA*.

b. The registered office of ITC is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of ITC in Hong Kong is at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

c. The principal share registrar and transfer office of ITC is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch share registrar and transfer office of ITC in Hong Kong is Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

d. The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text for the purpose of interpretation.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of Richards Butler at 20th Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the SGM:

– the memorandum of association and bye-laws of the Company;

– the material contracts referred to in this appendix;

– the audited consolidated financial statements of the Company for each of the years ended 31 March 2006 and 2007;

– the following circulars issued by the Company pursuant to the requirements set out under Chapter 14 of the Listing Rules since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up:

(i) a circular dated 2 April 2007 regarding a major transaction in relation to the mandate for possible disposals of shares in PYI;

(ii) a circular dated 4 April 2007 regarding a discloseable transaction in relation to the undertaking of Hanny, the underwriting agreement in respect of rights issue of See Corporation Limited and application for whitewash waiver by Hanny;

(iii) a circular dated 2 May 2007 regarding a discloseable transaction in relation to the placing of existing shares of Hanny and subscription of new shares of Hanny;

(iv) a circular dated 15 May 2007 regarding discloseable transactions in relation to the subscription of shares and convertible notes of Wonson International Holdings Limited by an indirect wholly-owned subsidiary of Hanny;

(v) a circular dated 28 May 2007 regarding a discloseable transaction in relation to the disposal of shares in Hanny;

(vi) a circular dated 5 July 2007 regarding a discloseable transaction in relation to the placing of existing shares of Trasy and subscription of new shares of Trasy;

(vii) a circular dated 23 July 2007 regarding a discloseable transaction in relation to the subscription of new shares and convertible notes of Trasy;

(viii) a circular dated 5 September 2007 regarding a discloseable transaction in relation to the acquisition of Hanny Convertible Bonds;

(ix) a circular dated 17 September 2007 regarding a discloseable transaction in relation to the subscription of new shares in Hanny;

(x) a circular dated 16 October 2007 regarding a discloseable transaction in relation to the disposal of shares of Trasy; and

(xi) a circular dated 23 January 2008 regarding discloseable transactions in relation to the acquisitions of shares in ITC Properties and Wing On Travel by indirect wholly-owned subsidiaries of ITC.

ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 372)

NOTICE IS HEREBY GIVEN that a special general meeting of ITC Corporation Limited (the "Company") will be held at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Tuesday, 15 April 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:–

(A) the disposal by the Company and/or its subsidiaries of shares of HK$0.10 each (each a "PYI Share") in PYI Corporation Limited ("PYI") from time to time when the conditions set out in paragraph (B) below can be satisfied, be and is hereby approved and authorised;

(B) no disposal of PYI Shares pursuant to the authority granted under this ordinary resolution shall be made unless:

  (a) price per PYI Share at which such disposal is made shall be equal to or exceed HK$2.13 per PYI Share (subject to adjustments for share consolidation or share subdivision by PYI and such rounding as may be determined by the Directors in their discretion to take into account fractions of PYI Shares) and shall not be at a discount of more than 5% to the average of the closing prices of PYI Shares during the 5 completed trading days immediately prior to the date on which the relevant disposal takes place;

  (b) the maximum number of PYI Shares to be disposed under the mandate granted pursuant to this ordinary resolution is 300 million PYI Shares (subject to adjustments for share consolidation or share subdivision by PYI and compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (as applicable));

  (c) the PYI Shares to be disposed shall be to such person(s) who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, are independent of the Company and any director, chief executive or substantial shareholder of the Company or its subsidiaries or any associates (as defined by the Listing Rules) of any of them or any connected persons (as defined by the Listing Rules) of the Company; and

  (d) the disposal is to be completed within the later of twelve months of (i) the date on which this ordinary resolution is passed; or (ii) 18 April 2008;

(C) the Directors be and are hereby authorised to exercise all the powers of the Company and take all other steps as might in the opinion of the Directors be desirable or necessary in connection with the disposal, including without limitation, settling, approving or executing one or more agreements in connection with the disposal and generally to exercise all the powers of the Company as they deem desirable or necessary for the foregoing purpose."

By Order of the Board
ITC Corporation Limited
Law Hon Wa, William
Company Secretary

Hong Kong, 31 March 2008

Principal Place of Business in Hong Kong:
30th Floor, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.

2. A form of proxy for the meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, together with such evidence as the board of Directors may require under the bye-laws of the Company shall be deposited at the Company's principal place of business in Hong Kong at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote.

As at the date of this notice, the board of Directors comprises:

Executive Directors:
Dr. Chan Kwok Keung, Charles *(Chairman)*
Ms. Chau Mei Wah, Rosanna
(Deputy Chairman and Managing Director)
Mr. Chan Kwok Chuen, Augustine
Mr. Chan Fut Yan
Mr. Cheung Hon Kit

Independent Non-executive Directors:
Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *SBS, JP*