THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus (as defined herein) or as to the action to be taken, you should consult your licenced securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company (as defined herein), you should at once hand this Prospectus and the accompanying Application Forms (as defined herein) to the purchaser or transferee or to the bank, licenced securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this Prospectus, together with the Application Forms and the written consent of Lo and Kwong C.P.A. Company Limited have been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies Ordinance (as defined herein). The Registrar of Companies in Hong Kong and the SFC (as defined herein) take no responsibility for the contents of any of those documents.

Subject to the granting of listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the Offer Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

XPRESS Group 特速集團

XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

OPEN OFFER WITH AN ASSURED ALLOTMENT OF ONE OFFER SHARE FOR EVERY FIVE EXISTING SHARES HELD

The latest time for application and payment for the Offer Shares is 4:00 p.m. on Tuesday 19 May 2009. The procedure for application and payment is set out on pages 19 to 20 of this Prospectus.

The existing Shares (as defined herein) have been dealt with on an ex-entitlement basis since Wednesday, 22 April 2009. Such dealings in the Shares will take place whilst the conditions to which the Open Offer (as defined herein) is subject remain unfulfilled. A person dealing in Shares on an ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed.

Shareholders contemplating any dealings in the Shares are recommended to consult with their own professional adviser if they are in any doubt.

The Underwriting Agreement (as defined herein) contains provisions entitling the Underwriter (as defined herein) by notice in writing to the Company served prior to 4:00 p.m. on Thursday, 21 May 2009 or such other time or date as the Company and the Underwriter may agree in writing to terminate the Underwriting Agreement on the occurrence of certain events including force majeure as set out in the section headed "Termination of the Underwriting Agreement" on page 8 of this Prospectus.

If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement are not fulfilled (or waived by the Underwriter) in accordance with the terms thereof, the Open Offer will not proceed. Shareholders should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their professional adviser.

4 May 2009

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Pages

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

"Announcement"	the announcement dated 9 April 2009 issued by the Company in relation to the Open Offer
"Application Form(s)"	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Assured Allotment Application Form(s)"	the form(s) of application for use by the Qualifying Shareholders to apply for their assured allotment of the Offer Shares
"Board"	the board of Directors
"Business Day"	a day (excluding Saturdays, Sundays and public holidays in Hong Kong) on which licensed banks generally are open for business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	Xpress Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Concert Parties"	in respect of person or company, means parties acting in concert (as defined under the Takeovers Code) with such person or company in relation to the voting rights of the Shares or the Offer Shares
"Conditions"	the conditions of the Open Offer
"Directors"	the directors of the Company
"Directors' Options"	126,500,000 Options collectively held by certain Directors as at the date of the Director's Undertaking Letters

"Director's Undertaking Letter(s)"	the irrevocable undertaking given on 9 April 2009 by each of the Directors, who is the holder of the Options and/or Warrants, in favour of the Company and the Underwriter, as more particularly set out in the sub-paragraph headed "Undertakings by Mr. Chan and the Directors" in this prospectus
"Directors' Warrants"	44,732,827 Warrants collectively held by certain Directors as at the date of the Director's Undertaking Letters
"Excess Application Form(s)"	excess application form(s) for use by the Qualifying Shareholders to apply for excess Offer Shares
"FC Options"	210,000,000 Options held by Mr. Chan as at the date of the FC Undertaking Letter
"FC Undertaking Letter"	the irrevocable undertaking given by Mr. Chan in favour of the Company on 9 April 2009, as more particularly set out in the sub-paragraph headed "Undertakings by Mr. Chan and the Directors" in this Prospectus
"FC Warrants"	172,000,000 warrants held by Mr. Chan as at the date of the FC Undertaking Letter
"Final Application Time"	4:00 p.m. on 19 May 2009 or such other time or date as the Underwriter may agree in writing with the Company (subject, if required, to the approval of the Stock Exchange and taking into account any other timetable adjustments) as the latest time for application and payment for Offer Shares, provided that if on such date a Storm Warning is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m., then references to the "Final Application Time" shall mean 4:00 p.m. on the first Business Day thereafter on which no Storm Warning remains hoisted at any time between 9:00 a.m. and 4:00 p.m.
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Last Trading Day"	9 April 2009

"Latest Practicable Date"	27 April 2009, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Chan"	Mr. Chan Heng Fai, together with his associates, the controlling Shareholder which is interested in approximately 56.48% of the existing issued share capital of the Company. Mr. Chan is the managing chairman of the Company and the spouse of Mrs. Chan
"Mrs. Chan"	Ms. Chan Yoke Keow, together with his associates, the controlling Shareholder which is interested in approximately 56.48% of the existing issued share capital of the Company. Mrs. Chan is an executive director of the Company and the spouse of Mr. Chan
"Non-Qualifying Shareholder(s)"	the Overseas Shareholder(s) whom the Board, after making enquiry, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges in those places not to offer the Offer Shares to them
"Offer Share(s)"	the new Share(s) proposed to be issued under the Open Offer
"Open Offer"	the proposed issue by the Company of the Offer Shares by way of open offer to Qualifying Shareholders on the basis of an assured allotment of one Offer Share for every five existing Shares held on the Record Date at the Subscription Price
"Options"	the share options granted under the Share Option Scheme
"Overseas Shareholder(s)"	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown in the register of members of the Company on that date is/are outside Hong Kong
"PRC"	the People's Republic of China
"Prospectus"	the prospectus to be issued by the Company in relation to the Open Offer
"Prospectus Documents"	the Prospectus and the Application Forms

"Prospectus Posting Date"	4 May 2009 or such other date as the Underwriter may agree in writing with the Company as the date of despatch of the Prospectus Documents
"Qualifying Shareholder(s)"	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
"Record Date"	30 April 2009, being the record date for determining entitlements to participate in the Open Offer
"Registrar"	the registrar of the Company in Hong Kong, being Tricor Friendly Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong
"Settlement Date"	21 May 2009 (or such other time or date as the Underwriter and the Company may agree in writing)
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 9 May 2003
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Storm Warning"	a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal
"Subscription Price"	the subscription price of HK$0.05 per Offer Share
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Underwriter"	Mr. Chan

"Underwriting Agreement"	the underwriting agreement dated 9 April 2009 and entered into between the Company and the Underwriter in relation to the Open Offer
"Warrants"	a total of 162,593,106 listed warrants carrying rights to subscribe in cash for 162,593,106 Shares at an initial subscription price of HK$0.09 per Share (subject to adjustments) at any time until 30 September 2009 pursuant to an instrument issued by the Company dated 16 August 2004 (Warrant Code: 2386), of which 102,419,915 Warrants remain outstanding as at the date of this Prospectus
"%"	percentage

The expected timetable for the Open Offer is set out below:

Last day of dealings in Shares on a cum-entitlements basis	Tuesday, 21 April 2009
First day of dealings in Shares on an ex-entitlements basis	Wednesday, 22 April 2009
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on Thursday, 23 April 2009
Book closure period (both days inclusive)	Friday, 24 April 2009 to Thursday, 30 April 2009
Record Date	Thursday, 30 April 2009
Prospectus Documents to be despatched on or about	Monday, 4 May 2009
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Tuesday, 19 May 2009
Underwriting Agreement becomes unconditional	4:00 p.m. on Thursday, 21 May 2009
Announcement of results of the Open Offer and excess application	Monday, 25 May 2009
Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares expected to be despatched on or before	Wednesday, 27 May 2009
Certificates for Offer Shares expected to be despatched on or before	Wednesday, 27 May 2009
Dealings in Offer Shares expected to commence on	Monday, 1 June 2009

All dates and times referred to in this Prospectus are Hong Kong dates and times. Dates or deadlines specified in this Prospectus for events in the timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by the Company. Further announcement will be made in the event that there is any change to the expected timetable for the Open Offer.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION AND PAYMENT FOR THE OFFER SHARES

The latest time for application and payment for the Offer Shares will not take place if there is a Storm Warning in force in Hong Kong at any local time between 9:00 a.m. and 4:00 p.m. on Tuesday, 19 May 2009. Instead the latest time for application and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have a Storm Warning in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for application and payment for the Offer Shares does not take place at 4:00 p.m. on Tuesday, 19 May 2009, the dates mentioned in this section may be affected. Announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company at any time prior to 4:00 p.m. on the Settlement Date, if at any time prior to 4:00 p.m. on the Settlement Date:

(a) The Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties and representations was inaccurate, misleading or breached, and in each case where it is (in the reasonable opinion of the Underwriter) material in the context of the Open Offer; or

(b) (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;

(ii) any change in local, national or international financial, political, industrial or economic conditions;

(iii) any change of an exceptional nature in local, national or international equity securities or currency markets;

(iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

(v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;

(vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten Business Days;

(vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which will or may materially and adversely affect the Group or a material proportion of the Shareholders in their capacity as such,

which event or events is or are in the reasonable opinion of the Underwriter:

(i) likely to have a material adverse effect on the business or financial or trading position or prospects of the Company or the Group; or

(ii) likely to have a material adverse effect on the success of the Open Offer or the level of acceptance of the Offer Shares; or

(iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed. Upon the Underwriter giving a notice of termination to the Company, all obligations of the Underwriter under the Underwriting Agreement shall cease immediately and determine and be null and void and no party shall have any claim or liability against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees as may then be agreed by the parties thereto.

XPRESS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

Executive Directors:
Chan Heng Fai *(Managing Chairman)*
Chan Tong Wan *(Managing Director)*
Chan Tung Moe *(Chief Executive Officer)*
Chan Yoke Keow
Chan Sook Jin, Mary-ann

Non-executive Director:
Fong Kwok Jen

Independent non-executive Directors:
Wong Dor Luk, Peter
Joao Paulo Da Roza
Chian Yat Ping

Registered and principal office:
5/F., Island Place Tower
510 King's Road
North Point
Hong Kong

4 May 2009

*To the Shareholders (and, for information only,
holders of the warrants and options of the Company)*

Dear Sir or Madam,

OPEN OFFER WITH AN ASSURED ALLOTMENT OF ONE OFFER SHARE FOR EVERY FIVE EXISTING SHARES HELD

INTRODUCTION

As announced in the Announcement, the Company proposes to raise not less than approximately HK$18.37 million, before expenses, by issuing not less than 367,424,668 new Shares and not more than 381,762,085 new Shares by way of Open Offer at a price of HK$0.05 per Offer Share on the basis of one Offer Share for every five existing Shares held on the Record Date.

The purpose of this Prospectus is to provide you with further information regarding the Open Offer, including information on procedures for application and payment and certain financial information and other information in respect of the Group.

TERMS OF THE OPEN OFFER

Issue Statistics

Basis of Open Offer	:	Assured allotments of one Offer Share for every five existing Shares held on the Record Date
Number of existing Shares in issue	:	1,837,123,342 Shares as at the Latest Practicable Date
Number of Offer Shares to be issued under the Open Offer	:	Not less than 367,424,668 Offer Shares (assuming no conversion or subscription rights attaching to the FC Warrants, Warrants and the Options are exercised on or before the Record Date) and not more than 381,762,085 Offer Shares (assuming full exercise of the conversion or subscription rights attaching to the Warrants (other than the FC Warrants and Directors' Warrants) and the Options (other than the FC Options and the Directors' Options) on or before the Record Date) (Note)
Subscription Price for the Offer Shares	:	HK$0.05 per Offer Share
Aggregate nominal value of the Offer Shares	:	Not less than approximately HK$3,674,000 and not more than approximately 3,818,000
Underwriter	:	Mr. Chan

Note:

As at the Latest Practicable Date:

(1) there are a total of 172,000,000 FC Warrants outstanding carrying rights to subscribe for 172,000,000 Shares at an initial subscription price of HK$0.17 per Share (subject to adjustments). Mr. Chan has undertaken not to exercise of the subscription rights attaching to the FC Warrants on or before the Record Date, no Offer Shares will be issued;

(2) there are a total of 102,419,915 Warrants outstanding carrying rights to subscribe for 102,419,915 Shares at an initial subscription price of HK$0.09 per Share (subject to adjustments). Assuming full exercise of the subscription rights attaching to the Warrants (other than the Directors' Warrants) on or before the Record Date, a total of 57,687,088 new Shares would fall to be issued, which would result in the issue of additional 11,537,417 Offer Shares; and

(3) there are 433,000,000 outstanding Options granted under the Share Option Scheme, of which 350,500,000 are eligible for exercise on or before the Record Date. Assuming full exercise of the subscription rights attaching to the Options (other than the FC Options and the Directors' Options) on or before the Record Date, a total of 14,000,000 new Shares would fall to be issued, which would result in the issue of additional 2,800,000 Offer Shares.

Based on the above, the maximum number of Offer Shares that may be issued under the Open Offer would become 381,762,085.

Save for the outstanding FC Warrants, Warrants and Options as mentioned above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

Qualifying Shareholders:

The Company will send the Prospectus Documents to the Qualifying Shareholders only.

To qualify for the Open Offer, a Shareholder must on the Record Date:

– be registered as a member of the Company; and

– not be a Non-Qualifying Shareholder.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 24 April 2009 to Thursday, 30 April 2009 (both days inclusive) for determination of entitlements under the Open Offer. No transfer of Shares will be registered during that period.

Subscription price

HK$0.05 per Offer Share, payable in full when a Qualifying Shareholder applies for the Offer Shares.

The Subscription Price was determined with reference to the market environment and the prevailing Share prices at the time of signing of the Underwriting Agreement and represents:

(i) a discount of approximately 27.5% to the closing price of HK$0.069 per Share quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 24.1% to the theoretical ex-entitlement price of HK$0.066 per Share based on the closing price per Share on the Last Trading Day;

(iii) a discount of approximately 27.5% to the average closing price of HK$0.069 per Share for the last five full trading days up to and including the Last Trading Day;

(iv) a discount of approximately 25.7% to the average closing price of HK$0.067 per Share for the last ten full trading days up to and including the Last Trading Day;

(v) a discount of approximately 2.0% to the closing price of HK$0.051 per share at the Latest Practicable Date; and

(vi) a discount of approximately 83.6% to the net asset value of HK$0.305 per Share based on the audited consolidated net asset value as at 31 March 2008 and 1,837,123,342 Shares in issue as at the Latest Practicable Date.

The theoretical ex-entitlement price is calculated by adding the market value of all outstanding Shares (based on the closing price on the Last Trading Day) with the total amount expected to be received from the Open Offer (assuming 367,424,668 Offer Shares will be issued), and then divided by the total number of outstanding Shares after the Open Offer.

Basis of assured allotment

One Offer Share for every five existing Shares held by a Qualifying Shareholder on the Record Date.

Fractions of assured allotments will not be issued and will be aggregated and made available for application by the Qualifying Shareholders who wish to apply for Shares in excess of their own assured allotments.

Status of the Offer Shares

When allotted, issued and fully-paid, the Offer Shares will rank equally in all respects with the existing Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of issue and allotment of the fully-paid Offer Shares.

Rights of Non-Qualifying Shareholders

As the Prospectus Documents have not been and will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong, if as at the Record Date, a Shareholder's address as shown in the register of members of the Company was outside Hong Kong and was a Non-Qualifying Shareholder, such Shareholder would not be eligible to take part in the Open Offer. Accordingly the Offer Shares will not be offered to the Non-Qualifying Shareholders and no application for Offer Shares will be accepted from the Non-Qualifying Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, there were 47 Overseas Shareholders, whose addresses as shown in the register of members of the Company were outside Hong Kong in Australia, Canada, Macau, New Zealand, Singapore, Taiwan, the United Kingdom, and the U.S.. After making enquiries with the Company's overseas legal advisers regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges for the Company to offer the Offer Shares to such Overseas Shareholders in accordance with Rule 13.36(2)(a) of the Listing Rules, the Directors have been advised by the legal advisers in the relevant jurisdictions that the Company would need to comply with certain requirements or procedures of the regulatory bodies for offering the Offer Shares to Overseas Shareholders resident in Australia, Canada and the U.S., but not in Macau, New Zealand, Singapore, Taiwan and the United Kingdom. Accordingly, Overseas Shareholders in Macau, New Zealand, Singapore, Taiwan and the United Kingdom are also Qualifying Shareholders. After considering the legal costs for compliance with the relevant requirements or procedures of the regulatory bodies in Australia, Canada and the U.S. and the minimal size of shareholdings of the Overseas Shareholders resident in such places, the Directors are of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders resident in Australia, Canada and the U.S. (ie. Non-Qualifying Shareholders). Accordingly, the Offer Shares will not be offered to the Non-Qualifying Shareholders and no application for Offer Shares will be accepted from the Non-Qualifying Shareholders. The Company will send copies of this Prospectus to the Non-Qualifying Shareholders resident in Australia, Canada and the U.S. for their information only, but will not send the Application Forms to them.

In any event, it is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Offer Shares under the Open Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant territory or jurisdiction, including obtaining any governmental or other consents or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection with taking up any Offer Shares. Any acceptance of the Offer Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that those local laws and requirements of the relevant territory or jurisdiction have been fully complied with. If you are in any doubt as to your position, you should consult your professional advisers.

Any Offer Shares which would otherwise have been in assured allotments of the Non-Qualifying Shareholders will be available for application by the Qualifying Shareholders who wish to apply for Shares in excess of their own assured allotments.

Share Certificates

Subject to the fulfilment or waiver of the Conditions, certificates for fully-paid Offer Shares are expected to be posted to successful applicants at their own risk on or before Wednesday, 27 May 2009. Refund cheques in respect of wholly or partially unsuccessful applications for Offer Shares in excess of assured allotments are also expected to be posted on or before Wednesday, 27 May 2009 by ordinary post to the applicants at their own risk. Qualifying Shareholders will receive one share certificate for all the Offer Shares validly applied for and issued to the Qualifying Shareholders.

Application for listing and dealings in the Offer Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS Operational Procedures in effect from time to time.

CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon each of the following events happening:

(a) the filing and registration of the Prospectus Documents (with all the documents required to be attached thereto by Section 38D of the Companies Ordinance) (all having been duly authorised for registration by the Stock Exchange and signed by every Director or his agent authorised in writing) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance no later than the Prospectus Posting Date;

(b) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;

(c) the Listing Committee of the Stock Exchange granting listings of, and permission to deal in, the Offer Shares either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) on or prior to the Prospectus Posting Date and not having withdrawn or revoked such listings and permission before 4:00 p.m. on the Settlement Date; and

(d) the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof.

In the event that any of the Conditions is not fulfilled, the Open Offer will not proceed.

Undertakings by Mr. Chan and the Directors

As at the Latest Practicable Date, Mr. Chan is interested in:

(i) 344,494,647 Shares, representing approximately 18.75% of the existing entire issued share capital of the Company;

(ii) 210,000,000 Options with rights to subscribe 210,000,000 Shares; and

(iii) 172,000,000 FC Warrants with rights to subscribe 172,000,000 Shares at the subscription price of HK$0.17 per Share (subject to adjustments).

Mr. Chan has irrevocably agreed and undertaken to the Company that he will apply for the entire number of the Offer Shares in the assured allotments in which he is beneficially interested and not to exercise of, the subscription rights under the FC Warrants and FC Options until the close of business on the Record Date pursuant to and subject to the terms of the FC Undertaking Letter. Mr. Chan may consider applying for excess Offer Shares subject to compliance with the relevant regulatory requirements.

As at the Latest Practicable Date, certain Directors collectively hold 126,500,000 Options and 44,732,827 Warrants. Each of such Directors has given an irrevocable undertaking, inter alia, not to exercise the subscription rights under the relevant Directors' Options and Directors' Warrants until the close of business on the Record Date pursuant to and subject to the terms of the relevant Director's Undertaking Letter.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement:

Date	:	9 April 2009
Underwriter	:	Mr. Chan (Note)
Number of Offer Shares underwritten	:	All Offer Shares other than those undertaken to be applied for by Mr. Chan
Underwriter's Commission	:	1.5% of the subscription price in respect of the maximum number of Offer Shares Underwritten. Assuming that there is no change in the shareholding structure of the Company from the date of the Underwriting Agreement to immediately before completion of the Open Offer (including there being no exercise of Warrants and Options), it is estimated that the underwriter's commission will be HK$234,647. The Directors (including the independent non-executive Directors) consider that the underwriting commission is fair and reasonable and is on normal commercial terms.

Note: Underwriting does not fall within the ordinary course of business of the Underwriter

As at the Latest Practicable Date, Mr. Chan and his Concert Parties, are interested in an aggregate of 1,070,392,625 Shares, representing 58.26% of the existing issued share capital of the Company. Mr. Chan has irrevocably undertaken to the Company that he will apply for the entire number of the Offer Shares in the assured allotments in which he is beneficially interested. The Open Offer is fully underwritten by Mr. Chan.

Assuming that (a) the Open Offer proceeds and is completed; (b) the assured allotments of Mr. Chan under the Open Offer are applied for in full; and (c) there is no change in the shareholding structure of the Company from the date of the Underwriting Agreement to immediately before completion of the Open Offer (including there being no exercise of Warrants and Options), set out below is the shareholding structure of the Company as at the date of the Latest Practicable Date and immediately after completion of the Open Offer:

	As at the date of the Latest Practicable Date		Immediately after completion of the Open Offer and assuming that all Offer Shares are taken up by Qualifying Shareholders		Immediately after completion of the Open Offer and assuming no Offer Shares are taken up by Qualifying Shareholders	
	No. of Shares	*approx. %*	*No. of Shares*	*approx. %*	*No. of Shares*	*approx. %*
The Underwriter (Mr. Chan)	344,494,647	18.75%	413,393,578	18.75%	711,919,315	32.29%
Mrs. Chan	693,213,309	37.73%	831,855,970	37.73%	693,213,309	31.44%
Mr. Chan Tong Wan	5,423,837	0.30%	6,508,604	0.30%	5,423,837	0.25%
Mr. Chan Tung Moe	15,370,000	0.84%	18,444,000	0.84%	15,370,000	0.70%
Ms. Mary-ann Chan	4,562,832	0.25%	5,475,398	0.25%	4,562,832	0.21%
Mr. Fong Kwok Jen	7,328,000	0.40%	8,793,600	0.40%	7,328,000	0.33%
Controlling shareholders	1,070,392,625	58.27%	1,284,471,150	58.27%	1,437,817,293	65.22%
Other Directors	744,800	0.04%	893,760	0.04%	744,800	0.03%
Public	765,985,917	41.69%	919,183,100	41.69%	765,985,917	34.75%
Total	1,837,123,342	100.00%	2,204,548,010	100.00%	2,204,548,010	100.00%

In the event that Mr. Chan is called upon to subscribe for the balance of the Offer Shares in full pursuant to his obligation under the Underwriting Agreement, the interest of Mr. Chan and his Concert Parties in the voting rights of the Company would increased from approximately 58.27% to approximately 65.22% and the individual interest of Mr. Chan in the voting rights of the Company would increased from approximately 18.75% to approximately 32.29% immediately upon completion of the Open Offer. The Executive of the Securities and Futures Commission has waived the obligation of Mr. Chan to make a general offer for the shares of the Company pursuant to Note 6 to Rule 26.1 of the Takeovers Code in respect of the Open Offer.

POSSIBLE ADJUSTMENTS TO THE FC WARRANTS, THE WARRANTS AND THE OPTIONS

As a result of the Open Offer, the conversion price of the FC Warrants, the subscription price and the number of Shares to be issued under the Warrants and the exercise price and the number of Shares to be issued pursuant to the Options may be adjusted in accordance with the respective terms and conditions of the FC Warrants, the instrument creating the Warrants and the Share Option Scheme. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

WARNING OF THE RISKS OF DEALING IN SHARES

Existing Shares are expected to be dealt in on an ex-entitlements basis from Wednesday, 22 April 2009. If the Underwriter terminates the Underwriting Agreement (see the paragraph headed "Termination of the Underwriting Agreement" above), or if the conditions of the Open Offer (see the section headed "Conditions of the Open Offer" above) are not fulfilled, the Open Offer will not proceed.

Shareholders and investors should therefore exercise caution when dealing in the Shares and are recommended to obtain professional advice regarding dealings in Shares during these periods.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Directors believe that, taking into account the prevalent financial market conditions, it would be in the interest of the Company and the Shareholders to raise long-term equity funding via the proposed Open Offer to strengthen the Company's capital base and to enhance its financial position and net assets base.

The Directors consider the terms of the Open Offer and the Subscription Price to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming 367,424,668 Offer Shares will be issued, the estimated expenses in relation to the Open Offer amount to approximately HK$1.37 million and the estimated net proceeds of the Open Offer are approximately HK$17 million (equivalent to HK$0.0463 per Offer Share) are intended to be used as additional working capital to strengthen the Company's financial position.

FUND-RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE LATEST PRACTICABLE DATE

No fund raising activities have been carried out by the Company during the past 12 months immediately preceding the Latest Practicable Date.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is engaged in property investment, financial services and securities investments, including corporate finance, consumer finance and hotel operation. For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$1,431 million. The profit attributable to shareholders for the year ended 31 March 2008 was approximately HK$12.2 million and the net assets value of the Group was HK$559.7 million as at 31 March 2008. For the six months ended 30 September 2008, the Group recorded a turnover of approximately HK$797.4 million. The loss attributable to equity holders of the Company for the six months ended 30 September 2008 was HK$72.0 million and the net assets value of the Group was HK$478.5 million as at 30 September 2008.

In September 2008, due to the historical and expected financial performance of the credit card division, the Group has decided to close the credit card division of one of its subsidiary, Xpress Finance Limited. Xpress Finance Limited continues to provide consumer and corporate financing.

On 14 November 2008, a subsidiary of the Company incorporated in Japan, Xpress Travel Limited, filed a petition for the liquidation of Xpress Travel Limited in Japan. Shortly after, a liquidation trustee was appointed by the court to deal with the rights and claims that creditors have against Xpress Travel Limited.

On 19 November 2008, the Group entered into a sale and purchase agreement for the disposal of the 56.46% of the issued and paid-up capital of Makino Air Travel Service Co., Ltd for a total of cash consideration of JPY30 million.

On 11 December 2008, the Group entered into a sale and purchase agreement with the purchaser for the disposal of 60% of the issued and paid-up capital of Anglo-French Travel Pte Ltd at a consideration of S$2,100,000.

The Company is continuing to evaluate all the businesses of the Group to determine the future plans of the Group and rationalize its business direction in the light of the current adverse financial and economic circumstances. The Company continues to maintain its property investment, financial services and securities investments, including corporate finance, consumer finance and hotel operation through its subsidiaries and the travel related services will be operating through one of its indirect 31% owned associate, SingXpress Ltd.

The Group will continue to implement cost control measures and margin management, as well as to allocate resources to effect healthy development of its businesses.

PROCEDURE FOR APPLICATION

Application for Offer Shares

The Assured Allotment Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares on an assured basis as shown therein subject to payment in full on the Final Application Time. Qualifying Shareholders should note that they may apply for any number of Offer Shares assured only up to the number set out in the Assured Allotment Application Form.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Assured Allotment Application Form or wish to apply for any number less than their assured entitlement under the Open Offer, they must complete, sign and lodge the Assured Allotment Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied with the Registrar, Tricor Friendly Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Tuesday, 19 May 2009. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Xpress Group Limited — Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed Assured Allotment Application Form, together with the appropriate remittance, have been lodged with the Registrar, Tricor Friendly Limited, by no later than 4:00 p.m. on Tuesday, 19 May 2009, the assured entitlement under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

Application for excess Offer Shares

Qualifying Shareholders will have the right to apply for any Offer Shares in excess of their own assured allotments under the Application Forms but are not assured of being allocated any Shares in excess of those in their assured allotments.

Application for excess Offer Shares should be made by completing the Excess Application Forms enclosed with this Prospectus (if despatched to a Qualifying Shareholder) for excess Offer Shares and lodging the same with a separate remittance for the full amount payable in respect of the excess Offer Shares being applied for in accordance with the instructions printed thereon, with the Registrar, Tricor Friendly Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Tuesday, 19 May 2009. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Xpress Group Limited – Excess Application Account" and crossed "Account Payee Only". The Registrar will notify the Qualifying Shareholders of any allotment of the excess Offer Shares made to them.

It should be noted that unless the duly completed and signed Excess Application Form, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Tuesday, 19 May 2009, the Excess Application Form is liable to be rejected.

All cheques or cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholders under the Open Offer will be deemed to have been declined and will be cancelled.

The Company will allocate the Offer Shares in excess of assured allotments at their discretion on a fair and equitable basis, on a pro-rata basis to the excess Offer Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offered Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares.

Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single shareholder according to the register of members of the Company. Shareholders should note that the number of excess Offer Shares which may be allocated to them may be different where they make applications for excess Offer Shares by different means, such as making applications in their own names as against through nominees who also hold Shares for other Shareholders. Shareholders should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names and apply for the excess Offer Shares themselves.

Both Application Forms are for the use by the person(s) named therein only and are not transferable.

No receipt will be issued in respect of any application monies received.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendices to this Prospectus.

Yours faithfully,
Xpress Group Limited
Chan Tong Wan
Managing Director

1. FINANCIAL INFORMATION SUMMARY

The following table summarises the results and financial position of the Group for the last three financial years ended 31 March 2008 as extracted from the relevant published audited financial statements of the Group, and for the six months ended 30 September 2007 and 2008 as extracted from the interim reports for the six months ended 30 September 2007 and 30 September 2008.

Results of the Group

	For the year ended 31 March			For the six months ended 30 September	
	2006	**2007**	**2008**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000* *(unaudited)*
Revenue	445,005	689,184	1,430,713	704,426	797,384
Cost of sales	(405,290)	(631,820)	(1,290,646)	(636,862)	(704,159)
Gross profit	39,715	57,364	140,067	67,564	93,225
Fair value gain (loss) on financial assets at fair value through profit or loss	100,745	55,476	16,581	36,337	(11,546)
Fair value gain on investment properties	4,956	78,351	69,690	72,073	–
Bad debt recovered	20,206	943	835	424	207
Other operating income	2,234	21,205	37,432	57,021	4,821
Impairment loss recognised in respect of goodwill	–	–	–	–	(11,663)
Impairment loss on available-for-sale financial assets	(186)	–	–	–	(1,603)
Other operating expenses	(10,531)	(11,390)	(10,506)	–	–
Administrative expenses	(111,613)	(142,692)	(257,681)	(117,218)	(132,932)
Gain on disposal of available-for-sale financial assets	–	–	8,386	–	–
Discount on acquisition of additional interest in a subsidiary	–	–	35,037	–	–
Gain on disposal of subsidiaries	–	–	106	–	–
Gain on disposal of associates	–	–	1,217	–	–

	For the year ended 31 March			For the six months ended 30 September	
	2006	**2007**	**2008**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	*(unaudited)*
Profit (loss) from operations	45,526	59,257	41,164	116,201	(59,491)
Finance costs	(13,734)	(17,453)	(16,089)	(9,591)	(5,521)
Share of results of associates	(13,159)	(1,249)	(5,671)	(4,452)	(5,238)
Profit (loss) before income tax	18,633	40,555	19,404	102,158	(70,250)
Income tax expense	(229)	(24,474)	(10,089)	(15,046)	(373)
Profit (loss) for the year from continuing operations	18,404	16,081	9,315	87,112	(70,623)
Discontinued Operations					
Profit for the year from discontinued operations	84,140	–	–	–	–
Profit (loss) for the year	102,544	16,081	9,315	87,112	(70,623)
Attributable to:					
Equity holders of the Company	53,138	40,112	12,229	92,055	(71,984)
Minority interests	49,406	(24,031)	(2,914)	(4,943)	1,361
Profit (loss) for the year	102,544	16,081	9,315	87,112	(70,623)

Financial position

	As at 31 March			As at 30 September	
	2006	**2007**	**2008**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	*(unaudited)*
Total Assets	650,856	923,583	939,821	1,081,402	780,894
Total Liabilities	(161,007)	(355,976)	(380,151)	(434,791)	(302,358)
Net Assets	489,849	567,607	559,670	646,611	478,536

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE TWO YEARS ENDED 31 MARCH 2007 AND 2008

The following information is extracted from the audited consolidated financial statements of the Group as set out in the annual report of the Company for the year ended 31 March 2008:

Consolidated income statement
For the year ended 31 March 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Revenue	*5*	1,430,713	689,184
Cost of sales		(1,290,646)	(631,820)
Gross profit		140,067	57,364
Other operating income		37,432	21,205
Fair value gain on financial assets at fair value through profit or loss		16,581	55,476
Fair value gain on investment properties		69,690	78,351
Bad debt recovered		835	943
Administrative expenses		(257,681)	(142,692)
Other operating expenses		(10,506)	(11,390)
Gain on disposal of available-for-sale financial assets		8,386	–
Discount on acquisition of additional interest in a subsidiary		35,037	–
Gain on disposal of subsidiaries		106	–
Gain on disposal of associates		1,217	–
Profit from operations		41,164	59,257
Finance costs	*7*	(16,089)	(17,453)
Share of results of associates		(5,671)	(1,249)
Profit before income tax	*8*	19,404	40,555
Income tax expense	*9*	(10,089)	(24,474)
Profit for the year		9,315	16,081
Attributable to:			
Equity holders of the Company	*10*	12,229	40,112
Minority interests		(2,914)	(24,031)
Profit for the year		9,315	16,081
Earnings per share for profit attributable to the equity holders of the Company during the year	*11*		
– Basic		HK0.68 cents	HK2.35 cents
–Diluted		HK0.57 cents	HK2.24 cents

Balance sheets
as at 31 March 2008

		Group		Company	
		2008	**2007**	**2008**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*15*	67,272	22,397	2,102	1,048
Prepaid land leases	*16*	28,031	20,221	–	–
Investment properties	*17*	268,490	275,705	1,200	900
Interests in subsidiaries	*18*	–	–	4,647	14,218
Interests in associates	*19*	24,460	16,010	–	–
Long term deposits	*20*	15,671	7,664	–	–
Available-for-sale financial assets	*21*	36,290	45,815	–	–
Goodwill	*22*	28,620	18,955	–	–
Loans receivable	*23*	901	450	–	–
Pledged bank deposits	*24*	3,900	4,385	–	–
		473,635	411,602	7,949	16,166
Current assets					
Inventories	*25*	676	486	–	–
Trade and other receivables, deposits and prepayments	*26*	180,844	131,525	6,313	803
Financial assets at fair value through profit or loss	*27*	46,313	178,812	24,792	140,220
Loans receivable	*23*	2,233	3,008	–	–
Amount due from subsidiaries	*18*	–	–	367,349	256,805
Amounts due from associates	*19*	7,775	6,577	1,924	1,521
Pledged bank deposits	*24*	5,030	–	–	–
Cash and cash equivalents	*24*	223,315	191,573	156,344	55,764
		466,186	511,981	556,722	455,113
Current liabilities					
Trade and other payables	*28*	166,005	100,288	4,536	7,587
Borrowings	*29*	35,522	43,333	–	–
Finance lease payables	*30*	562	605	–	–
Convertible debentures	*31*	45,358	–	–	–
Taxes payable		16,539	3,526	–	–
Amount due to subsidiaries	*18*	–	–	139,077	56,075
		263,986	147,752	143,613	63,662

		Group		Company	
		2008	2007	2008	2007
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net current assets		202,200	364,229	413,109	391,451
Total assets less current liabilities		675,835	775,831	421,058	407,617
Non-current liabilities					
Borrowings	*29*	88,780	134,623	–	–
Finance lease payables	*30*	1,326	972	–	–
Convertible debentures	*31*	–	50,234	–	–
Amounts due to associates	*19*	1,570	236	587	–
Deferred taxation	*32*	24,489	22,159	249	196
		116,165	208,224	836	196
Net assets		559,670	567,607	420,222	407,421
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	*34*	18,191	17,548	18,191	17,548
Reserves	*36*	539,147	511,035	402,031	389,873
		557,338	528,583	420,222	407,421
Minority interests		2,332	39,024	–	–
Total equity		559,670	567,607	420,222	407,421

Consolidated cash flow statement
for the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Profit before income tax		19,404	40,555
Adjustments for:			
Depreciation	8	7,142	3,590
Amortisation of prepaid land leases	8	661	530
Impairment losses on			
– loan receivables	8	1,359	–
– property, plant and equipment	8	1,196	–
– trade and other receivables, deposits and prepayments	8	1,431	26
Loss on disposals of property, plant and equipment	8	680	416
Discount on acquisition of additional interest in a subsidiary		(35,037)	–
Gain on disposals of subsidiaries		(106)	–
Gain on disposal of associates		(1,217)	–
Gain on disposal of an investment property with deposit paid		–	(3,884)
Fair value gain on investment properties		(69,690)	(78,351)
Equity settled share based payment expenses		397	1,049
Interest income		(10,733)	(15,719)
Interest expenses on borrowings and convertible debentures		16,069	17,411
Finance lease interest expenses		20	42
Share of results of associates		5,671	1,249
Write off goodwill		–	652
Write off bad debts		3,942	–
Excess of the Group's interests in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	8	(11,976)	(360)
Operating loss before working capital changes		(70,787)	(32,794)

	Notes	2008 HK$'000	2007 HK$'000
Operating loss before working capital changes		(70,787)	(32,794)
Increase in loans receivable		(1,035)	(880)
Decrease in inventories		80	77
Increase in amounts due from an associate		(1,198)	(3,354)
(Increase)/Decrease in trade and other receivables, deposits and prepayments		(23,347)	448
Decrease/(Increase) in financial assets at fair value through profit or loss		132,499	(135,528)
Decrease in trade and other payables		(3,989)	(2,672)
Increase in amounts due to an associate		1,334	236
Cash generated from/(used in) operations		33,557	(174,467)
Tax refund/(paid)		4,475	(18,972)
Net cash generated from/(used in) operating activities		38,032	(193,439)
Cash flows from investing activities			
(Increase)/Decrease in pledged bank deposits		(4,545)	4,605
Acquisition of an associate		(3,479)	–
Subscription of shares in an associate		(16,225)	–
Proceeds from disposal of an associate		10,439	–
Proceeds from disposals of property, plant and equipment		1,161	67
Purchases of property, plant and equipment		(14,230)	(3,647)
Purchases of investment properties		(27,284)	(93,366)
Proceeds from disposal of investment properties		125,661	–
Proceeds from disposal of an investment property with deposit paid only		–	10,561
Payments for prepaid land lease paymetns		(7,935)	–
Acquisition of subsidiaries	*41*	(2,468)	(15,393)
Proceeds from disposals of a subsidiary	*42*	(127)	–
Interest received		10,733	15,719
Payment of long term deposits		(8,007)	(7,664)
Net cash generated from/(used in) investing activities		63,694	(89,118)

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from financing activities			
(Repayment)/Drawdown of borrowings		(50,264)	100,763
Proceeds from issuance of share capital		6,492	20,170
Issuance of warrants		–	5,160
Capital injection from minority shareholders of subsidiaries		547	1,316
Interest paid		(14,796)	(15,754)
Repurchase of the convertible debentures by the Group		(6,149)	–
Increase in finance lease payables		311	664
Finance lease interest expenses		(20)	(42)
Net cash (used in)/generated from financing activities		(63,879)	112,277
Net increase/(decrease) in cash and cash equivalents		37,847	(170,280)
Cash and cash equivalents at beginning of the year		188,183	363,083
Effect of foreign exchange rate changes, on cash held		(2,715)	(4,620)
Cash and cash equivalents at 31 March		223,315	188,183
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		223,315	191,573
Bank overdraft		–	(3,390)
		223,315	188,183

Consolidated statement of changes in equity
for the year ended 31 March 2008

	Equity attributable to equity holders of the Company									Minority interests	Total equity
	Share capital	Share premium	Warrant reserve	Assets revaluation reserve	Investment revaluation reserve	Translation reserve	Employee share-based compensation reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	16,265	704,561	–	8,038	(1,806)	18,133	2,133	(318,207)	429,117	60,732	489,849
Fair value gain on available-for-sales financial assets	–	–	–	–	25,918	–	–	–	25,918	–	25,918
Exchange differences on translation of overseas operations	–	–	–	–	–	7,267	–	–	7,267	–	7,267
Share of reserve of an associate	–	–	–	–	–	(192)	–	–	(192)	–	(192)
Net income recognised directly in equity	–	–	–	–	25,918	7,075	–	–	32,993	–	32,993
Profit for the year	–	–	–	–	–	–	–	40,112	40,112	(24,031)	16,081
Total recongised income and expenses for the year	–	–	–	–	25,918	7,075	–	40,112	73,105	(24,031)	49,074
Exercise of 2009 and 2006 Warrants subscription rights *(note 34(a) & (b))*	1,223	17,977	–	–	–	–	–	–	19,200	–	19,200
Exercise of share options *(note 35)*	60	910	–	–	–	–	–	–	970	–	970
Issue of warrants	–	–	5,160	–	–	–	–	–	5,160	–	5,160
Transfer to reserves upon exercise of share option	–	21	–	–	–	–	(21)	–	–	–	–
Transfer to reserves upon cancellation of share option	–	–	–	–	–	–	(22)	22	–	–	–
Share of reserve of an associate	–	–	–	–	–	–	(18)	–	(18)	–	(18)
Arising from acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	1,007	1,007
Capital contribution from minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	1,316	1,316
Employee share-based compensation expenses recognised	–	–	–	–	–	–	1,049	–	1,049	–	1,049
As 31 March 2007	17,548	723,469	5,160	8,038	24,112	25,208	3,121	(278,073)	528,583	39,024	567,607

	Equity attributable to equity holders of the Company									Minority interests	Total equity
	Share capital	Share premium	Warrant reserve	Assets revaluation reserve	Investment revaluation reserve	Translation reserve	Employee share-based compensation reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	17,548	723,469	5,160	8,038	24,112	25,208	3,121	(278,073)	528,583	39,024	567,607
Fair value gain on available-for-sales financial assets	–	–	–	–	2,072	–	–	–	2,072	–	2,072
Exchange differences on translation of overseas operations	–	–	–	–	–	16,895	–	–	16,895	–	16,895
Net income recognised directly in equity	–	–	–	–	2,072	16,895	–	–	18,967	–	18,967
Profit for the year	–	–	–	–	–	–	–	12,229	12,229	(2,914)	9,315
Total recongised income and expenses for the year	–	–	–	–	2,072	16,895	–	12,229	31,196	(2,914)	28,282
Release of fair value gain on disposal of available-for-sales financial assets	–	–	–	–	(8,386)	–	–	–	(8,386)	–	(8,386)
Reversal of fair value gain on acquisition of an associate *(note 19)*	–	–	–	–	(2,794)	–	–	–	(2,794)	–	(2,794)
Exercise of 2009 Warrants subscription rights *(note 34(a))*	544	4,355	–	–	–	–	–	–	4,899	–	4,899
Exercise of share options (note 35)	99	1,494	–	–	–	–	–	–	1,593	–	1,593
Transfer to reserves upon exercise of share option	–	81	–	–	–	–	(81)	–	–	–	–
Transfer to reserves upon cancellation of share option	–	–	–	–	–	–	(62)	62	–	–	–
Share of reserve of an associate	–	–	–	–	–	1,950	(100)	–	1,850	–	1,850
Reduction in minority interests on acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(34,325)	(34,325)
Capital contribution from a minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	547	547
Employee share-based compensation expenses recognised	–	–	–	–	–	–	397	–	397	–	397
As 31 March 2008	18,191	729,399	5,160	8,038	15,004	44,053	3,275	(265,782)	557,338	2,332	559,670

Notes to the financial statements

For the year ended 31 March 2008

1. GENERAL INFORMATION

Xpress Group Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The name of the Company was changed from "China Credit Holdings Limited 中國信貸集團有限公司" to "Xpress Group Limited 特速集團有限公司" with effect from 28 May 2007. The address of the Company's registered office and principal place of business is 5th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (together referred to as the "Group") include investment holding, property investment, travel related services, hotel operations, securities investments, treasury investment and credit card business.

The financial statements on pages 36 to 157 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The financial statements for the year ended 31 March 2008 were approved for issue by the board of directors on 28 July 2008.

2. ADOPTION OF NEW AND AMENDED HKFRSS

From 1 April 2007, the Group has adopted, for the first time, the following new standards, amendment and interpretations, issued by the HKICPA, which are relevant and effective for the Group's financial statements beginning on or after 1 April 2007:

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2: Group and treasury share transaction

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

2.1 HKAS 1 (Amendment) – Capital Disclosures

In accordance with the HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change in HKAS 1 are set out in note 45 to the financial statements.

2.2 HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31 March 2008. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group's financial statements now feature:

- a sensitivity analysis, to explain the Group's market risk exposure in regards to its financial instruments, and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments of cash-flows, net income or balance sheet line items.

2.3 HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective.

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

Notes:

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

Among these new standards and interpretations, HKAS 1 (Revised) is expected to be relevant to the consolidated financial statements.

Amendment to HKAS 1 – Presentation of Financial Statements

This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Precious Group but will give rise to additional disclosures. The directors of the Company are currently assessing the detailed impact of this amendment on the consolidated financial statements.

The directors of the Company is currently assessing the impact of the other new standards and interpretations but are not yet in a position to state whether they would have material financial impact on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for the investment properties and certain financial assets and liabilities, which are stated at their fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

3.3 Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interests only after the minority's share of losses previously absorbed by the Group has been recovered.

3.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. In consolidated financial statements, investment in associates is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the 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. The cost of 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, plus any costs directly attributable to the investment.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (see note 3.11) of the associate and its carrying amount.

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 the income statement in the determination of the Group's share of the associate's profit or loss in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

In the Company's balance sheet, investment in an associate is stated at cost less any impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

3.5 Foreign currencies translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

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 and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the balance sheet date. Income and expenses have been converted into the HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the translation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 April 2005 have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates. Goodwill arising on the acquisitions of foreign operation before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

Other exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

3.6 Revenue recognition

Revenue comprises the fair value for the sale of goods, rendering of services, the use by other of the Group's assets yielding interest, royalties and dividends, net of rebates and discounts. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

(a) Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

(b) Sales of air tickets are recognised upon issuance of the air tickets.

(c) Sales of tours are recognised upon departure of the tour group.

(d) Sale of hotel accommodation is recognised upon issuance of the hotel vouchers.

(e) Credit card service income are recognised when services are provided.

(f) License fees are recognised over the license period.

(g) Dividend income is recognised when the right to receive payment is established.

(h) Rental income, including rentals invoiced in advance from properties under operating leases, is recognised on a straight line basis over the term of the lease.

(i) Revenue from hotel operation is recognised upon provision of services.

(j) Interest income from credit card receivables is recognised in the consolidated income statement on an accrual basis, except where a debt becomes doubtful, in which case recognition of interest income is suspended until it is realised on a cash basis.

(k) Other interest income is recognised on a time-proportion basis using the effective interest method.

3.7 Borrowing costs

All borrowing costs are expensed as incurred during the year.

3.8 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate is set out in note 3.4.

Goodwill represents the excess of the cost of a business combination or an investment over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination 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, plus any costs directly attributable to the business combination or investment.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 3.11).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in income statement.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.9 Prepaid land leases and property, plant and equipment

Prepaid land leases represents up-front payments to acquire long term interest in the usage of land. They are stated at cost and charged to income statement over the remaining period of the lease on a straight-line basis net of any impairment losses.

Freehold lands are stated at cost and related carrying amounts are not depreciated as no definite useful life for freehold land.

Buildings held for own use which are situated on prepaid land leases, where the fair value of the building could be measured separately from the fair value of the prepaid land leases at the inception of the lease, and other items of plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, if shorter.

Depreciation is provided to write off the cost over their estimated useful lives, on the following bases and at the following rates per annum:

Buildings	Over the shorter of the lease term or 2% on straight line method
Leasehold improvements	Over the term of the lease or 6.67% – 20% on straight-line method, whichever is the shorter
Furniture, fixtures and vehicles	20%-25% on reducing motor balance method

The assets' estimated useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on retirement or disposals is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3.10 Investment properties

Investment properties are land and/or buildings which are on freehold land/owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. The carrying amounts recognised in the balance sheet reflect the prevailing market conditions at the balance sheet date.

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

Property which is held by the Group for use in the production or supply of goods or services or for administrative purposes is classified as owner-occupied property. The Group accounts for such property in accordance with the policy stated in note 3.9 for buildings and prepaid land lease elements of the owner-occupied property respectively. When the owner-occupied property subsequently becomes an investment property that will be carried at fair value, any decrease in the carrying amount of the property is recognised in the income statement. However, to the extent that an amount is previously included in revaluation surplus for the owner-occupied property, the decrease is charged against that revaluation surplus. Any increase in the carrying amount is recognised in income statement to the extent that such increase reverses a previous impairment loss and any remaining part of increase is credited directly to assets revaluation reserve.

On subsequent disposal of the investment property which was previously an owner-occupied property, the revaluation surplus included in assets revaluation reserve is transferred to retained earnings.

For properties held for sale which subsequently become investment properties that will be carried at fair value, any difference between the fair value of the property at the date of change in use and its previous carrying amount will be recognised in income statement.

3.11 Impairment of assets

Goodwill arising on an acquisition of subsidiary, property, plant and equipment, and interests in subsidiaries and associates are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount, unless the relevant asset is carried at revalued amount under the Group's accounting policy. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 3.10); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease (see note 3.9). For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as finance lease payables.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating lease charges as the lessee

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in income statement on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in income statement as an integral part of the aggregate net lease payments receivable.

3.13 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries and associates are set out below.

Financial assets are classified into the following categories:

– financial assets at fair value through profit or loss

– loans and receivables

– available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, these are measured at fair value with changes in fair value recognised in income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These are subsequently measured at fair value. Gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in the income statement. Interest calculated using the effective interest method is recognised in the income statement. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and the default of delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in income statement of the period in which the impairment occurs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement in the period in which the reversal occurs.

Available-for-sale financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets in impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in the income statement as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

Reversals in respect of investment in equity instruments classified as available-for-sale are not recognised in the income statement. The subsequent increase in fair value is recognised directly in equity. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in the income statement.

Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.15 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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 differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For cash flow statement presentation, cash & cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.17 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.18 Retirement benefit costs and short term employee benefits

Retirement benefits to employees are provided through several defined contribution plans.

Retirement benefits scheme

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

The employees of the Group's subsidiaries operate in Singapore and Japan are required to participate in the defined contribution plans regulated and managed by the local government. The contributions to the defined contribution plans are charged to the income statement in the period to which the contributions relate.

Short term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.19 Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and not vested on 1 April 2005 are recognised in the financial statements. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in the income statement with a corresponding increase in equity (employee share-based compensation reserve). If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

3.20 Financial liabilities

The Group's financial liabilities include trade and other payables, borrowings, finance leases payables, amount due to associates and convertible debentures. The Company's financial liabilities include trade and other payables amounts due to subsidiaries.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

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

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

Finance lease payables

Finance lease payables are measured at initial value less the capital element of lease repayments (see note 3.12).

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Convertible debentures

Convertible debentures issued by the subsidiary of the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible debentures and the fair value assigned to the liability component, representing the call option for conversion of the debenture into equity, is included in equity as convertible debenture equity reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the debenture.

When the debenture is converted, the convertible debenture equity reserve and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the debenture is redeemed, the convertible debenture equity reserve is released directly to retained earnings.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.21 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3.23 Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

In respect of business segment reporting, unallocated costs represent corporate expenses. Segment assets consist primarily of investment properties, property, plant and equipment, available-for-sale investments, financial assets at fair value through profit and loss and, trade and other receivables, and mainly exclude corporate assets. Segment liabilities comprise operating liabilities and exclude items such as corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, revenue is based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

3.24 Related parties

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

(i) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Company/Group; (ii) has an interest in the Company that gives it significant influence over the Company/Group; or (iii) has joint control over the Company/Group;

(ii) the party is an associate;

(iii) the part is an jointly-controlled entity;

(iv) the party is a member of the key management personnel of the Company;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.11. The recoverable amounts of the relevant cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Estimate fair value of investment properties

The best evidence of fair value of the Group's investment properties is current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

4.2 Critical judgements in applying the entity's accounting policies

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

Impairment of available-for-sale financial assets

For available-for-sale financial assets, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in production or supply of goods or services.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for these portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

5. REVENUE AND SEGMENTAL INFORMATION

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and income from provision of services. Revenue recognised during the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Sale of air tickets, tours and hotel accommodation	1,347,979	664,344
Credit card interest income	4,661	5,254
Dividend income	7,022	1,241
Other interest income	6,072	10,465
Rental income	10,809	5,505
Credit card service income	5,332	2,375
Income from hotel operations	48,838	–
Total revenue	1,430,713	689,184

6. SEGMENTAL INFORMATION

Primary reporting format – business segments

The Group is organised on a worldwide basis into six (2007: five) main business segments: travel related operations, credit card operations, securities trading and investments, treasury investment, property investment and hotel operations.

Travel related operation	–	provide travel related services in Hong Kong and outside Hong Kong
Credit card operations	–	provide credit card services to individuals and acquiring services for members
Securities trading	–	trading of securities and investments
Treasury investment	–	asset management and cash operations
Property investment	–	letting properties
Hotel operations	–	hotel operations in Japan

Inter-segment sales are charged at prevailing market prices.

	2008							
	Travel related operations *HK$'000*	**Credit card operations** *HK$'000*	**Securities trading and investment** *HK$'000*	**Treasury investment** *HK$'000*	**Property investment** *HK$'000*	**Hotel operations** *HK$'000*	**Elimination** *HK$'000*	**Group** *HK$'000*
Revenue								
– External sales	1,347,979	9,993	7,022	6,072	10,809	48,838	–	1,430,713
– Inter-segment sales	137	–	–	33,806	1,208	–	(35,151)	–
	1,348,116	9,993	7,022	39,878	12,017	48,838	(35,151)	1,430,713
Segment results	(48,569)	(13,162)	24,366	6,072	57,232	(7,611)	5,239	23,567
Unallocated revenue								95,788
Unallocated expenses								(78,191)
Finance costs								(16,089)
Share of results of associates	(5,671)	–	–	–	–	–	–	(5,671)
Profit before income tax								19,404
Income tax expense								(10,089)
Profit for the year								9,315
Segment assets	57,838	12,596	82,603	614	309,648	156	–	463,455
Associates	24,460	–	–	–	–	–	–	24,460
Unallocated assets								451,906
Total assets								939,821
Segment liabilities	(49,237)	(2,569)	–	(822)	(5,723)	–	–	(58,351)
Unallocated liabilities								(321,800)
Total liabilities								(380,151)
Capital expenditure	6,129	24	–	–	4,721	454	–	11,328
Unallocated capital expenditure								2,902
Total capital expenditure								14,230
Depreciation	2,299	976	–	684	715	2,468	–	7,142
Amortisation of prepaid land lease	–	–	–	–	661	–	–	661
Other non-cash expenses	1,196	–	–	1,359	–	–	–	2,555
Unallocated non-cash expenses								1,431
Total other non-cash expenses								3,986

Inter-segment sales are charged at prevailing market prices.

	2007						
	Continuing operations						
	Travel related operations	Credit card operations	Securities trading and investments	Treasury investment	Property investment	Eliminations	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
– External sales	664,344	7,629	1,241	10,465	5,505	–	689,184
– Inter-segment sales	162	152	–	28,348	1,413	(30,075)	–
	664,506	7,781	1,241	38,813	6,918	(30,075)	689,184
Segment results	(10,529)	(12,829)	46,550	10,466	82,946	–	116,604
Unallocated revenue							21,205
Unallocated expenses							(78,552)
Finance costs							(17,453)
Share of results of associates	(1,249)	–	–	–	–	–	(1,249)
Profit before income tax							40,555
Income tax expense							(24,474)
Profit for the year							16,081
Segment assets	43,078	16,128	224,627	4,453	306,509	–	594,795
Associates	16,010	–	–	–	–	–	16,010
Unallocated assets							312,778
Total assets							923,583
Segment liabilities	34,692	3,202	–	645	15,316	–	53,855
Unallocated liabilities							302,121
Total liabilities							355,976
Capital expenditure	4,739	518	–	45	129,214	–	134,516
Unallocated capital expenditure							612
Total capital expenditure							135,128
Depreciation	690	868	38	363	874	–	2,833
Unallocated depreciations							757
Total depreciation							3,590
Amortisation of prepaid land lease	–	–	–	–	530	–	530
Other non-cash expenses	–	26	–	–	–	–	26

Secondary reporting format – geographical segments

The Group's operations are located in four main geographical areas. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services.

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong	26,450	13,102
North America*	6,200	8,205
Singapore	682,204	509,671
Japan	715,859	158,206
	1,430,713	689,184

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

	Segment assets		**Capital expenditure**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	499,964	375,131	2,608	1,647
North America	51,624	177,094	–	6
Singapore	187,210	200,993	4,820	101,441
Japan	201,023	170,365	6,802	32,034
	939,821	923,583	14,230	135,128

* North America – USA and Canada

7. FINANCE COSTS

	2008	**2007**
	HK$'000	*HK$'000*
Finance charges on finance leases	20	42
Interest charges on financial liabilities at amortised cost:		
–Bank loans and overdrafts wholly repayable within five years	2,748	1,468
–Bank loans not wholly repayable within five years	6,219	4,772
–Convertible debentures *(note 31)*	7,101	8,737
–Other loans	1	2,434
	16,089	17,453

8. PROFIT BEFORE INCOME TAX

	2008	2007
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):		
Operating lease charges on land and buildings	15,672	5,620
Depreciation		
– Owned assets	6,437	3,136
– Leased assets	705	454
	7,142	3,590
Amortisation of prepaid land leases (included in administrative expenses)	661	530
Impairment losses on trade and other receivables	1,431	26
Impairment losses on loan receivables	1,359	–
Impairment losses on property, plant and equipment	1,196	–
Loss on disposals of property, plant and equipment	680	416
Auditors' remuneration	3,294	2,421
Staff costs including directors' emoluments *(note 12)*	139,228	82,870
Exchange gain, net	(11,462)	(2,505)
Gain on disposal of an investment property with deposit paid	–	(3,884)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	(11,976)	(360)
Write off of goodwill	–	652
Write off of bad debts	3,942	4,691
Rental income from investment properties less outgoings of HK$1,621,000 (2007: HK$1,255,000)	(9,188)	(4,250)

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2008	2007
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	23	2,256
– Overseas	8,702	9,404
Deferred tax *(note 32)*	1,364	12,814
	10,089	24,474

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before income tax	19,404	40,555
Tax at Hong Kong profits income tax rate of 17.5% (2007: 17.5%)	3,396	7,097
Tax effect of non-deductible expenses	20,073	24,175
Tax effect of non-taxable income	(14,852)	(11,808)
Tax effect of unused tax losses not recognised	3,946	3,888
Tax effect of prior year's unrecognised tax losses utilised this year	(193)	(183)
Other temporary differences not recognised	6	(30)
Tax effect of share of losses of associates	992	219
Effect of different tax rates of subsidiaries in otherjurisdictions	(3,279)	1,116
Income tax expense	10,089	24,474

10. PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to the equity holders of the Company of HK$12,229,000 (2007: HK$40,112,000), a profit of HK$5,912,000 (2007: loss of HK$3,183,000) has been dealt with in the financial statements of the Company.

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$12,229,000 (2007: HK$40,112,000) and on the weighted average number of 1,807,472,000 (2007: 1,705,756,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company HK$12,229,000 (2007: HK$40,112,000) and on the weighted average number of 2,128,370,000 (2007: 1,793,450,000) ordinary shares in issue during the year.

The calculation of basic and diluted earnings per share is based on the following data:

Earnings

	2008	2007
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company, used in the basic and diluted earnings per share calculation	12,229	40,112

Number of shares

	2008	**2007**
	HK$'000	*HK$'000*
Weighted average number of ordinary shares for the purposes of the basic earnings per share	1,807,472	1,705,756
Effect of dilutive potential ordinary shares:		
Share options	179,900	69,781
Warrants	140,998	17,913
Weighted average number of ordinary shares for the purposes of diluted earnings per share	2,128,370	1,793,450

As the convertible debentures and share options of the Company's subsidiaries outstanding during the two years ended 31 March 2008 were anti-dilutive to the Group's earnings per share, diluted earnings per share were not adjusted in this respect for both years.

12. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2008	**2007**
	HK$'000	*HK$'000*
Short term employment benefits		
– Basic salaries	126,982	75,518
– Housing allowance	8,868	3,643
Share options granted to directors and employees	397	1,049
Pension costs – defined contribution plans	2,981	2,660
	139,228	82,870

13. DIRECTORS' REMUNERATION

	Fees	Salaries, allowances and benefits in kind*	Contribution to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2008				
Executive directors				
Chan Heng Fai	–	21,103	112	21,215
Chan Tong Wan	–	2,396	98	2,494
Chan Yoke Keow	–	9,529	132	9,661
Chan Sook Jin, Mary-ann	–	896	67	963
Chan Tung Moe *(note a)*	–	1,133	28	1,161
Non-executive director				
Fong Kwok Jen	120	–	–	120
Independent non-executive directors				
Wong Dor Luk, Peter	120	–	–	120
Da Roza Joao Paulo	120	–	–	120
Chian Yat Ping, Ivy	210	–	–	210
	570	35,057	437	36,064
2007				
Executive directors				
Chan Heng Fai	–	25,910	132	26,042
Chan Tong Wan	–	1,944	78	2,022
Chan Yoke Keow	–	8,999	132	9,131
Chan Sook Jin, Mary-ann	–	830	62	892
Non-executive director				
Fong Kwok Jen	120	–	–	120
Independent non-executive directors				
Lee Ka Leung Daniel *(note c)*	95	–	–	95
Wong Dor Luk, Peter	120	–	–	120
Da Roza Joao Paulo	60	–	–	60
Chian Yat Ping, Ivy *(note b)*	92	16	–	108
	487	37,699	404	38,590

* This includes the amount calculated under HKFRS 2 "Share-based payment transaction" that is attributable to the directors.

There was no arrangement under which a director waived or agreed to waive any remuneration in respect of the years ended 31 March 2008 and 2007.

During the years ended 31 March 2008 and 2007, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

Notes:

(a) Mr. Chan Tung Moe was appointed on 3 July 2007.

(b) Ms. Chian Yat Ping, Ivy, was appointed on 25 September 2006.

(c) Mr. Lee Ka Leung Daniel retired on 23 August 2006.

14. SENIOR MANAGEMENT'S EMOLUMENTS

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four (2007: four) directors whose emoluments are reflected in the analysis presented in note 13. The emoluments payable to the remaining one (2007: one) individual during the year are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind*	1,290	1,105
Contributions to defined contribution plans	12	12
	1,302	1,117

The emoluments of the remaining one highest paid individual fell within the following band:

	Number of individuals	
	2008	**2007**
Emolument band		
HK$1,000,001 to HK$1,500,000	1	1

* This includes the amount calculated under HKFRS 2 "Share-based payment transaction".

During the years ended 31 March 2008 and 2007, no emolument was paid to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and motor vehicles *HK$'000*	Total *HK$'000*
At 1 April 2006				
Cost	11,348	3,742	27,257	42,347
Accumulated depreciation and impairment	(495)	(1,250)	(20,465)	(22,210)
Net book amount	10,853	2,492	6,792	20,137
Year ended 31 March 2007				
Opening net book amount	10,853	2,492	6,792	20,137
Additions	–	996	2,651	3,647
Arising on acquisitions of subsidiaries *(note 41)*	1,242	62	1,076	2,380
Disposals	–	(399)	(84)	(483)
Exchange realignment	4	14	288	306
Depreciation	(270)	(935)	(2,385)	(3,590)
Closing net book amount	11,829	2,230	8,338	22,397
At 31 March 2007				
Cost	12,595	4,110	30,411	47,116
Accumulated depreciation and impairment	(766)	(1,880)	(22,073)	(24,719)
Net book amount	11,829	2,230	8,338	22,397
Year ended 31 March 2008				
Opening net book amount	11,829	2,230	8,338	22,397
Additions	2,629	6,482	5,119	14,230
Arising on acquisitions of subsidiaries *(note 41)*	28,103	4,214	1,487	33,804
Disposal of a subsidiary *(note 42)*	–	–	(66)	(66)
Disposals	–	(1,377)	(464)	(1,841)
Exchange realignment	5,207	1,223	656	7,086
Impairment	(1,196)	–	–	(1,196)
Depreciation	(1,124)	(1,106)	(4,912)	(7,142)
Closing net book amount	45,448	11,666	10,158	67,272
At 31 March 2008				
Cost	49,148	14,621	34,271	98,040
Accumulated depreciation and impairment	(3,700)	(2,955)	(24,113)	(30,768)
Net book amount	45,448	11,666	10,158	67,272

The carrying amount of land and buildings held by the Group are analysed as follows:–

	Land and buildings			
	The Group		The Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
In Hong Kong, held under medium term leases	10,312	10,582	–	–
In Singapore, held under long term leases	2,815	–	–	–
In Japan, freehold	32,321	1,247		
	45,448	11,829	–	–

As at 31 March 2008, certain of the Group's land and buildings with a net book amount of approximately HK$47,783,000 (2007:HK$10,853,000) has been pledged to secure the Group's bank borrowings (note 29).

The net book amount of furniture, fixtures and motor vehicles included an amount of HK$2,313,000 (2007: HK$2,198,000) in respect of assets held under finance leases.

Company

	Furniture, fixtures and motor vehicles
	HK$'000
At 1 April 2006	
Cost	4,007
Accumulated depreciation	(2,683)
Net book amount	1,324
Year ended 31 March 2007	
Opening net book amount	1,324
Additions	99
Disposals	(12)
Depreciation	(363)
Closing net book amount	1,048
At 31 March 2007	
Cost	4,075
Accumulated depreciation	(3,027)
Net book amount	1,048
Year ended 31 March 2008	
Opening net book amount	1,048
Additions	1,949
Disposals	(210)
Depreciation	(685)
Closing net book amount	2,102
At 31 March 2008	
Cost	4,237
Accumulated depreciation	(2,135)
Net book amount	2,102

16. PREPAID LAND LEASES

Group

The Group's prepaid land leases and their net book value are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Medium term leases held in Hong Kong	20,221	20,751
Long term leases held outside Hong Kong	8,478	–
	28,699	20,751
Opening net carrying amount	20,751	21,281
Additions	7,935	–
Annual charges of prepaid operating lease payment	(661)	(530)
Exchange realignment	674	–
Closing net carrying amount	28,699	20,751
Prepaid land leases		
– Non-current portion	28,031	20,221
– Current portion *(note)*	668	530
	28,699	20,751

Note: The current portion of prepaid land included in trade and other receivables, deposits and prepayments (note 26).

As at 31 March 2008, the Group's prepaid land leases of HK$20,221,000 (2007: HK$20,751,000) have been pledged to secure the Group's bank borrowings (note 29).

17. INVESTMENT 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.

Changes to the carrying amounts presented in the balance sheet can be summarised as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Fair value		
Carrying amount at the beginning of the year	275,705	55,769
Acquisitions of subsidiaries *(note 41)*	9,316	35,735
Additions	27,284	93,366
Disposals	(125,661)	–
Net gain from fair value adjustments	69,690	78,351
Exchange realignment	12,156	12,484
Carrying amount at the end of the year	268,490	275,705

The Group's interests in investment properties are held under the following lease terms:

	2008	**2007**
	HK$'000	*HK$'000*
Medium-term leases in Hong Kong	36,052	31,158
Long-term leases outside Hong Kong	145,098	175,100
Freehold outside Hong Kong	87,340	69,447
	268,490	275,705

Company

	2008	**2007**
	HK$'000	*HK$'000*
Fair value		
Carrying amount at the beginning of the year	900	1,200
Net gain/(loss) from fair value adjustments	300	(300)
Carrying amount at the end of the year	1,200	900

The Company's investment properties are held under the following lease term:

	2008	**2007**
	HK$'000	*HK$'000*
Medium-term leases in Hong Kong	1,200	900

The investment properties in Hong Kong of the Group and the Company were revalued as at 31 March 2008 by Messrs. Jones Lang LaSalle Sallmanus Limited, an independent firm of professional valuer who hold recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued, on an open market basis based on recent market transactions.

The Group's investment properties situated in Canada, were revalued as at 31 March 2008 by Messrs. Johnston, Ross & Cheng Ltd. and Messrs Colliers International Realty Advisors Inc., an independent firm of professional valuers who hold recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued, on an open market basis based on recent market transactions. Investment properties situated in the Singapore were revalued as at 31 March 2008 by Messrs. GSK Global Pte Ltd., an independent firm of professional valuers who hold recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued, on an open market basis based on recent market transactions. Investment properties situated in USA were revalued as at 31 March 2008 by Babcock & Macksoud Real Estate Appraisers and Consultants, an independent firm of professional valuers who hold recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued, on an open market basis based on recent market transactions. Investment properties situated in Japan were revalued as at 31 March 2008 by Hokkaido Kantei Co. Ltd., an independent professional valuers who hold recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued, on an open market basis based on recent market transactions.

The valuation is the valuers' opinion of the current open market value, it implies "the best price" at which an interest in a property might reasonably be expected to be sold at the date of valuation, assuming:

a. a willing seller, willing buyer;

b. no account is to be taken of an additional bid by a purchaser with a "special interest";

c. that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of price and terms for the completion of the sale; and

d. that the price reflects the state of the market and other circumstances at the date of valuation.

Rental income earned by the Group from its investment properties, which are leased out under operating leases, amounted to HK$10,809,000 (2007: HK$5,505,000).

No income or direct operating expenses were recognised during the year for investment property that was unlet during the year (2007: Nil).

As at 31 March 2008, certain of the Group's investment properties with carrying amount of HK$193,618,000 (2007: HK$262,100,000) have been pledged to secure the Group's bank borrowings (note 29).

18. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Company

	2008 HK$'000	2007 HK$'000
Investments at cost		
Unlisted shares	81,212	94,032
Less: Provision for impairment	(76,565)	(79,814)
	4,647	14,218
Amounts due from subsidiaries within one year		
Interest bearing at 10% per annum	351,329	300,095
Non-interest bearing	324,520	265,215
	675,849	565,310
Less: Provision for impairment	(308,500)	(308,505)
	367,349	256,805
Amounts due to subsidiaries within one year	139,077	56,075

Particulars of the principal subsidiaries at 31 March 2008 are as follows:

Name	Place/country of incorporation/ operation and kind of legal entity	Particulars of issued share capital/ registered capital	Percentage of issued capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
A.F.T Travel Management Services Pte. Ltd	Singapore, limited liability company	S$500,000	–	100	Travel and tourist agent
Anglo-French Travel Pte. Ltd*	Singapore, limited liability company	S$3,700,000	–	60	Travel and tourist agent
China Credit Card Limited*	British Virgin Islands, limited liability company	US$100	–	91	Investment holding
China Credit Singapore Pte Ltd	Singapore, limited liability company	S$13,417,282	100	–	Investment holding
China Xpress Pte. Ltd*	Singapore, limited liability company	S$5,670,002	–	98.8	Investment holding
eBanker USA. Com. Inc.	United States of America, limited liability company	Common stock US$115,487 One Series A preferred stock *(note a)*	–	82	Financial investment

Name	Place/country of incorporation/ operation and kind of legal entity	Particulars of issued share capital/ registered capital	Percentage of issued capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Global Growth Management, Inc.	Canada, limited liability company	US$1,000	–	100	Property investment
Heng Fung Capital Company Limited	Hong Kong, limited liability company	HK$2	100	–	Securities investment
Global Med International Limited	British Virgin Islands, limited liability company	US$1,000	–	100	Investment holding
Heng Fung Capital (Canada) Inc.	Canada, limited liability company	C$1	100	–	Property investment
Heng Fung Underwriter Limited	Hong Kong, limited liability company	HK$2	100	–	Securities trading
Heng Li Card Consultancy & Services (Shenzhen) Co. Ltd.	The People's Republic of China, wholly-owned foreign enterprise	HK$1,000,000	–	100	Card processing
Hotel Room Xpress Ltd	Hong Kong, limited liability company	HK$500,000	–	100	Hotel room agent
Ichi Ni San Enterprises Company Limited	Hong Kong, limited liability company	HK$10,000	100	–	Property holding
Japan Xpress Hong Kong Limited (formerly known as Hong Kong Express Holidays Limited)	Hong Kong, limited liability company	HK$1,260,240	–	100	Travel and tourist agent
Japan Xpress Hospitality Limited	Japan, limited liability company	JPY495,000,000	–	100	Investment holding
Kabushiki Kaisha Aizuya	Japan, limited liability company	JPY30,000,000	–	100	Hotel holding company
Keng Fong America Enterprises Limited	Hong Kong, limited liability company	HK$1,500,000	100	–	Investment holding
Keng Fong Foreign Investment Co. Ltd	United States of America, limited liability company	US$250,000	–	100	Property investment
Makino Air Travel Service Co. Ltd.	Japan, limited liability company	JPY77,564,000	–	56	Travel and tourist agent
Sapporo Holdings Inc.	Japan, limited liability company	JPY3,000,000	–	100	Hotel holding company
Singapore Service Residence Pte Ltd*	Singapore, limited liability company	S$1,250,000	–	100	Property holding
SingXpress Investment Pte Ltd*	Singapore, limited liability company	S$800,000	–	100	Investment holding

Name	Place/country of incorporation/ operation and kind of legal entity	Particulars of issued share capital/ registered capital	Percentage of issued capital/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
SingXpress International Pte Ltd	Singapore, limited liability company	S$2	–	100	Property holding
Suntec 23 Floor Pte Ltd	Singapore, limited liability company	S$2,600,001	–	100	Property holding
Sure World Capital Limited	British Virgin Islands, limited liability company	US$50,000	100	–	Investment holding
Wai Kin Investment Company Limited	Hong Kong, limited liability company	HK$600,000	100	–	Investment holding
Xpress Credit Limited	Hong Kong, limited liability company	HK$1,260,000	–	100	Investment holding
Xpress Finance Limited	Hong Kong, limited liability company	Ordinary HK$133,866,230	–	72	Credit card services
Xpress Travel Limited (formerly known as Nihon Kotsu Travel Services Co. Ltd.)	Japan, limited liability company	JPY80,000,000	–	100	Travel and tourist agent

Notes:

a. As at 31 March 2007, the Group held a 35% interest in eBanker USA.com, Inc. ("eBanker") and control equivalent proportion of voting right. In addition, the Group held one share of eBanker series A preferred stock, which entitles the Group to 50% of the vote for the Board of Director of eBanker. Therefore, eBanker was accounted for as a subsidiary as at 31 March 2007. On 11 May 2007, eBanker offered a right issue to its shareholders on a pro-rata basis at a price of US$0.25 per rights share on the basis of ten rights shares for every three eBanker shares held by the shareholders of eBanker as at May 26, 2007. The Group applied excess rights shares and the interest in eBanker was increased from 35.03% to 81.84% upon completion of the rights issue on 19 June 2007.

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

* These subsidiaries are not audited by Grant Thornton Hong Kong or other Grant Thornton International member firms and the net assets of which amounted to approximately 5% (2007: 10%) of the Group's net assets.

19. INTERESTS IN ASSOCIATES

	Group		Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	–	–	5,385	5,385
Share of net assets	18,962	14,965	–	–
Goodwill on acquisition	5,498	1,045	–	–
	24,460	16,010	5,385	5,385
Less: Impairment losses	–	–	(5,385)	(5,385)
	24,460	16,010	–	–
Amounts due from associates within one year	7,775	6,577	1,924	1,521
Amounts due to associates over one year	1,570	236	587	–

As at 31 March 2008 and 31 March 2007, amounts due from associates are unsecured, interest free and repayable on demand.

As at 31 March 2008 and 2007, amounts due to associates are unsecured, interest free and not repayable within one year.

Particulars of the principal associate at 31 March 2008 are as follows:

Name	Particulars of issued shares held	Country of incorporation	Percentage of interest held
SingXpress Ltd. ("SingXpress")	Ordinary share of no par value	Singapore	30.9%
RSI International System Inc. ("RSI")	Ordinary share of no par value	Canada	30%

SingXpress is listed in Singapore, the market value of the listed shares held by the Group as at 31 March 2008 is approximately HK$14,298,000 (2007: HK$22,202,000).

RSI is listed in Canada, the market value of the listed shares held by the Group as at 31 March 2008 is approximately HK$6,610,000 (2007: Nil).

During the year, SingXpress offer a rights issue to its shareholders on a pro-rata basis at a price of S$0.05 per rights share on the basis of one rights share for every one SingXpress shares. The Group's interest in SingXpress was remained unchange upon completion of the rights issue. During the year ended 31 March 2008, the Group disposed of its 14.71% interest in SingXpress. A profit on partial disposal of the associate of HK$1,217,000 was recognised in the consolidated income statement during the year ended 31 March 2008.

During the year ended 31 March 2008, the Group increased its equity interest in RSI from approximately 19% to approximately 30% and RSI was reclassified from available-for-sales financial assets to interest in associates, and the respective fair value gain of HK$2,794,000 included in the investment revaluation reserve was reversed during the year.

The summarised financial information of the Group's associates extracted from their annual reports are as follows:

	2008	2007
	HK$'000	*HK$'000*
Assets	85,436	47,287
Liabilities	23,970	11,402
Revenues	294,059	42,986
(Loss)/Profit	(22,772)	5,952

During the year, the Group increased its equity interest in RSI from approximately 19% to approximately 30% and RSI was reclassified from available for sale financial assets to interests in associates. On acquisition of an additional interests in RSI, goodwill of approximately HK$5,498,000 was recognised at the date of acquisition.

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

SingXpress and RSI have a financial year end of 31 December which is not conterminous with the Group. For the purpose of applying the equity method of accounting, the financial statements of SingXpress and RSI for the year ended 31 December 2007 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2008.

20. LONG TERM DEPOSITS

On 28 August 2006 and 8 January 2007, the Group entered into sale and purchase agreements with a vendor to acquire investment properties in Singapore at a cash consideration of Singapore dollars ("S$") 13,282,000 (equivalent to HK$65,748,000) and ("S$") 270,000 (equivalent to HK$1,389,000) respectively. As at 31 March 2008, HK$15,671,000 (2007: HK$7,664,000) was paid by the Group as a deposit for this acquisition. In the opinion of the directors of the Company, the transaction will be completed on or before 30 November 2013.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	2008	**2007**
	HK$'000	*HK$'000*
Non-current		
Equity securities		
Listed outside Hong Kong, at fair value	33,423	42,417
Unlisted, at cost	64	21
	33,487	42,438
Debt securities, at cost *(note)*		
Unlisted in Hong Kong	1,425	1,425
Unlisted outside Hong Kong	1,378	1,952
	2,803	3,377
Total	36,290	45,815
Market value of listed equity securities	33,423	42,417

Note: The debt securities represent club membership which is stated at cost less accumulated impairment losses as they do not have a quoted market price in an active market and fair value cannot be reliably measured.

22. GOODWILL

Group

The main changes in the carrying amounts of goodwill result from the acquisition of Kabushiki Kaisha Aizuya and Crystal Travel Co., Ltd. as well as the impairment of previously recognised goodwill. The net carrying amount of goodwill can be analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
At beginning of the year		
Gross amount	19,607	7,037
Accumulated amortisation and impairment	(652)	–
Carrying amount	18,955	7,037
Net carrying amount at beginning of the year	18,955	7,037
Acquisition of subsidiaries *(note 41)*	9,665	12,570
Provision for impairment	–	(652)
Carrying amount at 31 March	28,620	18,955
At 31 March		
Gross carrying amount	28,620	19,607
Accumulated impairment	–	(652)
Net carrying amount	28,620	18,955

The carrying amount of goodwill is allocated to the following cash generating units in the annual impairment test:

	2008	**2007**
	HK$'000	*HK$'000*
Travel related operations		
– in Singapore	6,385	6,385
– in Japan	11,663	5,582
Hotel operations – in Japan	10,572	6,988
Carrying amount	28,620	18,955

The recoverable amounts for the cash generating units given above were determined based on value-in-use calculations, covering a detailed three-year budget plan, followed by an extrapolation of expected cash flows at the growth rates stated below. The growth rates reflect the long-term average growth rates for the respective business operations:

The key assumptions used for value in use calculations

	Travel related operations		**Hotel business**	
	2008	**2007**	**2008**	**2007**
Growth rates	4.70%	6.30%	0%	0%
Discount rates	11.17%	11.60%	5%	5%

The Group's management's key assumptions for the Group have been determined based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

During the year ended 31 March 2007, the related goodwill impairment loss of HK$652,000 was included under "other operating expenses" in the income statement and attributed to the Group's travel related operations. There was no such goodwill impairment loss for the current year.

Apart from the considerations described in determining the value in use of the cash generating units above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

23. LOANS RECEIVABLE

Group

	2008	**2007**
	HK$'000	*HK$'000*
Term loans – secured	6,561	7,249
Mortgage loans – secured	4,791	4,791
Installment loans – unsecured	3,580	1,857
Net carrying amount	14,932	13,897
Less: provisions	(11,798)	(10,439)
	3,134	3,458
Less: amounts due within one year included under current assets	(2,233)	(3,008)
Amounts due after one year included under non-current assets	901	450

In prior year, the Group granted a term loan to a minority shareholder of two subsidiaries of the Company, namely Japan Xpress Limited and Japan Xpress Travel Limited. The balance is secured by the equity interests in these two subsidiaries held by this minority shareholder, interest-free and repayable within twelve months. The balance has been fully provided in current year.

The mortgage loans bear interest at 0.5% over prime interest rates in Hong Kong (2007: 0.5% over prime interest rates in Hong Kong) per annum and are repayable by instalments up to year 2011. The loans are secured by mortgages over properties placed by the borrowers. The mortgage loans are repayable on demand due to the default on repayment by the borrowers.

The installment loans bear interest ranging from 11.76% to 20.04% per annum. The repayment terms of the loans are negotiated on an individual basis.

The maturity profile of the loans receivable at the balance sheet date, which is analysed by the remaining periods to their contractual maturity dates, is as follows:

Notes:

(a) The ageing analysis of loans receivable that are not impaired is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
On demand	809	2,569
Three months or less	603	82
Over three months but less than one year	821	357
One to four years	901	450
	3,134	3,458

(b) The directors of the Company consider that the carrying amounts of loans receivable approximate their fair values.

(c) The Group has provided fully for all loans receivable that are determined not recoverable. Based on past experience, the management believed that no impairment allowance is necessary in respect of the remaining balances as there had not been a significant change in credit quality and the balances were considered fully recoverable. The movement in the provision of loan receivables is as follows

	2008	**2007**
	HK$'000	*HK$'000*
At 1 April	10,439	10,439
Impairment loss and allowances charged to the income statement	1,359	–
At 31 March	11,798	10,439

24. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

Cash and cash equivalents include the following components:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and in hand	40,983	41,497	3,011	1,832
Short-term bank deposits	191,262	154,461	153,333	53,932
	232,245	195,958	156,344	55,764
Less: Pledged bank fixed deposits shown under non-current assets	(3,900)	(4,385)	–	–
Less: Pledged bank fixed deposits shown under current assets	(5,030)	–	–	–
Cash and cash equivalents	223,315	191,573	156,344	55,764

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposits at fixed rates ranging from 0.29% to 7.31% (2007: 3.81% to 6.03%) per annum. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate their fair values.

Included in bank and cash balances of the Group is HK$16,628,000 (2007: HK$6,531,000) of bank balances denominated in US dollars ("USD") placed with banks in US and Singapore, HK$102,880,000 (2007: HK$7,716,000) of bank balances denominated in Singapore dollars ("S$") placed with banks in Singapore, HK$12,263,000 (2007: HK$30,628,000) of bank balances denominated in Japanese yen ("Yen") placed with banks in Japan and Hong Kong.

The non-current portion of pledged deposits represented the time deposits placed as securities for the credit card business transactions. The current portion of pledged deposits represented the time deposits placed as securities for certain bank guarantees. The pledged deposits are classified as current assets when the liabilities being secured will mature within twelve months after the balance sheet date.

Cash and cash equivalents include the following components:

	2008	**2007**
	'000	'000
USD	1,184	47
S$	17,142	16,705
Yen	2,825	–

25. INVENTORIES

Group

The amounts represent premium items for credit card holders and food and beverage and other consumables for hotel operation.

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	108,669	119,046	–	–
Less: allowance for doubtful debts	(23,377)	(39,548)	–	–
	85,292	79,498	–	
Deposits paid, prepayment and other receivables *(note)*	94,884	51,497	6,313	803
Prepaid operating lease payment *(note 16)*	668	530	–	–
	180,844	131,525	6,313	803

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity period on their inception.

The average credit terms granted by the Group to its trade customers are as follows:

Hotel operations	60 days
Travel related operations	30 days
Credit Card holders for retail sales	up to 56 days interest free repayment period

Note: Include in other receivables, there was an amount due from a minority shareholder of a subsidiary of HK$3,900,000 (2007: HK$787,000). The balance is unsecured, interest free and repayable on demand. The maximum amount outstanding during the year is HK$3,900,000.

At the balance sheet date, the ageing analysis of the trade receivables is as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
0 – 60 days	77,988	70,462
61 – 90 days	4,122	3,306
Over 90 days	3,182	5,730
	85,292	79,498

The Group has recognised a loss of HK$1,431,000 (2007: HK$26,000) for the impairment of its trade receivables during the year ended 31 March 2008.

The ageing analysis of trade receivables that are past due but are not considered impaired as at 31 March 2008 is as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
61 – 90 days	913	1,807
Over 90 days	898	7,229
	1,811	9,036

Trade receivables that are not yet past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group and the Company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group and the Company do not hold any collateral over these balances.

The Group has provided fully for all receivables that are determined not recoverable. Based on past experience, the management believed that no impairment allowance is necessary in respect of the remaining balances as there had not been a significant change in credit quality and the balances were considered fully recoverable.

	2008	**2007**
	HK$'000	*HK$'000*
At 1 April	39,548	39,784
Bad debt written off	(17,602)	(262)
Impairment loss and allowances charged to the income statement	1,431	26
At 31 March	23,377	39,548

At each of the balance sheet date, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2008	**2007**
	HK$'000	*HK$'000*
Listed securities held for trading		
Equity securities – Hong Kong	19,083	141,453
Equity securities – outside Hong Kong	19,428	37,359
Market value of listed securities	38,511	178,812
Financial assets designated at fair value through profit or loss – Equity link notes	7,802	–
Total	46,313	178,812

Company

	2008	**2007**
	HK$'000	*HK$'000*
Listed securities held for trading		
Equity securities – Hong Kong	16,990	140,220
Market value of listed securities	16,990	140,220
Financial assets designated at fair value through profit or loss – Equity link notes	7,802	–
Total	24,792	140,220

The list securities are held for trading purpose. Financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

Equity link notes are designated as financial assets at fair value through profit or loss upon initial recognition as it contains embedded derivatives that are not closely related to the host contract, and HKAS 39 permits the entire combined contract to be designed as financial assets at fair value through profit or loss. Major terms of the equity link notes are as follows:

Principal amount	**Maturity**
HK$7,881,600	14 April 2008

The equity link notes are subject to mandatory redemption clauses at maturity dates depending on the market prices of a Hong Kong listed securities underlying the equity link notes. The equity linked notes will be redeemed based on the original principal amounts. The equity link notes are interest bearing.

At maturity date, if the equity link notes, depending on the market prices of the underlying equity securities and certain predetermined price levels, are still outstanding, the equity link

notes will be redeemed by the issuer at the principal amounts in cash or shares which may be lower than the principal amounts.

The equity link notes are measured at fair value at the balance sheet date. Their fair values are determined based on the valuation provided by the counterparty financial institutions at the balance sheet date. Accordingly, a fair value change on equity link notes of HK$80,000 (2007: Nil) is recognised in the consolidated income statement for the year ended 31 March 2008.

28. TRADE AND OTHER PAYABLES

	Group		**Company**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	89,031	60,655	–	–
Other payables and accrued expenses *(note)*	76,974	39,633	4,536	7,587
	166,005	100,288	4,536	7,587

The Group was granted by its suppliers credit periods ranging from 30-60 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
0 – 60 days	88,084	59,535
61 – 90 days	352	310
Over 90 days	595	810
	89,031	60,655

Note: As at 31 March 2007, there was an amount due to a subsidiary of an associate of the Group of HK$358,000 included in other payables. The balance is unsecured, interest free and repayable on demand.

29. BORROWINGS

	Group 2008	Group 2007
	HK$'000	*HK$'000*
Non-current		
Bank borrowings	38,516	30,007
Mortgage loans	50,264	104,616
	88,780	134,623
Current		
Bank borrowings	30,165	33,515
Mortgage loans	5,357	6,428
Bank overdrafts	–	3,390
	35,522	43,333
Total borrowings	124,302	177,956

At 31 March 2008 and 2007, the above borrowings were repayable as follows:

	Group 2008	Group 2007
	HK$'000	*HK$'000*
On demand or within one year	35,522	43,333
More than one year, but not exceeding two years	16,709	23,153
More than two years, but not exceeding five years	38,560	47,021
More than five years	33,511	64,449
	124,302	177,956
Less: Amount due within one year shown under current liabilities	(35,522)	(43,333)
Amount due after one year shown under non-current liabilities	88,780	134,623

As at the balance sheet date, the Group's borrowings are secured by certain of the Group's assets (note 33).

The ranges of effective interest rates (which are also equal to contracted interest rates) on the borrowings are as follows:

Group

	2008		**2007**	
	Fixed Rate	**Floating Rate**	**Fixed Rate**	**Floating Rate**
Bank borrowings	1% to 5.50%	1.75%+SIBOR (1week)	4.13% to 5.29%	– –
Mortgage loans	4.13% to 6.51%	Prime rates in Singapore +0.5%/0.75% or HIBOR (1month)	1% to 3.87%	Prime rates in Singapore + 0.5% or HIBOR (1 month)+ 1%
Bank overdraft	–	–	6.50%	–

The carrying amounts of the borrowings are denominated in the following currencies:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong dollars	21,964	24,926
Canadian dollars	8,480	7,985
Singapore dollars	29,752	87,919
Japanese yen	64,106	57,126
	124,302	177,956

The carrying amounts of the borrowings approximate their fair value.

30. FINANCE LEASE PAYABLES

Group

The analysis of the obligations under finance leases is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total minimum lease payments				
Due within one year	649	661	562	605
In the second year	1,418	1,066	1,326	972
	2,067	1,727	1,888	1,577
Future finance charges on finance leases	(179)	(150)	–	–
Present value of finance lease liabilities	1,888	1,577	1,888	1,577
Less: Portion due within one year shown under current liabilities			(562)	(605)
Non-current portion included under non-current liabilities			1,326	972

The Group entered into finance leasing arrangements for certain of its office equipment and motor vehicles. The leases are denominated in Hong Kong dollars, Japanese Yen and Singapore dollars. The average lease term is 3 (2007:3) years. During the year, the average effective interest rate was 2.8% (2007: 6.1%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The leases do not have options to renew.

31. CONVERTIBLE DEBENTURES

Group

The convertible debentures were issued at discount by a subsidiary of the Company, eBanker USA.com, Inc. on 26 May 1998, bearing interest at a rate of 10% per annum, which is payable half-yearly on each 1 February and 1 August, with a nominal value of US$6,690,000 (HK$52,091,000) and will mature on 1 August 2008. The debentures are not callable prior to maturity. These debentures are convertible into shares of common stock of the subsidiary at a conversion price of US$5 per ordinary share of the subsidiary. There was no movement in the number of these convertible bonds as at the balance sheet date.

The convertible debentures recognised in the balance sheet are calculated as follows:

	2008 *HK$'000*	2007 *HK$'000*
Fair value of convertible debentures at beginning of the year	50,234	48,577
Equity component *(note)*	–	–
Liability component	50,234	48,577
Acquisition of convertible debentures by the Group	(6,149)	–
Interest expense *(note 7)*	7,101	8,737
Interest paid	(5,828)	(7,080)
Liability component at 31 March	45,358	50,234
Less: Amount due within one year shown under current liabilities	(45,358)	–
Amount due after one year shown under non-current liabilities	–	50,234

Note:

In accordance with HKAS 32, convertible debentures are required to split between liability and equity components, on a retrospective basis.

As the interest rate of 10% per annum of the convertible debentures approximated the market interest rate at inception of the convertible debentures for a similar financial instrument without the conversion option, no equity component of convertible debentures was recognised accordingly.

Interest expense on the convertible debentures is calculated using the effective interest method by applying the effective interest rate of 14% to the liability component.

32. DEFERRED TAXATION

Group

The movements on the major deferred tax liabilities recognised by the Group are as follows:

	Fair value gain on investment properties	Revaluation of properties	Other taxable temporary differences	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	609	1,705	496	2,810
Acquisition of subsidiaries	6,138	–	–	6,138
Exchange realignment	397	–	–	397
Charged to income statement *(note 9)*	12,814	–	–	12,814
At 31 March 2007	19,958	1,705	496	22,159
Exchange realignment	966	–	–	966
Charged to income statement *(note 9)*	1,364	–	–	1,364
At 31 March 2008	22,288	1,705	496	24,489

At the balance sheet date, the Group has estimated unused tax losses and other deductible temporary differences of HK$85,494,000 (2007: HK$72,820,000) and HK$154,364,000 (2007: HK$133,651,000) respectively. No deferred tax asset has been recognised in respect of these tax losses and other deductible temporary differences due to the unpredictability of future profit stream. The whole amount of estimated unused tax losses may be carried forward indefinitely.

Company

The movements on the deferred tax liabilities recognised by the Company are as follows:

	Fair value gain on investment properties	Total
	HK$'000	*HK$'000*
At 1 April 2006, 31 March 2007 and 1 April 2007	196	196
Charged to income statement	53	53
At 31 March 2008	249	249

33. PLEDGE OF ASSETS

Group

As at 31 March 2008, the Group pledged bank balances of HK$3,900,000 (2007: HK$4,385,000) as a security for banking facilities granted to a subsidiary and as securities for credit card business transactions with MasterCard Worldwide (note 24).

As at 31 March 2008, the Group's banking facilities of HK$124,302,000 (note 29) are secured by:

(a) its land and buildings and prepaid land leases (notes 15 and 16) with carrying value of HK$68,004,000 (2007: HK$32,580,000);

(b) its investment properties (note 17) with carrying value of HK$193,618,000 (2007: HK$262,100,000);

(c) its bank balances (note 24) with carrying value of HK$5,030,000 (2007: Nil);

(d) assignment of rent of an investment property;

(e) a floating charge over the asset of a subsidiary;

(f) its securities with carrying value of HK$3,713,000 (2007: Nil);

(g) assignment of insurance of certain land and building and investment properties; and

(h) its accounts receivables amounting HK$59,937,000.

34. SHARE CAPITAL

	Par value per share *HK$*	Number of ordinary shares	Amount *HK$'000*
Authorised:			
At 31 March 2007 and 2008	0.01	1,000,000,000,000	10,000,000
Issued and fully paid:			
At 1 April 2006	0.01	1,626,519,255	16,265
Exercise of 2009 Warrants subscription rights *(note a)*	0.01	5,183,015	52
Exercise of 2006 Warrants subscription rights *(note b)*	0.01	117,086,651	1,171
Exercise of share options	0.01	6,000,000	60
At 31 March 2007 and 1 April 2007	0.01	1,754,788,921	17,548
Exercise of 2009 Warrants subscription rights *(note a)*	0.01	54,440,545	544
Exercise of share options	0.01	9,860,000	99
At 31 March 2008	0.01	1,819,089,466	18,191

(a) 2009 Warrants

Pursuant to a written resolution of the board of directors on 16 August 2004, the Company approved a bonus issue of new warrants ("2009 Warrants") to the shareholders of the Company whose names appeared on the register of members on 5 November 2004 on the basis of one 2009 Warrant for every ten shares held by such shareholders. Pursuant to which 162,593,106 units of 2009 Warrants were issued to the shareholders of the Company at an initial subscription price of HK$0.09 per share as a result of the bonus issue of new warrants. The 2009 Warrants will expire on 30 September 2009.

During the year, registered holders of 2009 Warrants exercised their rights to subscribe for 54,440,545 (2007: 5,183,015) ordinary shares of the Company at HK$0.09 per share.

At the balance sheet date, the Company had outstanding 102,453,791 (2007: 156,894,336) 2009 Warrants exercisable on or before 30 September 2009. Exercise in full of such warrants would result in the issue of 102,453,791 (2007: 156,894,336) additional ordinary shares of HK$0.01 each.

(b) 2006 Warrants

Pursuant to a written resolution of the board of directors on 3 June 2005, the Company approved a bonus issue of new warrants ("2006 Warrants") to the shareholders of the Company whose names appeared on the register of members on 15 July 2005 on the basis of one 2006 Warrant for every ten shares held by such shareholders. Pursuant to which 162,649,225 units of 2006 Warrants were issued to the shareholders of the Company at an initial subscription price of HK$0.16 per share as a result of the bonus issue of new warrants. The 2006 Warrants will expire on 31 July 2006.

During the year ended 31 March 2007, registered holders of 2006 Warrants exercised their rights to subscribe 117,086,651 ordinary shares of the Company at HK$0.16 per share. The unexercised 45,552,111 units of 2006 Warrants lapsed on 31 July 2006.

(c) On 7 August 2006, the Company issued 172,000,000 unlisted warrants at the issue price of HK$0.03 per warrant to Mr. Chan Heng Fai, an executive director of the Company. Each warrant carries the right to subscribe for one new share of the Company at initial exercise price of HK$0.17 per new share, subject to adjustment for, among other things, subdivision or consolidation of shares, right issues, extraordinary stock or cash distribution, and other dilutive events, at any time during a period of 5 years commencing from the date of issue of the warrants. Consideration of HK$5.16 million was received in respect of warrants issued during the year ended 31 March 2007. During the years ended 31 March 2007 and 2008, none of the warrants has been exercised.

35. SHARE OPTION SCHEME

(a) Company

On 9 May 2003, a share option scheme (the "Share Option Scheme") was adopted by the Company.

The purpose of the Share Option Scheme is to provide incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Share Option Scheme will remain in force for 10 years from that date, unless otherwise cancelled or amended. Eligible persons of the Scheme include any employee, executive or officer of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents, advisers, shareholders, customers, partners or business associates who, in the sole discretion of the board of directors of the Company, have contributed to the Company and/or any of its subsidiaries.

Pursuant to the Share Option Scheme, the maximum number of shares in respect of which options may be granted is such number of shares which, when aggregated with shares subject to any other share option scheme(s), must not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares issuable under share options to each eligible person in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5,000,000, within any 12-month period, are subject to the shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, and commences on a specified date and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Share Option Scheme, whichever is earlier.

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of offer of the grant; and (iii) the nominal value of the Company's shares.

Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

The following table discloses details of the Company's share option in issue under the Share Option Scheme during the year:

31 March 2008			**Number of share options**			
Name or category of participant	**Share option type**	**Outstanding at 1 April 2007** *(Note)*	**Granted during the year**	**Cancelled during the year**	**Exercised during the year**	**Outstanding at 31 March 2008**
Directors						
Mr. Chan Heng Fai	2004(a)	15,000,000	–	–	–	15,000,000
	2004(b)	147,000,000	–	–	–	147,000,000*
	2006(a)	120,000,000	–	–	–	120,000,000
Mrs. Chan Yoke Keow	2004(a)	15,000,000	–	–	–	15,000,000
	2004(b)	35,000,000	–	–	–	35,000,000*
Mr. Chan Tong Wan	2004(b)	15,000,000	–	–	–	15,000,000
	2006(a)	5,000,000	–	–	–	5,000,000
Mr. Chan Tung Moe	2004(b)	5,000,000	–	–	–	5,000,000
	2006(a)	5,000,000	–	–	–	5,000,000
Mrs. Chan Sook Jin, Mary-ann	2004(b)	5,000,000	–	–	–	5,000,000
Mr. Fong Kwok Jen	2004(b)	8,000,000	–	–	(3,500,000)	4,500,000
Mr. Wong Dor Luk, Peter	2004(b)	3,000,000	–	–	–	3,000,000
Mr. Da Roza Joao Paulo	2005	2,000,000	–	–	–	2,000,000
Ms Chian Yat Ping, Ivy	2006(b)	2,000,000	–	–	–	2,000,000
Sub-total		382,000,000	–	–	(3,500,000)	378,500,000
Employees and others						
In aggregate	2004(b)	26,200,000	–	(6,000,000)	(6,360,000)	13,840,000
	2006(a)	11,000,000	–	–	–	11,000,000#
	2007	–	9,000,000	(1,500,000)	–	7,500,000**
		37,200,000	9,000,000	(7,500,000)	(6,360,000)	32,340,000
Total		419,200,000	9,000,000	(7,500,000)	(9,860,000)	410,840,000
Weighted average exercise prices of share options		0.1597	0.2900	0.1616	0.1873	0.1620

Note: The weighted average share price at the date of exercise of share options during the year is HK$0.3877 (2007:0.1616).

10,000,000 share options were outstanding as at 1 April 2007 granted to Mr. Chan Tung Moe ("Mr. Chan") was reclassified from category "Employees and others" as Mr. Chan is an executive director appointed during the year.

31 March 2007

Name or category of participant	Share option type	Outstanding at 1 April 2006 (Note)	Number of share options Granted during the year	Cancelled during the year	Exercised during the year	Outstanding at 31 March 2007
Directors						
Mr. Chan Heng Fai	2004(a)	15,000,000	–	–	–	15,000,000
	2004(b)	147,000,000	–	–	–	147,000,000*
	2006(a)	–	120,000,000	–	–	120,000,000
Mrs. Chan Yoke Keow	2004(a)	15,000,000	–	–	–	15,000,000
	2004(b)	35,000,000	–	–	–	35,000,000*
Mr. Chan Tong Wan	2004(b)	15,000,000	–	–	–	15,000,000
	2006(a)	–	5,000,000	–	–	5,000,000
Mrs. Chan Sook Jin, Mary-ann	2004(b)	5,000,000	–	–	–	5,000,000
Mr. Fong Kwok Jen	2004(b)	8,000,000	–	–	–	8,000,000
Mr. Lee Ka Leung, Daniel	2004(b)	3,000,000	–	–	–	3,000,000
Mr. Wong Dor Luk, Peter	2004(b)	3,000,000	–	–	–	3,000,000
Mr. Da Roza Joao Paulo	2005	2,000,000	–	–	–	2,000,000
Ms. Chian Yat Ping	2006(b)	–	2,000,000	–	–	2,000,000
Sub-total		248,000,000	127,000,000	–	–	375,000,000
Employees						
In aggregate	2004(b)	37,200,000	–	–	(6,000,000)	31,200,000
	2006(a)	–	18,000,000	(2,000,000)	–	16,000,000#
		37,200,000	18,000,000	(2,000,000)	(6,000,000)	47,200,000
Total		285,200,000	145,000,000	(2,000,000)	(6,000,000)	422,200,000
Weighted average exercise prices of share options		0.1613	0.1566	0.1616	0.1616	0.1597

Details of the share options are as follows:

Share option type	Date of grant	Exercisable period	Exercise price
2004 (a)	1 November 2004	1 November 2004 to 8 May 2013	HK$0.16
2004 (b) *	15 November 2004	20 November 2004 to 8 May 2013	HK$0.1616
2004 (b) #	15 November 2004	20 November 2004 to 8 May 2013	HK$0.1616
2005	27 May 2005	29 May 2005 to 8 May 2013	HK$0.15
2006 (a)	22 May 2006	22 May 2006 to 8 May 2013	HK$0.1566
2006 (b)	21 December 2006	30 January 2007 to 8 May 2013	HK$0.1566
2007 **	18 April 2007	18 April 2007 to 8 May 2013	HK$0.29

* The exercise of these options was subject to the condition that the audited revenue of the Group on any financial year during the life of the Options was not less that HK$1 billion, which is calculated based on the accounting policies and presentation adopted by the Group at the date of grant of option and the preparation of the audited financial statements for the year ended 31 March 2005.

** The exercise of these options was subject to the condition that the audited profit before tax of the certain subsidiaries/associates of the Group for the financial year ended not less than certain prescribed amounts. When it meets the requirement, the share option will be exercised in tranches of 20% per annum for each achieve year.

The exercise of these options was according to the following schedule:

a. 20% of the option shares be exercisable at the date of acceptance and

b. the balance will be exercisable in equal yearly installments over 4 years with the first installment commencing 1 January 2006.

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

At the balance sheet date, the Company had 279,060,000 (2007: 384,520,000) remaining exercisable share options outstanding under the Scheme. The exercise in full of the remaining exercisable share options were represented to subscribe for 279,060,000 (2007: 384,520,000) ordinary shares in the Company at HK$44,879,896 (2007: HK$66,946,520). The weighted average remaining contractual life of these outstanding share options is approximately 5 years (2007: 6 years).

9,860,000 (2007: 6,000,000) share option was exercised during the year.

The fair values of options granted were determined using the Black-Scholes valuation model. Significant inputs into the calculation included a weighted average share price of HK$0.29 (2007: HK$0.1566) and exercise prices as illustrated above. Furthermore, the calculation takes into account of no future dividend and a volatility rate of 61.9% (2007: 3.3745%), based on expected share price. Risk-free interest rate was determined at 4.082% (2007: 5.04%).

The underlying expected volatility was determined by reference to historical data. No special features immanent to the options granted were incorporated into measurement of fair value.

In total, for the year ended 31 March 2008, employee compensation expense amounted to HK$397,000 (2007: HK$1,049,000) has been included in the consolidated income statement which gave rise to a corresponding credit to reserves. As at 31 March 2008, the estimated fair value of the option granted which was recognised in the employee-share based compensation reserve, amounted to HK$3,275,000 (2007: HK$3,121,000).

(b) Subsidiary

eBanker

In January 1999, the board of directors of eBanker authorised the eBanker 1999 Incentive and Nonstatutory Stock Option Plan, with effective from 18 January 1999 through 17 January 2009, unless sooner terminated. The eBanker's board of directors granted to certain eBanker's directors, options to purchase 620,000 shares of eBanker's common stock at US$3.00 per share, exercisable immediately and for a period of ten years.

The following table presents the activity for options outstanding as of 31 March 2008 and 31 March 2007:

	Number of share options at 1 April 2006, 31 March 2007 and 31 March 2008
Directors	600,000
Employees	20,000
Total	620,000

The following table presents the activity of options outstanding and exercisable as of 31 March 2008:

	Options Outstanding			**Exercisable Options**	
	Number of share options	**Price***	**Life***	**Number of share options**	**Price***
		US$			*US$*
Total	620,000	3.00	till 17 January 2009	620,000	3.00

* Price and life reflect the weighted average exercise price and weighted average remaining contractual life respectively.

There was no movement in share options granted by eBanker and no share option was exercised by the grantees for both years.

36. RESERVES

Group

The amount of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity on page 42 to 43 of the financial statements.

As at 31 March 2007 and 2008, investment revaluation reserve represents aggregate changes in fair value of available-for-sale financial assets, while assets revaluation reserve represents change in carrying amount of owner-occupied property when it becomes an investment property that will be carried at fair value.

Company

	Share premium *HK$'000*	Employee share-based compensation reserve *HK$'000*	Warrant reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2006	704,561	2,133	–	(338,734)	367,960
Issue of new shares upon exercise of bonus warrants (notes 34(a) and (b))	17,977	–	–	–	17,977
Issue of new shares upon exercise of share options (notes 34(a))	910	–	–	–	910
Issue of warrants	–	–	5,160	–	5,160
Loss for the year	–	–	–	(3,183)	(3,183)
Employee share-based compensation expenses recognised	–	1,049	–	–	1,049
Transfer to reserves upon cancellation of options	–	(22)	–	22	–
Transfer to reserves upon exercise of options	21	(21)	–	–	–
At 31 March 2007 and 1 April 2007	723,469	3,139	5,160	(341,895)	389,873
Issue of new shares upon exercise of bonus warrants (notes 34(a) and (b))	4,355	–	–	–	4,355
Issue of new shares upon exercise of share options (notes 35(a))	1,494	–	–	–	1,494
Profit for the year	–	–	–	5,912	5,912
Employee share-based compensation expenses recognised	–	397	–	–	397
Transfer to reserves upon cancellation of options	–	(62)	–	62	–
Transfer to reserves upon exercise of options	81	(81)	–	–	–
At 31 March 2008	729,399	3,393	5,160	(335,921)	402,031

37. OPERATING LEASE ARRANGEMENTS

Group

(a) as lessee

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2008	2007
	HK\$'000	*HK\$'000*
Within one year	405	4,966
In the second to fifth year inclusive	69	3,518
	474	8,484

The Group leases a number of rented premises under operating leases. The leases run for an initial period of twelve months to five years (2007: three months to two years). None of the leases include contingent rentals.

(b) as lessor

At the balance sheet date, the Group had future minimum lease receipts under non-cancellable operating leases in respect of investment properties which fall due as follows:

	2008	2007
	HK\$'000	*HK\$'000*
Within one year	2,337	7,318
In the second to fifth year inclusive	2,299	8,114
	4,636	15,432

The Group leases its investment properties (note 17) under operating lease arrangements which run for an initial period of two to five years (2007: two to five years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases includes contingent rentals.

Company

The Company does not have any significant operating lease commitments or any minimum lease receipts under non-cancellable operating leases as at 31 March 2008 and 31 March 2007.

38. CAPITAL COMMITMENTS

Group

The Group had the following capital commitments at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Contracted but not provided for		
Investment properties	61,009	62,372
Renovation	1,547	–
Property, plant and equipment	–	809
Undertaking of SingXpress's Rights Issues	–	35,020
	62,556	98,201

Company

The Company does not have any significant commitments as at 31 March 2008 and 31 March 2007.

39. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities of the Group and the Company were as follows:

	Group		Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(a) Guarantees given to a financial institution in respect of banking facilities granted to a supplier of the Group	12,912	11,423	–	–
(b) Guarantees given to a financial institution in respect of banking facilities granted to subsidiaries	–	–	80,566	92,957

The extent of the facilities utilised as at 31 March 2008 by the subsidiaries amounted to HK$28,110,000 (2007: HK$80,833,000).

40. RETIREMENT BENEFIT SCHEME

The Group operates defined contribution retirement benefit schemes ("Defined Contribution Scheme") for all qualifying employees in Hong Kong and Singapore. The assets of the Defined Contribution Scheme of Hong Kong are held separately from those of the Group and are under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The assets of the Deferred Contribution Scheme of Singapore is regulated and managed by the Singapore Government.

Effective from 1 December 2000, the Group has joined the MPF Scheme for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes 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 rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at the rate specified in the rules. The only obligation of the Group in respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit scheme contributions arising from these schemes charged to the consolidated income statement represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

No contribution was forfeited during the year (2007: Nil).

41. BUSINESS COMBINATIONS

(a) Year ended 31 March 2008

During the year, the Group acquired three companies, details as follows:

(i) On 1 April 2007, the Group acquired 100% of the share capital of Kabushiki Kaisha Aizuya ("Aizuya"), a company operating hotel in Japan.

During the year, the Group acquired three companies, details as follows:

	Acquiree's carrying amount	**Fair value**
	HK$'000	*HK$'000*
Cash and cash equivalents	527	527
Investment property	9,316	9,316
Trade and other receivables	1,618	1,618
Trade and other payables	(10,204)	(10,204)
Net assets acquired		1,257
Purchase consideration settled in cash		4,841
Cash and cash equivalents in subsidiaries acquired		(527)
Cash outflow on acquisition		4,314

The acquired businesses contributed revenues of approximately HK$1,035,000 and net loss of approximately HK$2,449,000, to the Group for the period from the date of acquisitions to 31 March 2008. Due to a lack of HKFRS – specific data prior to the acquisition of Aizuya, pro forma profit or loss of the combined entity for the complete 2008 reporting period cannot be determined reliably.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration settled in cash	4,841
Fair value of net assets acquired	(1,257)
Goodwill	3,584

The goodwill is attributable to the brand name of the hotel and the synergies expected to arise from interaction between the Group's existing travel business after the Group's acquisition of Aizuya.

(ii) On 1 June 2007, the Group acquired 100% of the share capital of Hotel Plaza Miyazaki Co. Ltd. ("HPM"), a company operating hotel in Japan.

	Acquiree's carrying amount *HK$'000*	**Fair value** *HK$'000*
Property, plant and equipment	31,830	31,830
Inventories	270	270
Trade and other receivables	3,189	3,189
Trade and other payables	(3,419)	(3,419)
Net assets acquired		31,870
Purchase consideration settled in cash and cash outflow on acquisition		19,894

The acquired businesses contributed revenues of approximately HK$49,551,000 and net loss of approximately HK$7,085,000 to the Group for the period from the date of acquisitions to 31 March 2008. Due to a lack of HKFRS – specific data prior to the acquisition of HPM, pro forma profit or loss of the combined entity for the complete 2008 reporting period cannot be determined reliably.

The discount on acquisition arises from the appreciation in assets value for the period between the price negotiation and the acquisition date when the Group took control over the Company.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration settled in cash	19,894
Fair value of net assets acquired	(31,870)
Excess of the Group's share of the net fair value of the net assets over the cost of acquisition	(11,976)

(iii) On 1 July 2007, the Group acquired 100% of the share capital of Crystal Travel Co., Ltd. ("Crystal"), a company operating a travel service company in Japan.

	Acquiree's carrying amount *HK$'000*	**Fair value** *HK$'000*
Cash and cash equivalents	25,057	25,057
Property, plant and equipment	1,974	1,974
Trade and other receivables	26,750	26,750
Taxation	187	187
Trade and other payables	(56,732)	(56,732)
Net liabilities acquired		(2,764)
Purchase consideration settled in cash		3,317
Cash and cash equivalents in subsidiaries acquired		(25,057)
Cash inflow on acquisition		21,740

The acquired businesses contributed revenues of approximately HK$101,162,000 and net profit of approximately HK$4,198,000 to the Group for the period from the date of acquisitions to 31 March 2008. Due to a lack of HKFRS – specific data prior to the acquisition of Crystal, pro forma profit or loss of the combined entity for the complete 2008 reporting period cannot be determined reliably.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration settled in cash	3,317
Fair value of net liabilities acquired	2,764
Goodwill	6,081

The goodwill is attributable to the retail network of Crystal and the significant synergies expected to arise after the Group's acquisition of Crystal.

(b) Year ended 31 March 2007

(i) On 27 June 2006, the Group acquired 100% of the share capital of Xpress Travel Limited ("Xpress Travel") (formerly known as Nihon Kotsu Travel Service Co. Ltd.), a company operating as a travel agency including corporate travel and both domestic and overseas leisure travel in Japan.

	Acquiree's carrying amount	Fair value
	HK$'000	*HK$'000*
Cash and cash equivalents	363	363
Property, plant and equipment	885	885
Trade and other receivables	27,656	27,656
Taxation	300	300
Borrowings	(1,322)	(1,322)
Trade and other payables	(24,511)	(24,511)
Net assets acquired		3,371
Purchase consideration settled in cash		8,953
Cash and cash equivalents in subsidiaries acquired		(363)
Cash outflow on acquisition		8,590

The acquired businesses contributed revenues of approximately HK$155,262,000 and net loss of approximately HK$7,154,000 to the Group for the period from the date of acquisition to 31 March 2007. Due to a lack of HKFRS – specific data prior to the acquisition of Xpress Travel, pro forma profit or loss of the combined entity for the complete 2007 reporting period cannot be determined reliably.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration settled in cash	8,953
Fair value of net assets acquired	(3,371)
Goodwill	5,582

(ii) *On 21 July 2006, the Group acquired 100% of the share capital of Sapporo Holdings Co. Ltd. ("Sapporo"), a company operating inn and hotel in Japan.*

	Acquiree's carrying amount	**Fair value**
	HK$'000	*HK$'000*
Cash and cash equivalents	506	506
Investment property	20,390	35,735
Trade and other receivables	1,463	1,463
Deferred taxation	–	(6,138)
Trade and other payables	(22,045)	(22,358)
Net assets acquired		9,208
Purchase consideration settled in cash		16,196
Cash and cash equivalents in subsidiaries acquired		(506)
Cash outflow on acquisition		15,690

The acquired businesses contributed revenues of approximately HK$2,015,000 and net profit of approximately HK$947,000 to the Group for the period from the date of acquisitions to 31 March 2007. Due to a lack of HKFRS – specific data prior to the acquisition of Sapporo, pro forma profit or loss of the combined entity for the complete 2007 reporting period cannot be determined reliably.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration settled in cash	16,196
Fair value of net assets acquired	(9,208)
Goodwill	6,988

(iii) *On 3 March 2007, the Group acquired 52% of the share capital of Makino Air Travel Service Ltd ("Makino"), a company operating as a travel agency in Japan.*

	Acquiree's carrying amount	**Fair value**
	HK$'000	*HK$'000*
Cash and cash equivalents	9,587	9,587
Property, plant and equipment	1,495	1,495
Available-for-sale financial assets	1,485	1,485
Trade and other receivables	21,776	21,776
Taxation	(65)	(65)
Financial assets at fair value though profit and loss	3,781	3,781
Borrowings	(14,474)	(14,474)
Trade and other payables	(21,518)	(21,518)
Net assets		2,067
Minority interests of Makino		(1,007)
Net assets acquired		1,060
Purchase consideration settled in cash		700
Cash and cash equivalents in subsidiaries acquired		(9,587)
Cash inflow on acquisition		(8,887)

The acquired businesses did not contribute any revenue or result to the Group for the period from its date of acquisition to 31 March 2007. Due to a lack of HKFRS – specific data prior to the acquisition of Makino, pro forma profit or loss of the combined entity for the complete 2007 reporting period cannot be determined reliably.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration settled in cash	700
Fair value of net assets acquired	(1,060)
Excess of the Group's interests in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost	(360)

42. DISPOSAL OF A SUBSIDIARY

Year ended 31 March 2008

During the year ended 31 March 2008, the Group disposed of its entire interest in a subsidiary, Xpress Travel Holdings Pty Ltd ("XTH") (formerly known as Aussie Xpress Pty Ltd) at a consideration of HK$74,000. The fair values of net assets of XTH attributable to the Group as at the date of disposal of XTH were as follows:

	2008
	HK$'000
Net liabilities disposed of	
Property, plant and equipment	66
Trade and other receivables, ` deposits paid and prepayment	350
Cash and cash equivalents	201
Trade payables, accruals and other payables	(649)
	(32)
Gain on disposal of a subsidiary	106
	74
Satisfied by:	
Cash	74

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

	2008
	HK$'000
Cash consideration	74
Cash and cash equivalents disposed of	(201)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(127)

43. RELATED PARTIES TRANSACTIONS

Group

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year.

(a) Management fee income of HK$1,200,000 (2007: Nil) received from a subsidiary of SingXpress, an associate of the Group; and

(b) During the year ended 31 March 2008, the Group disposed of its entire interest in a subsidiary, XTH, to SingXpress for a consideration of S$14,000 (equivalent to HK$74,000) (note 42).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group is exposed to a variety of financial risk such as market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk, which result from both its operating and investing activities. According to the Group's written risk management policies and guidelines, the financial risk shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed to are described below.

Foreign currency risk

The Group mainly operates in Hong Kong, Singapore, Japan and USA with most of the transactions denominated and settled in Hong Kong dollars, Singapore dollars, Yen and United States dollars respectively. Foreign currency risk arises from financial assets, liabilities and transactions which were denominated in currencies other than the functional currencies of the group entities. The Group manages its foreign currency risks by closely monitoring the movement of the foreign currency rates and will consider entering into foreign currency forward contracts or other instruments to hedge significant foreign currency exposure when necessary.

At the balance sheet date, foreign currency denominated financial assets and liabilities, translated into HK$ at the rates, are as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net financial assets/ (liabilities)				
Hong Kong dollars (HK$)	2,938	1,678	–	–
Singapore dollars (SGD)	139,911	44,123	16,705	1,033
Japanese yen (JPY)	57	3,594	–	–
United States dollars (USD)	16,842	19,904	47	346
	159,748	69,299	16,752	1,379

The Group is mainly exposed to SGD and USD. The following table details the Group's sensitivity analysis, the analysis assumes a 5% increase and decrease in SGD and USD against the HK$, with all other variable held constant. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates until the next balance sheet date. The sensitivity analysis includes only outstanding items denominated in foreign currencies other than the functional currencies of the group entities and adjusts their translation at the year end for a 5% change in foreign currency rates.

	SGD Impact		**USD Impact**		**Total Impact**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit after taxation	6,996	2,206	842	995	7,838	3,201

As HKD is linked to USD, the Group does not have material exchange risk on such currencies.

Interest rate risk

The Group income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings. Bank borrowings arranged at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. As at 31 March, 2008, approximately 79% (2007: 84%) of the bank borrowings bore interest at floating rates. The interest rate and repayment terms of the bank borrowings outstanding at year end are disclosed in note 29.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on the bank balances. The directors consider the Group's exposure of the bank deposits and bank borrowings to fair value interest rate risk is not significant as interest bearing bank deposits and borrowings at fixed rate are within short maturity periods in general.

At 31 March 2008, if interest rates had increased/(decreased) by 1% and all other variables were held constant, the Group's profit after tax for the year and retained profits would increase/(decrease) by approximately HK$980,000 (2007: HK$1,492,000). This is mainly attributable to the Group's exposure to floating interest rates of the floating rate bank borrowings.

Price risk

The Group is exposed to other price risk arising from listed investments classified as financial assets held at fair value through profit or loss.

Management's best estimate of the effect on the Group's profit after tax due to a reasonably possible change in the relevant stock market index, with all other variables held constant, at the balance sheet date is as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	2008 *HK$'000*	2007 *HK$'000*
Increase/(Decrease) in profit after tax		
Hong Kong - Hang Seng Index		
+ 30%	5,725	42,434
- 30%	(5,725)	(42,434)
Singapore - Straits Times Index		
+ 20%	1,694	2,609
- 20%	(1,694)	(2,609)
U.S.A. - Dow Jones Industrial Average Index		
+ 20%	1,318	1,515
- 20%	(1,318)	(1,515)

Fair value

All financial instruments are carried at amount not materially different from their fair values as at 31 March 2008 and 2007.

Credit risk

The carrying amounts of trade and other receivables, loan receivables, amount due from associates and bank balances represent the Group's maximum exposure to credit risk in relation to its financial assets. The carrying amounts of these financial assets presented in the consolidated balance sheet are net of impairment losses, if any. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, loan receivables and amount due from associates, individual credit evaluations are performed on all debtors requiring credit and loan receivables over a certain amount. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operates. Trade receivables are due within 60 days from the date of billing. Group does not obtain collateral from customers in respect of trade receivables, while for loan receivables, collateral are usually obtained.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables and loans receivables are set out in notes 23 and 26, respectively.

The Company's maximum exposure to credit risk in relation to its financial assets represents the carrying amounts of other receivables, amounts due from subsidiaries, amounts due from associates and bank balances. The carrying amounts of these financial assets presented in the Company's balance sheet are net of impairment losses, if any. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Liquidity risk

In the management of liquidity risk, the directors monitor and maintain a level of bank balances deemed adequate to finance the Group's operations investment opportunities and expected expansion. The Group finances its working capital requirements mainly by the funds generated from operations and from fund raising activities such as placement of new shares and issuance of warrants.

As at 31 March 2008, the Group's financial liabilities have contractual maturities which are summarised below:

As at 31 March 2008

	Current	Non-current	
	Within one year	**After one but within two years**	**After two years**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	164,705	–	–
Borrowings	35,522	16,188	72,592
Finance lease payables	562	1,326	–
Convertible debentures	45,358	–	–
Amounts due to associates	1,570	–	–
	247,717	17,514	72,592

As at 31 March 2007

	Current	Non-current	
	Within one year	**After one but within two years**	**After two years**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	100,288	–	–
Borrowings	43,333	23,153	111,470
Finance lease payables	605	972	–
Convertible debentures	–	50,234	–
Amounts due to associates	236	–	–
	144,462	79,359	111,470

The above contractual maturities reflect the undiscounted cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities recognised at the balance sheet date may also be categorised as follows. See notes 3.13 and 3.20 for explanations about how the category of financial instruments affects their subsequent measurement.

(i) Financial assets

	Group		Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Available-for-sale financial assets	36,290	45,815	–	–
Loans and receivables:				
–Loan receivables	901	450	–	–
–Pledged bank deposit	3,900	4,385	–	–
	41,091	50,650	–	–
Current assets				
Financial assets at fair value through profit or loss	46,313	178,812	24,792	140,220
Loans and receivables:				
–Trade and other receivables	137,599	131,525	4,559	803
– Loan receivables	2,233	3,008	–	–
– Amount due from subsidiaries	–	–	367,349	256,805
– Amount due from associates	7,775	6,577	1,924	1,521
– Pledged bank deposits	5,030	–	–	–
– Cash and cash equivalents	223,315	191,573	156,344	55,764
	422,265	511,495	554,968	455,113

(ii) Financial liabilities

	Group		Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities				
Financial liabilities measured at amortised cost				
– Trade and other payables	166,005	100,288	4,536	7,587
– Finance lease payables	562	605	–	–
– Convertible debentures	45,358	–	–	–
– Borrowings	35,522	43,333	–	–
– Amount due to subsidiaries	–	–	139,077	56,075
	247,447	144,226	143,613	63,662
Non-current liabilities				
Financial liabilities measured at amortised cost				
– Borrowings	88,780	134,623	–	–
– Finance lease payables	1,326	972	–	–
– Convertible debentures	–	50,234	–	–
– Amount due to associates	1,570	236	587	–
	91,676	186,065	587	–

45. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

– to ensure the Group's ability to continue as a going concern

– to provide an adequate return to shareholder

The directors of the Company also balance its overall capital structure periodically. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholder, new shares issue as well as of warrants. The directors of the Company will also consider the raise of long-term borrowings as second resource of capital when investment opportunities arise and the return of such investments will justify the cost of debts from the borrowings, finance lease payables and convertible debentures.

	2008 *HK$'000*	2007 *HK$'000*
Debt	171,548	229,767
Less: cash and cash equivalents and pledged deposits	(232,245)	(195,958)
Net debt	(60,697)	33,809
Capital represented by total equity excluding minority interests	557,338	528,583
Gearing ratio	–11%	6%

The directors of the Company also endeavour to ensure the steady and reliable cash flow from the normal business operation.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group has outstanding borrowings of approximately HK$77.0 million, comprising mortgage loans of approximately HK$46.5 million, bank loans of approximately HK$29.0 million, amounts due to associates of approximately HK$1.5 million. The Group's mortgage loans were secured by certain leasehold properties and investment properties of the Group with carrying value of HK$226.7 million.

On the other hand, bank deposits of HK$3.9 million were pledged as security for the credit card business transactions with MasterCard International Inc..

A subsidiary of the Company was involved in legal proceedings against it for the alleged breach of agreement for damages which are not quantified. In the opinion of the Directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. Further details of the litigation is set out in section headed "Litigation" in Appendix III in this Prospectus.

Save as aforesaid and apart from the intra-group liabilities, none of the companies in the Group had outstanding at the close of business on 28 February 2009 any mortgages, charges or debentures, loan capital, bank overdraft, loans, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 28 February 2009.

Except as disclosed above, the Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities at the close of business on 28 February 2009.

4. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's present internal resources, available banking facilities and the estimated net proceeds from the Open Offer, in the absence of any unforeseen circumstances the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2008 (being the date to which the latest published audited financial statements of the Company were made up).

(1) INTRODUCTION

The unaudited pro forma statement of consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the adjusted consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 September 2008.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Group following the Open Offer.

(2) UNAUDITED PRO FORMA STATEMENT OF THE ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

	Based on the Subscription Price of HK$0.05 per Offer Share	**Per Share**
	HK$'000	*HK$*
Unaudited consolidated net assets of the Group attributable to equity holders of the Company as at 30 September 2008 *(Note 1)*	474,843	
Less: Unaudited consolidated intangible assets of the Group attributable to equity holders of the Company as at 30 September 2008 *(Note 2)*	(16,957)	
Unaudited consolidated net tangible assets of the Group as at 30 September 2008 *(Note 3)*	457,886	0.2517
Estimated net proceeds from the Open Offer *(Note 4)*	17,000	
Unaudited pro forma consolidated net tangible assets of the Group attributable to equity holders of the Company after the Open Offer assuming that no Options or Warrants are exercised on or before the Record Date *(Note 5 and 6)*	474,886	0.2172
Proceeds upon full exercise of Warrants and Options (other than FC Warrants, Directors' Warrants, FC Options and Directors' Options) *(Note 7)*	7,444	
Unaudited pro forma consolidated net tangible assets of the Group attributable to equity holders of the Company after the Open Offer assuming full exercise of Warrants and Options) other than FC Warrants, Directors' Warrants, FC Options and Directors' Options) *(Note 8)*	482,330	0.2122

(3) NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF THE ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Notes:

1. The unaudited consolidated net assets of the Group attributable to the equity holders of the Company as at 30 September 2008 are extracted from the published interim report of the Company for the six month period ended 30 September 2008.

2. Intangible assets of the Group as at 30 September 2008 represent goodwill arising from acquisition of subsidiaries.

3. The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company per share is calculated based on the consolidated net tangible assets of the Group of HK$457,886,000 and the number of shares in issue of 1,819,123,342 as at 30 September 2008.

4. The estimated net proceeds from the Open Offer are based on 367,424,668 Offer Shares issued at a subscription price of HK$0.05 per Offer Share, after deduction of the expenses directly attributable to the Open Offer of approximately HK$1.37 million.

5. The unaudited pro forma consolidated net tangible assets of the Group attributable to the equity holders of the Company represents the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2008 plus the estimated net proceeds from the Open Offer (Note 4).

6. The unaudited pro forma consolidated net tangible assets per share is calculated based on the unaudited pro forma consolidated net tangible assets of HK$474,886,000 and the number of shares in issue of 2,186,548,010 which representing 1,819,123,342 shares in issue as at 30 September 2008 and 367,424,668 Offer Shares to be issued pursuant to the Open Offer assuming that no Options or Warrants are exercised on or before the Record Date.

7. The proceeds upon full exercise of Warrants and Options (other than FC Warrants, Directors' Warrants, FC Options and Directors' Options) is calculated based on the assumption that 57,687,088 Warrants and 14,000,000 Options are exercised on or before the Record Date.

8. The unaudited pro forma consolidated net tangible assets per share is calculated based on the unaudited pro forma consolidated net tangible assets of HK$482,330,000 and the number of shares in issue of 2,272,572,515 which representing 1,819,123,342 shares in issue as at 30 September 2008 and 381,762,085 Offer Shares to be issued pursuant to the Open Offer and 71,687,088 Shares upon exercise of Warrants and Options on or before the Record Date.

(4) REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF THE ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

盧鄺會計師事務所有限公司
LO AND KWONG C.P.A. COMPANY LIMITED
Audit • Tax • Business Advisory

4 May 2009

The Directors
Xpress Group Limited
5/F, Island Place Tower,
510 King's Road,
North Point, Hong Kong.

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF THE ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

We report on the unaudited pro forma statement of consolidated net tangible assets ("Unaudited Pro Forma Financial Information") of Xpress Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 107 to 108 of Appendix II to the prospectus dated 4 May 2009, in connection with the open offer of not less than 367,424,668 offer shares and not more than 381,762,085 offer shares on the basis of one offer shares for every five existing shares held on the record date (the "Open Offer"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purposes only, to provide information about how the Open Offer might have affected the financial information presented, for inclusion in Appendix II of the prospectus dated 4 May 2009 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the accompanying introduction and notes to the Unaudited Pro Forma Financial Information included in Appendix II of the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2008 or any future date.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Lo and Kwong C.P.A. Company Limited
Certified Public Accountants
Lo Wah Wai
Practising Certificate Number: P02693

Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus 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 Prospectus and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were and immediately following the Open Offer (assuming the Open Offer becoming unconditional and 367,424,668 Offer Shares will be issued) will be as follows:

As at the Latest Practicable Date

	HK$
Authorised:	
1,000,000,000,000 ordinary shares of HK$0.01 each	10,000,000,000
Issued, to be issued and fully paid or credited as fully paid:	
1,837,123,342 Shares in issue as at the Latest Practicable Date	18,371,233.42
367,424,668 Offer Shares to be issued pursuant to the Open Offer *(Note)*	3,674,246.68
Total:	
2,204,548,010 Shares	22,045,480.10

All existing Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital.

The Offer Shares will, when issued, allotted and fully paid rank pari passu in all respects with the Shares in issue including the right to receive all future dividends and distributions which are declared, made or paid on or after the date of issue and allotment of the fully-paid Offer Shares.

The Shares are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in any other stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in any other stock exchange.

Save as disclosed in this Prospectus, no share or loan capital of the Company has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

3. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office	5/F., Island Place Tower 510 King's Road North Point Hong Kong
Authorised representatives	Chan Tong Wan 5/F., Island Place Tower, 510 King's Road North Point, Hong Kong Chan Yoke Keow 5/F., Island Place Tower, 510 King's Road North Point, Hong Kong
Joint Company secretaries	Chan Suk King, Zoe Yuen Ping Man
Underwriter	Chan Heng Fai
Auditors	Lo and Kwong C.P.A. Company Limited Sutie 1304, Shanghai Industrial Investment Buildings, 60 Hennessy Road, Wanchai, Hong Kong
Registrar	Tricor Friendly Limited 26/F, Tesbury Centre 28 Queen's Road East Hong Kong
Principal bankers	Hang Seng Bank Limited 83 Des Voeux Road Central, Hong Kong Standard Chartered Bank (Hong Kong) Limited 17th Floor, One Pacific Place 88 Queensway, Hong Kong

4. PARTICULARS OF DIRECTORS

The business address of all the Directors are at 5/F., Island Place Tower, 510 King's road North Point, Hong Kong and their brief biographies are set out below:

Executive Directors

Mr. Chan Heng Fai, aged 64, is the Managing Chairman of the Company. He has been a director of the Company since September 1992. Mr. Chan is responsible for the overall business development of the Group. His experience and expertise are in the finance and banking sectors. He is the spouse of Ms. Chan Yoke Keow.

Mr. Chan Tong Wan, Tony, aged 34, is the Managing Director of the Company. Mr. Chan began his career by working in two international companies as an investment banker specialising in Asian equity financial products. Subsequently, Mr. Chan worked for a finance and technology company in the United States as the Chief Operating Officer with a focus on its investment banking and merchant banking activities. Mr. Chan joined the Group as a non-executive director in January 2000, was appointed as an executive director in September 2002 and was appointed as Managing Director in August 2003. Mr. Chan holds a Bachelor of Commerce degree with honours, with a Finance specialization, from the University of British Columbia. Mr. Chan is the son of Mr. Chan Heng Fai and Ms. Chan Yoke Keow.

Ms. Chan Yoke Keow, aged 60, has been a director of the Company since January 1992. She is responsible for the general administration and financial planning of the Group. She has over 25 years' experience in financial management and administration. Ms. Chan is a member of the Hong Kong Securities Institute. She is the spouse of Mr. Chan Heng Fai.

Ms. Chan Sook Jin, Mary-ann, aged 38, has been a director of the Company since 1995. Ms. Chan is involved with the securities operations. Ms. Chan has previous experience with one of the leading banks in Hong Kong where she was involved in sales and marketing as well as relationship management for the Regional Securities office. Ms. Chan is the daughter of Mr. Chan Heng Fai and Ms. Chan Yoke Keow.

Mr. Chan Tung Moe, aged 30, is the Chief Executive Officer of the Company and has been a Director since July 2007. He is responsible for the overall management of the Group's business and previously was in charge of Xpress Finance Limited. He also has experience in technical and business development in the finance and technology industries. He holds a Master's Degree in Business Administration with honours, a Master's Degree in Electro-Mechanical Engineering with honours, and a Bachelor's Degree in Applied Science with honours. Mr. Chan is the son of Mr. Chan Heng Fai and Ms. Chan Yoke Keow.

Non-executive Director

Mr. Fong Kwok Jen, aged 59. Mr. Fong is a Director of Fong Law Corporation, a legal practice. Mr. Fong graduated from the University of Singapore with a LL.B. (Honours). In 1976/77 he was awarded the Colombo Plan Award to attend the Government Legal Officer's Course in the United Kingdom. In 1986, he attended the NITA Advocacy Programme at Harvard Law School. He was appointed to the Board in 1995. He served as Chairman of the Disciplinary Committee of SGX-ST from 1995 to 2007 and was member of the Securities Industry Council between 1992 and 2003. He was also a Council Member of the Law Society of Singapore from 1990 to 1992. He is a director of several public listed companies.

Independent non-executive Directors

Mr. Wong Dor Luk, Peter, aged 66, has over 31 years experience in the fashion industry including distribution, sourcing, overseeing manufacturing and exporting to international clients in France, the United Kingdom, Germany and the United States. Mr. Wong was appointed as an independent non-executive director in September 1998.

Mr. Da Roza Joao Paulo, aged 57, has over 20 years' experience in human resources, China trade and real estates industry. Mr. Da Roza was appointed as an independent non-executive director of the Company in July 2004.

Ms. Chian Yat Ping, Ivy, aged 43, obtained a Bachelor of Science degree from the State University of New York at Albany. She is a certified public accountant admitted to practise in USA and had eight years working for international CPA firms. She is an international affiliate of the Hong Kong Institute of Certified Public Accountants. Ms. Chian was appointed as an independent non-executive director in September 2006.

5. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed

Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions

(a) Ordinary shares of HK$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner	344,494,647	18.75
Chan Yoke Keow	Beneficial owner	34,580,802	1.88
	Held by trust *(Note 1)*	65,706,960	3.58
	Held by controlled corporations *(Note 2)*	592,925,547	32.27
		693,213,309	37.73
Chan Sook Jin, Mary-ann	Beneficial owner	1,146,832	0.06
	Held by spouse *(Note 3)*	3,416,000	0.19
		4,562,832	0.25
Chan Tung Moe	Beneficial owner	15,370,000	0.84
Fong Kwok Jen	Beneficial owner	7,328,000	0.4
Chan Tong Wan	Beneficial owner	5,423,837	0.3
Wong Dor Luk, Peter	Beneficial owner	280,000	0.02
Da Roza Joao Paulo	Beneficial owner	4,800	0
	Held by spouse *(Note 4)*	460,000	0.03
		464,800	0.03
		1,071,137,425	58.31

(b) Share options

Name of director	Date granted	Exercisable period	Exercise price per share *HK$*	Number of share options as outstanding at the Latest Practicable Date	Percentage of the issued share capital of the Company
Chan Heng Fai	11.1.2004	11.1.2004 – 5.8.2013	0.1600	15,000,000	0.82
	11.15.2004	11.20.2004 – 5.8.2013	0.1616	147,000,000	8.00
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	120,000,000	6.53
Chan Yoke Keow	11.1.2004	11.1.2004 – 5.8.2013	0.1600	15,000,000	0.82
	11.15.2004	11.20.2004 – 5.8.2013	0.1616	35,000,000	1.91
	2.18.2009	2.18.2009 – 5.8.2013	0.0698	18,000,000	0.98
Chan Tong Wan	11.15.2004	11.20.2004 – 5.8.2013	0.1616	15,000,000	0.82
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	5,000,000	0.27
	2.18.2009	2.18.2009 – 5.8.2013	0.0698	18,000,000	0.98
Chan Sook Jin, Mary-ann	11.15.2004	11.20.2004 – 5.8.2013	0.1616	5,000,000	0.27
Chan Tung Moe	11.15.2004	11.20.2004 – 5.8.2013	0.1616	5,000,000	0.27
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	5,000,000	0.27
Fong Kwok Jen	11.15.2004	11.20.2004 – 5.8.2013	0.1616	4,500,000	0.24
Wong Dor Luk, Peter	11.15.2004	11.20.2004 – 5.8.2013	0.1616	3,000,000	0.16
Da Roza Joao Paulo	5.27.2005	5.28.2005 – 5.8.2013	0.1500	2,000,000	0.11
Chian Yat Ping	12.21.2006	1.30.2007 – 5.8.2013	0.1566	2,000,000	0.11
				414,500,000	22.56
Others	11.15.2004	11.20.2004 – 5.8.2013	0.1616	12,000,000	0.65
	5.22.2006	5.22.2006 – 5.8.2013	0.1566	5,000,000	0.27
	4.18.2007	4.18.2007 – 5.8.2013	0.2900	1,500,000	0.08
Total for employee				18,500,000	1.01
Total for all categories				433,000,000	23.57

(c) Warrants

Name of director	Capacity	Number of warrants held	Number of underlying shares	Percentage of Issued share Capital of the Company, %
Chan Heng Fai	Beneficial owner	172,000,000	172,000,000	9.36
Chan Yoke Keow	Beneficial owner	1,133,280	1,133,280	0.06
	Held by trust *(Note 1)*	5,973,360	5,973,360	0.33
	Held by controlled corporations *(Note 2)*	34,800,529	34,800,529	1.89
		41,907,169	41,907,169	2.28
Chan Sook Jin, Mary-ann	Beneficial owner	2,564	2,564	0.00
	Held by spouse *(Note 3)*	341,600	341,600	0.02
		344,164	344,164	0.02
Chan Tung Moe	Beneficial owner	1,499,000	1,499,000	0.08
Fong Kwok Jen	Beneficial owner	382,800	382,800	0.02
Chan Tong Wan	Beneficial owner	525,214	525,214	0.03
Wong Dor Luk, Peter	Beneficial owner	28,000	28,000	0.00
Da Roza Joao Paulo	Beneficial owner	480	480	0.00
	Held by spouse *(Note 4)*	46,000	46,000	0.00
		46,480	46,480	0.00
		216,732,827	216,732,827	11.80

Notes:

1. These shares/warrants are owned by a discretionary trust, HSBC Trust (Cook Island) Limited. Mrs. Chan Yoke Keow ("Mrs. Chan") is one of the discretionary objects. Mrs. Chan is the spouse of Mr. Chan Heng Fai.

2. These shares/warrants are owned by First Pacific International Limited and Prime Star Group Co. Ltd., in which Mrs. Chan has 100% equity interests.

3. These shares/warrants are owned by Mr. Wooldridge Mark Dean, the spouse of Ms. Chan Sook Jin, Mary-ann.

4. These shares/warrants are owned by Ms. Josephina B. Ozorio, the spouse of Mr. Da Roza Joao Paulo.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to

Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

6. SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (other than a Director or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were 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 the Company and any other member of the Group:

(i) The Company

Name	**Nature of interest**	**Number of shares/underlying shares held**	**%**
Prime Star Group Co., Ltd. *(Note)*	Beneficial owner	522,966,736	28.47

Note:

(1) Prime Star Group Co. Ltd is wholly owned by Ms. Chan Yoke Keow.

(ii) Subsidiaries of the Company

Name of subsidiaries	**Name of substantial shareholder**	**Percentage of shareholding (%)**
Hong Kong Link Xpress Limited	Hong Kong Link Tours Limited	45%
Japan Xpress Limited	Planet Marketing Communications Inc.	40%
Japan Xpress Travel Limited	Planet Marketing Communications Inc.	22%
Xpress Finance Limited	MBf Asia Capital Corporation Holdings Limited	18%

Save as disclosed above, the Directors are not aware of any person as at the Latest Practicable Date who had an interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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 the Company and any other member of the Group.

7. LITIGATION

Actions were brought by Pricerite Stores Limited and CASH Retail Management Group Limited (together referred to as "Pricerite") respectively claiming that a subsidiary of the Company has, among others, divulged confidential information of Pricerite in breach of agreement for damages which are not quantified. The litigation was arises due to the acquisition of such subsidiary by the Group in 2000. In the opinion of the Directors, it is not practicable at this stage to determine with certainty the outcome of the litigation. Further details of the litigation is set out in section headed "The Compromise Agreement" in the Letter from the Board in the circular of the Company dated 8 July 2002. The litigation has been standstill for more than 7 years.

Save as aforesaid, neither the Company nor any of its subsidiaries is engaged in litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

8. SERVICE CONTRACTS

Save as set out below, (i) none of the Directors has any existing or proposed service contract with any member of the Group which does not expire or is not terminable by the Group within one year without payment of compensation (other than statutory compensation); and (ii) none of the Directors has any service contracts with the Company or any of its subsidiaries or associated companies in force for Directors which have more than 12 months to run:

(a) On 3 July 2007, a service contract was entered into between the Company and Mr. Chan for a term of two years commencing from 1 February 2008. The service contract provides for the payment of a salary of HK$185 per month. In addition, Mr. Chan is also entitled to receive an accommodation allowance of HK$160,000 per month. On 20 November 2008, a supplementary agreement was entered into between Mr. Chan and the Company for reducing the accommodation allowance to HK$30,000 per month which is deemed to have taken effect on 1 November 2008.

On 20 November 2008, a service contract was entered into between SingXpress International Pte Ltd, a subsidiary of the Company and Mr. Chan for a term of three years expiring on 31 October 2011. The service contract provides for the payment of a salary of S$25,000 per month which is deemed to have taken effect on 1 November 2008.

The overall salary and allowance per month was reduced by 25% which is taken into effect on 1 March 2009.

(b) On 3 July 2007, a service contract was entered into between the Company and Mr. Chan Tong Wan ("Tony Chan") for a term of three years and taken effect on 1 April 2007. The service contract provides for the payment of annual salary of HK$2 million, HK$2.1 million and HK$2.2 million for the first, second and third years of services and Tony Chan shall be entitled to an incentive bonus equivalent to 2.5% of the audited consolidated profit of the Group before tax at the end of every financial year or at such other rates or on such other terms as may be determined and approved by the Board. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Tony Chan as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given. Beginning 1 March 2009, Tony Chan's overall salary and allowance per month was reduced by 25% and the incentive bonus was cancelled.

(c) On 3 July 2007, a service contract was entered into between the Company and Mr. Chan Tung Moe ("Moe Chan") for a term of three years expiring on 2 July 2010. The service contract provides for the payment of annual salary of HK$1 million, HK$1.1 million and HK$1.2 million for the first, second and third years of services and Moe Chan shall be entitled to an incentive bonus equivalent to 2.5% of the audited consolidated profit of the Group before tax at the end of every financial year or at such other rates or on such other terms as may be determined and approved by the Board. In addition, Moe Chan is also entitled to receive an accommodation allowance of HK$20,000 per month. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Moe Chan as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given. Beginning 1 March 2009, Moe Chan's incentive bonus was cancelled.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the directors or their respective associates had any interests in a business which competes or may compete with the businesses of the Group or had any other conflict of interest with the Group.

10. NO MATERIAL CONTRACTS

The Directors confirmed there is no contract or arrangement subsisting at the Latest Practicable Date in which a Director is materially interested and which is significant in relation to the business of the Group.

11. EXPERT AND CONSENT

(i) Qualification of expert

Name	Qualification
Lo and Kwong C.P.A. Company Limited	Certified Public Accountants

(ii) Consent of expert

Lo and Kwong C.P.A. Company Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters, reports and/or summary of its opinions (as the case may be) and references to its name in the form and context in which they are included.

(iii) Interests of expert

Lo and Kwong C.P.A. Company Limited has confirmed to the Company that it was not interested in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities of any member of the Group nor did it had any direct or indirect interest in any assets which had been, since 31 March 2008 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

12. MATERIAL CONTRACTS

(a) On 18 May 2007, SingXpress International Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into an agreement with a property developer in Singapore to purchase a property located in Singapore (the "Property") for a consideration of S$6,900,000 (approximately HK$35,190,000).

(b) On 11 May 2007, an indirect 35.03% owned subsidiary of the Company, eBanker USA.com, Inc. ("eBanker") offer rights issue to its shareholders on a pro-rata basis at a price of US$0.25 per rights share on the basis of ten rights shares for every three eBanker shares held by the shareholders of eBanker on 26 May 2007. The Group applied excess rights shares and the interest in eBanker was increased from 35.03% to 81.84% upon completion of the rights issue on 19 June 2007.

(c) On 29 May 2007, the Group has entered into a letter of confirmation with a security house in Japan to study the feasibility of applying for a secondary listing in Japan.

(d) On 1 June 2007, the Group entered into an agreement with an independent third party to acquire the entire interest of Hotel Plaza Miyazaki Co. Ltd., a company incorporated in Japan which operates a hotel, for a consideration of JPY 300 million (approximately HK$19,890,000).

(e) On 27 July 2007, the Group entered into a sale and purchase agreement for the acquisition of the entire equity interest in Crystal Travel Co., Ltd. ("Crystal"), a travel service company operating in Japan, at a consideration of approximately JPY 52 million.

(f) On 28 July 2007, the Group entered into a sale and purchase agreement for the acquisition of US$650,000 of convertible debentures and 65,000 ordinary shares of eBanker at a consideration of US$520,000.

(g) On 28 August 2007, the Group entered into a non-binding memorandum of understanding for the acquisition of the 60% equity interest in each of Beijing BizExpress Information Technology Company Limited and Beijing Smarttravel FIT Travel Agency Co., Ltd., travel and hospitality related service companies operating in China, at a consideration of HK$3 million. The acquisition was lapsed on 20 November 2007.

(h) On 3 September 2007, the Group entered into disposal agreements for the disposal of 20% equity interest in Japan Xpress Ltd for an aggregate consideration of JPY100,050,000. The disposal was subsequently lapsed.

(i) On 1 October 2007, Suntec 23 Floor Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into three option agreements with a purchaser to grant to the purchaser the options to acquire three properties in Singapore at an aggregate consideration of S$26,398,710 (approximately HK$ 34,633,000).

(j) On 14 February 2008, the Company entered into a sale and purchase agreement with SingXpress Ltd for the disposal of the entire issued and paid-up share capital of each of Singapore Service Residences Pte Ltd and SingXpress International Pte Ltd and 60% of the issued and paid-up capital of Anglo-French Travel Pte Ltd and the benefits of the shareholder's loan of S$11,061,713 at a consideration of S$35,936,624 to be satisfied by the issue and allotment of new SingXpress Ltd shares to be issued by SingXpress Ltd at the issue price of S$0.04 each. The disposal was cancelled on 22 April 2008.

(k) On 19 November 2008, the Group entered into a sale and purchaser agreement for the disposal of the 56.46% of the issued and paid-up capital of Makino Air Travel Service Co., Ltd for a total of cash consideration of JPY30 million.

(l) On 11 December 2008, the Group entered into a sale and purchaser agreement for the disposal of the 60% of the issued and paid-up capital of Anglo-French Travel Pte Ltd for a total of cash consideration of S$2.1 million; and

(m) The Underwriting Agreement.

Save as aforesaid, no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by any member of the Group within the two years preceding the date of this Prospectus.

13. MISCELLANEOUS

(a) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31 March 2008, the date to which the latest published audited financial statements of the Group were made up.

(b) The registered office of the Company is at 5th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong.

(c) The joint secretaries of the Company are Ms. Chan Suk King, Zoe ACCA, CPA, ACIS, ACS. and Mr. Yuen Ping Man, MBA, FCIS, FCS, MHKSI, MIHRM(HK), MIPS(HK), MCIM, SMHKIM, RFP.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of this Prospectus, the Application Forms and the written consent given by Lo and Kwong C.P.A. Company Limited as referred to in the paragraph headed "Expert and Consent" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies Ordinance.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 9:00 a.m. to 5:00 p.m. (Monday to Friday) at 5/F., Island Place Tower, 510 King's Road, North Point, Hong Kong from the date of this Prospectus up to and including Tuesday, 19 May 2009:

(a) the memorandum of association and the articles of association of the Company;

(b) the material contracts referred to in the section headed "material contracts" of this Appendix;

(c) the annual reports of the Company for each of the two financial years ended 31 March 2008 and the interim report of the Company for the six months ended 30 September 2008;

(d) the letter from Lo and Kwong C.P.A. Company Limited contained in Appendix II to this Prospectus;

(e) the written consent from Lo and Kwong C.P.A. Company Limited referred to in the section headed "Expert and Consent" of this Appendix;

(f) the circulars of the Company dated 7 June 2008, 13 July 2008, 28 November 2008 and 31 December 2008; and

(g) this Prospectus.