VISION TECH
INTERNATIONAL HOLDINGS LIMITED
金科數碼國際控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code : 0922

2008
Annual Report

* for identification only

Contents

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Cheng Hairong *(Chairman and Chief Executive Officer)*

Mr. Chu Kwok Chi Robert

NON-EXECUTIVE DIRECTOR

Mrs. Pei Chen Chi Kuen Delia *(Vice Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Devidas Harilela

Mr. Chan Chung Yin Victor

Mr. Ma Kwai Yuen Terence

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Hung Ying Kit

AUDIT COMMITTEE

Mr. Ma Kwai Yuen Terence *(Chairman of the Audit Committee)*

Mr. Devidas Harilela

Mr. Chan Chung Yin Victor

REMUNERATION COMMITTEE

Mr. Devidas Harilela *(Chairman of the Remuneration Committee)*

Mr. Chan Chung Yin Victor

Mr. Ma Kwai Yuen Terence

Mr. Cheng Hairong

AUDITORS

Wong Lam Leung & Kwok C.P.A. Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

The Hong Kong and Shanghai Banking Corporation Limited

Wing Lung Bank Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3908, Shell Tower

Times Square

Causeway Bay

Hong Kong

Telephone: (852) 3115 2128

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Hong Kong

WEBSITE ADDRESS

www.visiontechint.com

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Vision Tech International Holdings Limited (the "Company"), I hereby present the full-year audited consolidated results of the Company and its subsidiaries (together as the "Group") for the year ended 31 March 2008.

At the support of all shareholders, staff members and the community, trading of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which had been suspended since 2003, resumed on 7 March 2008. I would like to take this opportunity to express my heartfelt gratitude on behalf of the Board to shareholders, staff members and different parties of the community who made it possible.

The resumption of trading on the Stock Exchange signified the beginning of a new phase of development of the Company and also put on the shoulders of the Board and the management the important task of restructuring the corporation and ensuring its sustainable development. The proposals on subscription for new shares and placing of new shares to EPI (Holdings) Limited ("EPI") (stock code: 689) and other parties were duly passed at the Special General Meeting of the Company held in January 2008. Following EPI became the controlling shareholder of the Company, the reorganisation of the corporate structure was completed. A range of corporate governance mechanisms were also established with the primary objective to fortify corporate management capability and enhance the level of corporate governance. Furthermore, we have commenced various moves to expand business and broaden marketing channels. Preliminary efforts made had enabled the Group to shift from the traditional emphasis on home appliances business to focusing on the high value-added business of electronic products, covering such as audio-visual systems for automobiles, high-end home audio-visual products, satellite global positioning navigation systems ("GPS") and digital high definition television, etc. The Group also worked on gradually taking its products to new and emerging markets in Europe, the United States/North America and the Middle East and reported encouraging results. Apart from focusing on electronic products, the Group also looked earnestly for room to diversify its business. Seeking leverage from the extensive market network of our new controlling shareholder, the Group has begun to explore and develop non-ferrous metal business and to identify investment projects with sustainable growth potential. At present, all related projects and tasks are progressing smoothly.

Looking ahead, we will continue to seek guidance from our operating principles underlined by "active progress, prudent financial management, and with people at heart and harmony and all win as goal" and work in coalition with all our staff members to achieve good performance and bring prosperous returns to shareholders. We are confident that our goal can be achieved.

Finally, I would like to take this opportunity to express my appreciation again to our shareholders for their continuous support and to my fellow members of the Board and all staff members for their valuable contribution to the success of the resumption of trading of Company's shares on the Stock Exchange.

Vision Tech International Holdings Limited
Cheng Hairong
Chairman and Chief Executive Officer

Hong Kong
18 June 2008

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$315,804,000 (2007:HK$15,481,000) and gross profit of approximately HK$11,056,000 (2007:HK$1,096,000).

Loss attributable to equity holders of the Company for the year was approximately HK$7,476,000 (2007: HK$8,675,000).

At the completion of the Capital Reorganization, the share subscription and placing of new shares to EPI and the other independent third parties and placing of loan settlement shares on 3 March 2008, the Group's overall financial position has strengthened. The approximately HK$114 million net proceeds brought by the issue of new shares greatly alleviated the net deficit position of the Group and markedly enhanced its capital base. As at 31 March 2008, the total assets of the Group amounted to HK$135,223,000 (31 March 2007: HK$2,973,000) and net assets of the Group amounted to HK$102,076,000 (31 March 2007: net liabilities of HK$16,298,000).

Working capital of the Group also rose significantly as a result of the issuance of new shares. As at 31 March 2008, the Group's cash on hand and bank deposits totalled approximately HK$102,660,000 (31 March 2007: HK$162,000), representing an increase of 632.7 times against the balance as at 31 March 2007. Gearing position of the Group came down notably from approximately 6.48 times to 0.25 times mainly because of the boosted total assets of the Group

BUSINESS REVIEW

With assistance from EPI, the Group has restructured the export sales network of electronic home appliances and achieved significant growth for the export business of consumer electronic products, including primarily CRT TV with DVD combos and Digital Music players, with sales increased by 19.4 times as compared with last year. CRT TV with DVD combos continued to be in strong demand in America and Middle East countries. Digital music players have also been popular in these countries. The strong markets allowed the Group to secure a reasonable volume of orders during the year under review.

Seeing the tremendous growth potential of Flat Panel TV and portable GPS products in markets worldwide, the Group started to forge partnership with manufacturers strong in development and manufacturing of these products. The move has interested many of the Group's customers. The Group will concentrate marketing effort on these new categories of products in 2008/2009 and Car Stereo will also be included in the new product line-up in 2008/2009 and onward.

FUTURE PROSPECTS

In addition to continuing to grow the Group's electronic products business, the management is also actively exploring new businesses, including non-ferrous metal business, to expand the Group's revenue sources.

Management Profile

from left to right, front to back:
Robert Chu Kwok Chi, Cheng Hairong, Kelvin Chu Kar Wing, Lam Pak Wing, Kenneth Huang Sai Jing, Wong Chi Keung

EXECUTIVE DIRECTORS

Mr. Cheng Hairong ("Mr. Cheng")

Mr. Cheng , aged 48, has been appointed as the Chief Executive Officer and the Chairman of the Company since 6 March 2008. He is responsible for the Group's overall management and strategy planning.

Mr. Cheng has over 20 years' experience in establishing and managing Hong Kong listed companies in Hong Kong as an executive director and consultant. Mr. Cheng has extensive industry knowledge in China finance, trading and investment in sectors such as biotech and herbal health products, energy saving, property and golf course. He was the founder and the managing director of a stock brokerage company in Hong Kong.

Mr. Cheng has also been appointed as the deputy chairman and an executive director of EPI (Holdings) Limited ("EPI") since September 2006.

Mr. Chu Kwok Chi Robert ("Mr. Chu")

Mr. Chu, aged 58, has been appointed as an executive director of the Company since 6 March 2008. He is responsible for the business of electronic products of the Group.

Mr. Chu holds a Bachelor's Degree in Business Administration. He has over 30 years of experience in international trade and the electronics industry. He has been responsible for marketing, sales, trading and production in various private and listed consumer electronics companies in Hong Kong.

Mr. Chu has also been appointed as an executive director of EPI since September 2006. He was the Managing Director of Eltic Electronics Company Limited, a subsidiary of Greatwall Cybertech Limited (former name of EPI (Holdings) Limited), from 1990 to 2000.

Management Profile

NON-EXECUTIVE DIRECTOR

Mrs. Pei Chen Chi Kuen Delia, BBS, JP ("Mrs Pei")

Mrs. Pei, Badge of Honour, JP, Bronze Bauhinia Star, aged 67, has been appointed as a non-executive director and the Vice Chairman of the Company on 6 March 2008. She was an executive director of the Company for the period from June 2001 to 6 March 2008 and was the Company's chairman for the period from July 2002 to 6 March 2008.

Mrs. Pei is the founder of Funful Group of Schools and the supervisor of Sear Rogers International School. She is also a qualified assessor of child education and play (U.K.).

Mrs. Pei is enthusiastic in education and social welfare. She is committee members of the Chinese People Political Consultative Conference Shanghai Committee and China Children & Teenagers' Fund. She is the vice patron of the Community Chest of Hong Kong and chairman of the Fund Raising Committee for 2 years. Mrs. Pei is now the Hong Kong Commissioner of the Hong Kong Girl Guides Association.

For her dedication in education, youth work and social services, Mrs. Pei was awarded Bronze Bauhinia Star in 2005. She is also an un-official Justice of the Peace.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Devidas Harilela ("Mr. Harilela")

Mr. Harilela, aged 58, has been appointed as an independent non-executive director of the Company since 6 March 2008. He obtained his Bachelor of Business Administration from the University of Southern California. Mr. Harilela has extensive management experience in different organizations and is the director and chief executive officer of several companies with wide range of businesses. He is also a member of board of directors of the Community Chest of Hong Kong.

Mr. Chan Chung Yin Victor ("Mr. Chan")

Mr. Chan, aged 47, has been appointed as an independent non-executive director of the Company since 6 March 2008. He has been admitted Solicitor of the High Court of Hong Kong since 1991 and has over 15 years of experience in corporate and commercial law. He is currently a partner of Messrs. Tang, Wong & Cheung, Solicitors.

Mr. Chan was a non-executive director of New Times Group Holdings Limited, a Hong Kong listed company, from 25 October 2006 to 5 February 2008 and an independent non-executive director of Ever Fortune International Holdings Limited (formerly known as First Dragoncom Agro-Strategy Holdings Limited) from July 2005 to September 2005.

Management Profile

Mr. Ma Kwai Yuen Terence ("Mr. Ma")

Mr. Ma, aged 55, has been appointed as an independent non-executive director of the Company since 6 March 2008. He is an executive director of a consulting company in Hong Kong. Mr. Ma has over 30 years of professional experience in the accounting and financial management and consulting industries. Mr. Ma was a council member (1994 to 1999) of the Chartered Institute of Management Accountants - Hong Kong Regional Office and the Vice-chairman (1994 to 1997) of the Guangdong Liaison Office of the Chartered Institute of Management Accountants. Mr. Ma is a fellow member of the Chartered Institute of Cost and Management Accountants, a member of the Institute of Chartered Accountants in England and Wales, an associate member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Secretaries and Administrator a fellow member of the CPA Australia and a fellow member of the Institute of Hong Kong Directors.

He was the regional director of a property investment company and a corporate planning manager of a well-known realty company. He is an independent non-executive director of PacMos Technologies Holdings Limited, China Aoyuan Property Group Limited and China Shineway Pharmaceutical Group Limited, which are Hong Kong listed companies.

SENIOR MANAGEMENT

Mr. CHU Kar Wing, Kelvin ("Mr. Chu")

Mr. Chu, aged 51, has been appointed as the Executive Vice President of the Company since 6 March 2008. He is responsible for the Group's non-ferrous metal trading business.

Mr. Chu graduated from the Economics Department of the Chinese University of Hong Kong in 1979.

Mr. Chu has over 20 years' experience in the banking industry and in commerce. He was the Deputy General Manager of the Bank of China, Hong Kong Branch, the Deputy Chief Risk Officer, Bank of China Hong Kong Ltd., and the General Manager of Mark Universal Ltd.

Appointed by the Government of HKSAR, Mr. Chu has acted as a Board Member for the Banking Training Board of the Vocational Training Council from 1992 to 1999 and as a Member of the HKSAR's SME Committee from 2000 to 2002.

Mr. Chu is currently an independent non-executive director of three Hong Kong listed companies, namely China Power New Energy Development Company Limited, Emperor Entertainment Group Ltd, and New Chinese Medicine Holdings Ltd.

Mr. Huang Sai Jing, Kenneth ("Mr. Huang")

Mr. Huang, aged 44, has been appointed as Vice President of the Company since 6 March 2008. He is responsible for business development and project management of the Group. Mr. Huang graduated from Wuhan University, China in 1985, and also holds an MBA degree from Murdoch University in Australia.

Mr. Huang was the Group Treasurer of Yue Xiu Enterprises (Holdings) Ltd. , Director and the Deputy General Manager of China Century Oriental Hotel & Tourism (Holdings) Company Ltd, and the Project General Manager of Tian An China Investment Company, a subsidiary of the Sun Hung Kai Finance Group.

Management Profile

Mr. Wong Chi Keung ("Mr. Wong")

Mr. Wong, aged 53, has been appointed as the Chief Corporate Advisor of the Company since 7 March 2008. He holds a master's degree in business administration from the University of Adelaide in Australia. He is a follow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia, an associate member of the Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and advising on corporate finance for Legend Capital Partners, Inc. under the Securities and Futures Ordinance of Hong Kong. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited, a Hong Kong listed company for over ten years. He is also an independent non-executive director of a number of Hong Kong listed companies. Mr. Wong has over 30 years of experience in finance, accounting and management.

Mr. Lam Pak Wing ("Mr. Lam")

Mr. Lam, aged 59, has been appointed as the director of a wholly owned subsidiary of the Company since 1 June, 2007. He is responsible for electronic products business of the Group.

Mr. Lam has more than 35 years experience in the production and manufacturing of consumer electronic products. He was responsible for the financing, marketing, merger and acquisition and factory operations of various private and listed consumer electronics companies in Hong Kong.

Report of Directors

The directors of the Company ("Directors") have pleasure in submitting their annual report together with the audited accounts of the Company and of the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Group is principally engaged in trading of electronic home appliance products during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2008 are set out in the consolidated income statement on page 23 of this annual report.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 March 2008.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 21 to the financial statements.

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 March 2008, there is no reserve available for distribution. The breakdown of the reserves of the Group is set out in note 21 to the financial statements.

PARTICULARS OF BANK LOANS AND OTHER BORROWINGS

Details of the Group's bank loan and other borrowings are as follows:

	2008 **$'000**	2007 $'000
Unsecured loans from ultimate holding company	**7,820**	—
Bank loans	**—**	—

SUBSIDIARIES AND ASSOCIATES

Particulars of the subsidiaries of the Company as at 31 March 2008 are set out in note 13 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and share options of the Company are set out in note 20 to the financial statements.

No share options has been granted by the Company during the year ended 31 March 2008.

Report of Directors

PRE-EMPTIVE RIGHTS

There is no provision of pre-emptive rights under the Company's Bye-Laws and there was no restriction against such rights under the laws of Bermuda.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sale to the Group's five largest customers accounted for 100% of the total sales of the year and sales to the largest customer included therein amounted to 92%. Purchases from the Group's five largest suppliers accounted for 100% of the total purchases of the year and purchases from the largest supplier included therein amounted to 91.8%.

At no time during the year were the Directors, their associates, or any shareholder of the Company who, to the knowledge of the Directors, owned more than 5% of the Company's share capital had any interest in any customers and suppliers of the Group.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the year and up to the date of this report are:

Executive Directors

Mr.Cheng Hairong *(Chairman)*	(Appointed on 6 March 2008)
Mr. Chu Kwok Chi Robert	(Appointed on 6 March 2008)
Dr. Pei Yaw Liang Gordon	(Resigned on 6 March 2008)
Mr. Yang Chun Thomas	(Resigned on 6 March 2008)

Non-Executive Directors

Mrs. Pei Chen Chi Kuen Delia *(Vice Chairman)*

Independent Non-executive Directors

Mr. Devidas Harilela	(Appointed on 6 March 2008)
Mr. Chan Chung Yin Victor	(Appointed on 6 March 2008)
Mr. Ma Kwai Yuen Terence	(Appointed on 6 March 2008)
Mr. Cheng Hong Cheung Francis	(Resigned on 6 March 2008)
Mr. Lam Kwok Ming	(Resigned on 6 March 2008)
Mr. Leung Wing On Louis	(Resigned on 6 March 2008)

In accordance with Bye-Laws 86(2), Mr. Cheng Hairong, Mr. Chu Kwok Chi Robert, Mr. Devidas Harilela, Mr. Chan Chung Yin Victor and Mr. Ma Kwai Yuen Terence will retire from their office at the annual general meeting. In accordance with Bye-Laws 87(1) Mrs Pei Chen Chi Kuen Delia will retire from her office at the annual general meeting. Being eligible, Mr. Cheng Hairong and Mr. Chu Kwok Chi Robert will offer themselves for re-election as executive director, Mrs Pei Chen Chi Kuen Delia will offer herself for re-election as non-executive director, and Mr. Devidas Harilela, Mr. Chan Chung Yin Victor and Mr. Ma Kwai Yuen Terrence will offer themselves for re-election as independent non-executive director.

None of the Directors has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

A letter has been received from each of the independent non-executive directors to confirm his independence and that the Company has confirmed that all independent non-executive directors are independent.

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 March 2008, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and equity derivatives of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies, were as follows:

Name of director	Nature of interests	Number of ordinary shares held	Approximate percentage of interest in the Company
Mrs. Pei Chen Chi Kuen Delia	Beneficial owner	108,502,600	
	Corporate interests *(Note)*	7,113,400	
		115,616,000	8.93%

Note: 7,113,400 shares are beneficially owned by Arko Resources Limited and the entire issued share capital of which is wholly owned by Mrs. Pei Chen Chi Kuen Delia.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR EQUITY DERIVATIVES

Save as disclosed under the paragraph headed "Directors' interests in the shares of the Company", "Share capital and share options" and "Employee and remuneration policies", at no time during the year were rights to acquire benefits by means of the acquisition of shares in or equity derivatives of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other corporate.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration as a whole or any substantial part of the business of the Group were entered into or existed during the year.

Report of Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors has interest in a business which competes or may compete with the business of the Group, required to the disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

A detailed Corporate Governance Report is set out on pages 15 to 20 of this annual report.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2008, the Group has a total of 16 employees in Hong Kong. The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Group's employees are subject to review regularly. Total staff costs for the year amounted to HK$2,120,000 (2007: HK$1,528,000).

The Group did not operate any pension or retirement schemes for its Directors or employees until implementation of MPF in December 2000. The Group has a share option scheme available for any full-time employees of the Company or any of its subsidiaries, including any executive directors of the Company or any of its subsidiaries. No options have been granted since the approval of the scheme.

AUDITORS

Messrs. Wong Lam Leung & Kwok C.P.A. Limited, Chartered Accountants, Certified Public Accountants (Practising), retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

PURCHASE, SALE OR REDEMPTION OF SHARES

At the special general meeting held on 15 January 2008, special resolutions were passed for a capital reorganization, and ordinary resolutions were passed to increase authorized capital of the Company, to issue 750,000,000 new shares to Advanced Grade Investment Limited, a wholly owned subsidiary of EPI (Holdings)Limited, under a share subscription agreement entered on 18 May 2007 (the "Subscription Agreement"), to issue a total of 400,000,000 new shares under two placing agreement entered on 18 May 2007 and 20 July 2007 respectively (the "Placing Agreements") and to issue 108,502,600 new shares under loans settlement agreement entered with Mrs Pei Chen Chi Kuen Delia, the non-executive director and Vice Chairman of the Company, on 18 May 2007 (the "Loans Settlement Agreement").

Effective from 26 February 2008, issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK$0.09 each of the existing issued share of the Company of HK$0.10 each. As a result, HK$32,814,000 paid-up capitals were cancelled.

On 3 March 2008, 750,000,000 new shares were issued at par under the Subscription Agreement, 400,000,000 new shares were issued at par under the Placing Agreements and 108,502,600 new shares were issued at par under the Loans Settlement Agreement.

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

CONNECTED TRANSACTIONS

Loans settlement agreement ("Loans Settlement Agreement") dated 18 May 2007 with a non-executive director of the Company, Mrs Pei Chen Chi Kuen Delia ("MrsPei") (One-off transaction)

Under the Loans Settlement Agreement, the Company issued 108,502,600 new shares and paid HK$5 million to Mrs Pei to fully settle all of the amounts due and payable to Mrs Pei and her associates. The Loans Settlement Agreement have been approved by independent shareholders in the Company adjourned special general meeting held on 15 January 2008.

MATERIAL RELATED PARTY TRANSACTIONS

Details of material related party transactions have been disclosed in note 26 to financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, the following persons had interests or short positions in the shares and underlying shares of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules.

Name	*Note*	**Interest in shares**	**Nature of interest**	**Percentage of the Company's issued share capital**
Advanced Grade Investments Limited		750,000,000	Beneficiary owner	57.92%
EPI (Holdings) Limited		750,000,000	Interest of a controlled corporation	57.92%
Mrs Pei Chen Chi Kuen Delia	(1)	115,616,000		8.93%

(1) Mrs Pei Chen Chi Kuen Delia holds 7,113,400 shares through her wholly-owned company, Arko Resources Limited.

Save as disclosed above, no person had registered an interest in the issued share capital of the Company that was required to be recorded under Section 336 of the SFO.

SUFFICIENT PUBLIC FLOAT

On 18 June 2008, the latest practicable date prior to the printing of the annual report, based on information that is publicly available to the Company and to the knowledge of the Directors, there is a sufficient public float of not less than 25% of the Company's issued shares.

On behalf of the Board
Mr. Cheng Hairong
Chairman and Chief Executive Officer

18 June 2008

Five Year Summary

The result, assets and liabilities of the Group for the last five financial years are summarized as follows:

Year ended 31 March	**2008**	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
PROFITS AND LOSS ACCOUNT					
TURNOVER	**315,804**	15,481	36,945	7,802	15,436
Profit/(loss) before tax	**(6,288)**	(8,635)	(882)	(2,204)	32,956
Income tax expense	**(1,188)**	—	—	—	—
Minority shareholder's share of loss absorbed by holding company	**—**	(40)	—	—	—
Profit/(loss) for the year	**(7,476)**	(8,675)	(882)	(2,204)	32,956
ATTRIBUTABLE TO:					
Equity holders of the Company	**(7,476)**	(8,675)	(837)	(2,204)	32,956
Minority interest	**—**	—	(45)	—	—
	(7,476)	(8,675)	(882)	(2,204)	32,956
BALANCE SHEET					
Non-current assets	**702**	1,374	421	—	—
Net current (liabilities)/assets	**109,194**	(17,672)	(8,084)	(6,786)	(2,159)
	109,896	(16,298)	(7,663)	(6,786)	(2,159)
Shareholders' funds	**102,076**	(16,298)	(7,623)	(6,786)	(4,582)
Non-current liabilities	**7,820**	—	—	—	2,423
Minority interests	**—**	—	(40)	—	—
	109,896	(16,298)	(7,663)	(6,786)	(2,159)

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. In the opinion of the Board, the Company had complied with all code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the financial year, except for the deviation from Code A.2.1, Code A.4.1 and Code 4.4 of CG Code as described below in the sections of "Chairman and Chief Executive Officer", "Appointments, Re-election and Removal of Directors" and "Nomination Committee".

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2008.

BOARD OF DIRECTORS

The Board comprises of two executive directors, namely Mr. Cheng Hairong and Mr. Chu Kwok Chi Robert; one non-executive director, namely Mrs. Pei Chen Chi Kuen Delia; and three independent non-executive directors, namely Mr. Devidas Harilela, Mr. Chan Chung Yin Victor and Mr. Ma Kwai Yuen Terence. One of the independent non-executive directors possess appropriate professional accounting qualifications and financial management expertise. All of the independent non-executive directors have signed their respective confirmation letters to the Company confirming their independence as set out in rule 3.13. Biographical details of the Directors are set out in the section of "Management Profile" on page 5 to 8 of this annual report. The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company.

All directors have provided graved concern, sufficient time and attention to all the significant issues and affairs of the Company and its subsidiaries (collectively the "Group"). Each executive director has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties have been carried out in an efficient and effective manner.

The Board is charged with the responsibility of setting corporate policy and overall strategy for the Group and providing effective oversight of the management of the Group's business affairs. The Board also monitors the financial performance and the internal controls of the Group's business operations.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Cheng Hairong has been assuming the roles of both the Chairman and Chief Executive Officer of the Company. In this regard, the Company has deviated from Code A.2.1 of CG Code. The Board intends to maintain this structure in the future as it believes that it would provide the Company with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. Nonetheless, the Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board is empowered under the Company's Bye-Laws to appoint any person as a Director either to fill a casual vacancy or as an additional member of the Board. A newly appointed Director must retire and be-elected at the first annual general meeting after his/her appointment. According to the Bye-Laws of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) should retire from office by rotation, provided that the Chairman should not be subject to retirement by rotation or be taken into account in determining the number of directors to retire each year.

The independent non-executive director is not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting if the Company in accordance with the Company's Bye-Laws.

During the year, the Board appointed Mr Cheng Hairong and Mr Chu Kwok Chi Robert as executive directors and Mr Devidas Harilela, Mr Chan Chung Yin Victor and Mr Ma Kwai Yuen Terence as independent non-executive directors with effect from 6 March 2008. All the aforesaid newly appointed directors will retire from office under the Bye-Laws of the Company at the forthcoming annual general meeting, but they will be offering themselves for re-election at the same meeting.

Mrs Pei Chen Chi Kuen Delia will retire from office by rotation under the Bye-Laws of the Company at the forthcoming annual general meeting, but she will be offering herself for re-election at the same meeting.

REMUNERATION COMMITTEE

A Remuneration Committee of the Company was established in 9 August 2005 and currently comprises Mr. Cheng Hairong, Mr. Devidas Harilela, Mr. Chan Chung Yin Victor and Mr. Ma Kwai Yuen Terence, Mr. Harilela is appointed as the Chairman of the Remuneration Committee.

The Remuneration Committee is accountable to the Board and its primary role is to conduct annual review of the policy and structure for all remuneration of Directors and senior management and to make recommendations to the Board on such policy and structure and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also has the delegated responsibility to determine the remuneration packages of all executive directors and senior management proposed by the human resources management and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee assists the Board to regularly review and formulate fair and competitive remuneration packages which attract, retain and motivate Directors and senior management of the quality required to run the Company successfully.

The Remuneration Committee meets at least once a year, with the attendance of representatives from the human resources department and the Company Secretary. The Remuneration Committee submits its written report to the Board after each Remuneration Committee Meeting, making recommendations of the Director's fee (including Audit Committee and Remuneration Committee members' fees) and other remuneration related matters.

The Directors' remuneration for the year ended 31 March 2008 is set out in note 9 to the financial statements.

AUDIT COMMITTEE

The Audit Committee of the Company has been in place since 5 June 2003 and currently comprises three independent non-executive directors, Mr. Ma Kwai Yuen Terence as the Chairman and Mr. Devidas Harilela and Mr. Chan Chung Yin Victor. None of the members of the Audit Committee is a member of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code.

The Audit Committee is accountable to the Board and its primary role is to assist the Board to monitor the Company's financial reporting process, to consider the nature and scope of audit reviews, to ensure the effective international control and risk management systems are in place and to review the Group's interim and annual financial statements. The Audit Committee has access to and maintains an independent communication with the external Auditors and the management to ensure effective information exchange on all relevant financial accounting matters.

During the financial year, the Audit Committee held two meetings, with attendance of the Qualified Accountant who is also the Company's Company Secretary and a representative of the external Auditors. The Audit Committee submits its written report to the Board after each Audit Committee Meeting, drawing the Board's attention to important issues that the Board should be award of, identifying any matters in respect of which it considers that action or improvement is needed and making appropriate recommendations.

Corporate Governance Report

In discharging its duties, the principal work performed by the Audit Committee during the year included the following:

(i) Review of interim and annual financial statements of the Group, with a recommendation to the Board for approval, examination of significant matters relating to the external Auditors' interim review and annual audit, and review of the accounting policies and practices adopted by the Group;

(ii) Review of new and/or revised accounting standards and practices applicable to the Group and their impacts to the Group;

(iii) Review of internal control and risk management systems and assessment of their effectiveness to ensure that appropriate measures are in place to safeguard all significant assets and operations of the Group as well as to support continuous growth;

(iv) Review of overall accounts receivables position of the Group and the effectiveness of credit control, and reinforcing education to the management and the operation units the importance of adherence to the established credit control measures;

(v) Review of audit strategy, approach and methodologies and assessment of key audit risks with the external Auditors in the audit planning stage; and

(vi) Report of the findings and making recommendation to the Board for improvement or implementation in respect of the above matters.

AUDITORS' REMUNERATION

Fees for auditing services and non-auditing services provided by the external Auditors for the year ended 31 March 2008 are included in note 7 to the financial statements.

NOMINATION COMMITTEE

A nomination committee of the Company is not considered necessary after the assessment of the current situation of the Company. The Board will review the profile of current Directors and nominated directors (if any) on regular basis in order to ensure that the composition of the Board is capable to fulfill its obligation and be responsible for the Company.

BOARD AND BOARD COMMITTEE MEETINGS

The Board schedules regular Board Meetings in advance, at least four times a year approximately quarterly intervals to give Directors the opportunity to participate actively. Directors are consulted for including matters in the agenda for regular Board Meetings. Special Board Meetings are convened as and when needed. Together with the Audit Committee and Remuneration Committee Meetings as aforesaid, it provides an effective framework for the Board and Board Committees to perform their works and discharge their duties. Minutes of Board and Board Committee Meetings are kept by the Company Secretary.

Corporate Governance Report

Details of individual directors' attendance at the Board and Board Committee Meetings held in the year are set out in the following table:

		Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Executive Directors				
Mr. Cheng Hairong *(Chairman)*	Appointed on 6 March 2008	1/12		0/1
Mr. Chu Kwok Chi Robert	Appointed on 6 March 2008	1/12		
Dr. Pei Yaw Liang Gordon	Resigned on 6 March 2008	3/12		
Mr. Yang Chun Thomas	Resigned on 6 March 2008	9/12		
Non-executive Director				
Mrs. Pei Chen Chi Kuen Delia *(Vice Chairman)*		9/12		1/1
Independent Non-executive Directors				
Mr. Devidas Harilela	Appointed on 6 March 2008	1/12	0/2	0/1
Mr. Chan Chung Yin Victor	Appointed on 6 March 2008	1/12	0/2	0/1
Mr. Ma Kwai Yuen Terence	Appointed on 6 March 2008	1/12	0/2	0/1
Mr. Cheng Hong Cheung	Resigned on 6 March 2008	5/12	2/2	1/1
Mr. Lam Kwok Ming	Resigned on 6 March 2008	8/12	1/2	1/1
Mr. Leung Wing On Louis	Resigned on 6 March 2008	6/12	2/2	1/1

FINANCIAL REPORTING

The Board is accountable to the shareholders and is committed to presenting comprehensive and timely information to the shareholders on assessment of the Company's performance, financial position and prospects.

DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the financial statements of the Company, which give a true and fair view and comply with all applicable regulatory requirements and accounting standards. In preparing the financial statements for the year ended 31 March 2008, the directors have selected appropriate accounting policies and applied them consistently, and made judgments and estimates that are prudent and reasonable. The directors are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 31 March 2008. The Board has also conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries.

AUDITORS' RESPONSIBILITY

The external Auditors of the Company are Wong Lam Leung & Kwok C.P.A. Limited, Certified Public Accountants. A statement by the Auditors about their reporting responsibilities is included in the Report of the Auditors on the Company's financial statements on page 21.

Corporate Governance Report

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognizes the importance of maintaining an on-going communication with shareholders to enable them to form their own judgment and to provide constructive feed back.

Our Directors are available at the Company's annual general meeting and extraordinary general meetings to answer questions and provide information which shareholders may enquire.

The Company has complied with the requirements of the Listing Rules and the Bye-Laws in respect of voting by poll and related matters.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VISION TECH INTERNATIONAL HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Vision Tech International Holdings Limited ("the Company) set out on pages 23 to 62, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

WONG LAM LEUNG & KWOK C.P.A. LIMITED
Certified Public Accountants (Practising),
Hong Kong, 18 June 2008

Ma Shuk Fong
Practising Certificate Number : P02311

Year ended 31 March 2008

Consolidated Income Statement

	Notes	**2008** **$'000**	2007 $'000
TURNOVER	4	**315,804**	15,481
Cost of sales		**(304,748)**	(14,385)
Gross profit		**11,056**	1,096
Other revenue	4	**582**	608
Gain on disposal of a subsidiary	5	**7,807**	—
Write-offs of amounts due from subsidiaries		**—**	(3)
Impairment loss on amount due from a former subsidiary		**(8,096)**	—
Administrative expenses		**(16,124)**	(9,443)
OPERATING LOSS		**(4,775)**	(7,742)
Finance costs	6	**(1,513)**	(893)
LOSS BEFORE TAX	7	**(6,288)**	(8,635)
Income tax expense	8	**(1,188)**	—
LOSS AFTER TAX		**(7,476)**	(8,635)
Minority shareholder's share of loss absorbed by holding company		**—**	(40)
LOSS FOR THE YEAR		**(7,476)**	(8,675)
LOSS ATTRIBUTABLE TO:			
Equity holders of the Company		**(7,476)**	(8,675)
Minority interest		**—**	—
LOSS FOR THE YEAR		**(7,476)**	(8,675)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY FOR THE YEAR			
– basic (Cents)	11	**0.58**	2.38

The notes on pages 30 to 62 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

At 31 March 2008

	Notes	2008 $'000	2007 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	—	953
Rental and utility deposits		**702**	421
		702	1,374
CURRENT ASSETS			
Inventories	14	—	301
Trade and other receivables			
Trade receivables	15	**22,863**	1,107
Prepayments, deposits and other receivables		**8,998**	29
Bank balances and cash		**102,660**	162
		134,521	1,599
CURRENT LIABILITIES			
Trade and other payables			
Trade payables	16	**20,401**	—
Other payables and accruals		**1,653**	3,824
Deposits received		**1,062**	77
Amount due to a director		—	12,104
Amount due to a shareholder		—	2,568
Amount due to a related company	17	**1,023**	698
Current tax payable	18	**1,188**	—
		25,327	19,271
NET CURRENT ASSETS/(LIABILITIES)		**109,194**	(17,672)
TOTAL ASSETS LESS CURRENT LIABILITIES		**109,896**	(16,298)
NON-CURRENT LIABILITIES			
Amount due to ultimate holding company	19	**(7,820)**	—
NET ASSETS/(LIABILITIES)		**102,076**	(16,298)

At 31 March 2008

Consolidated Balance Sheet

	Notes	2008 $'000	2007 $'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	20	**129,496**	36,460
Reserves	21	**(27,420)**	(52,758)
		102,076	(16,298)
Minority interest		**—**	—
TOTAL EQUITY		**102,076**	(16,298)

APPROVED BY:-

Mr Cheng Hairong
Director

Mr Chu Kwok Chi Robert
Director

The notes on pages 30 to 62 are an integral part of these consolidated financial statements.

Balance Sheet

At 31 March 2008

	Notes	2008 $'000	2007 $'000
NON-CURRENT ASSETS			
Investments in subsidiaries	13	**8**	—
Rental deposits		**702**	—
		710	—
CURRENT ASSETS			
Trade and other receivables			
Trade receivables		**1,721**	—
Prepayment, deposits and other receivables		**6,042**	—
Amounts due from subsidiaries	13	**1,893**	405
Bank balances and cash		**89,797**	1
		99,453	406
CURRENT LIABILITIES			
Trade and other payables			
Other payables and accruals		**1,484**	3,562
Deposits received		**985**	—
Amounts due to subsidiaries	13	**3,015**	—
Amount due to a director		**—**	12,104
Amount due to a shareholder		**—**	2,553
Amount due to a related company	17	**1,023**	641
		6,507	18,860
NET CURRENT ASSETS/(LIABILITIES)		**92,946**	(18,454)
TOTAL ASSETS LESS CURRENT LIABILITIES		**93,656**	(18,454)
NON CURRENT LIABILITIES			
Amount due to ultimate holding company	19	**(97)**	—
NET ASSETS/(LIABILITIES)		**93,559**	(18,454)

At 31 March 2008

Balance Sheet

	Notes	2008 $'000	2007 $'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	20	**129,496**	36,460
Reserves	21	**(35,937)**	(54,914)
TOTAL EQUITY		**93,559**	(18,454)

APPROVED BY:-

Mr Cheng Hairong
Director

Mr Chu Kwok Chi Robert
Director

The notes on pages 30 to 62 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 March 2008

	Attributable to equity holders of the Company				
	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Minority interests $'000	Total $'000
Balance at 1 April 2006	36,460	124,692	(168,775)	(40)	(7,663)
Loss for the year	—	—	(8,675)	40	(8,635)
Balance at 31 March 2007	36,460	124,692	(177,450)	—	(16,298)
Capital Reduction [note 20(a)(i)]	(32,814)	—	32,814	—	—
Capital Reserves Reduction	—	(124,692)	124,692	—	—
Issue of subscription shares [note 20(b)]	75,000	—	—	—	75,000
Share Placings [note 20(d)]	40,000	—	—	—	40,000
Allotment and issue of new shares [note 20(e)]	10,850	—	—	—	10,850
Loss for the year	—	—	(7,476)	—	(7,476)
Balance at 31 March 2008	129,496	—	(27,420)	—	102,076

The notes on pages 30 to 62 are an integral part of these consolidated financial statements.

Year ended 31 March 2008

Consolidated Cash Flow Statement

	Notes	**2008**	2007
		$'000	*$'000*
OPERATING ACTIVITIES			
Cash (used in)/generated from operations	*24*	**(21,699)**	1,132
Interest paid		**(1,513)**	—
Net cash (used in)/generated from operating activities		**(23,212)**	1,132
INVESTING ACTIVITIES			
Disposal of a subsidiary	*5*	**(140)**	—
Acquisition of a subsidiary		**(8)**	—
Purchase of property, plant and equipment		**—**	(1,191)
Interest received		**—**	7
Net cash used in investing activities		**(148)**	(1,184)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		**125,858**	—
Net cash generated from financing activities		**125,858**	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**102,498**	(52)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**162**	214
CASH AND CASH EQUIVALENTS AT END OF YEAR	*25*	**102,660**	162

The notes on pages 30 to 62 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 March 2008

1. GENERAL INFORMATION

Vision Tech International Holdings Limited ("the Company") was incorporated as an exempted company with limited liability in Bermuda. The principal place of business of the Company in Hong Kong has been changed from 11th Floor, 156-160 Des Voeux Road West, Sheung Wan, Hong Kong to Suite 3908, Shell Tower, Time Square, Causeway Bay, Hong Kong with effect from 14 May 2008.

The Company is listed on The Stock Exchange of the Hong Kong Limited ("the Stock Exchange"). The trading of the Company's shares on the Stock Exchange has been suspended since 6 February 2003 and has been resumed with effect from 9:30 a.m. on 7 March 2008 after the fulfilment of all the conditions set out in the decision letter of the Listing Appeals Committee dated 21 August 2007.

The principal activity of the Company is investment holding. During the year, the Company was also engaged in trading of metals. The principal activities of its subsidiaries are set out in note 13 to the consolidated financial statements.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 18 June 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. The measurement basis used in preparing the consolidated financial statements is historical cost.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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 deconsolidated from the date that control ceases.

Results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from their effective dates of acquisition to the end of the year or up to the effective dates of disposal as the case may be.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) Segment Reporting

The Group has determined that geographical segment is the primary reporting format. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation

(i) Functional and presentation currency Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(I) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(II) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(III) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment represent property, plant and equipment and are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Office furniture	- 5 years
Office equipment	- 5 years
Office decoration	- 5 years

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

Gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, but are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(g) Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

— Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debts, if any; and

— Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each balance sheet date, the company assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Trade and other payables

Trade and other payables are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the company. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the company and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognized as follows:

(i) Sales of goods

Revenue from the sales of goods is recognised when the company has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods.

(ii) Interest income

Interest income is recognized using the effective interest method.

(k) Income tax

Income tax for the year includes current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that the tax arises from a transaction or event which is recognised directly in equity. In the case if the tax relates to items that are recognised directly to equity, current tax and deferred tax are also recognised directly to equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Income tax *(Continued)*

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

At each balance sheet date, the company reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

(l) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Company and Group has a legal or constructive obligation arising as a result of a past event, 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 expenditures expected to settle the obligation.

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 the one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Employee benefits

(i) Employee leave entitlements

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 by reference to the possibility that employees may leave before they use accumulated non-vesting entitlements.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Employee benefits *(Continued)*

(ii) Retirement benefit costs

The company has joined the Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance. The company contributes 5% of the relevant income of staff members under the MPF Scheme. Contributions made for the Scheme by the company are capped at $1,000 for employees earning more than $20,000 a month. The assets of the Scheme are held separately from those of the company, in funds under the control of trustee.

Payments to the MPF Scheme are charged as an expense as they fall due.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets, including legal title, remain with the leasing party are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(o) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments : Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:—

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation. These disclosures are provided throughout these financial statements, in particular in note 27.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 22.

Both HKFRS 7 and the amendment to HKAS do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

4. TURNOVER, REVENUE AND SEGMENTAL INFORMATION

The Group is principally engaged in trading and distribution of electronic home appliance and metals. Turnover represents total invoiced value of goods supplied to customers after deduction of any goods returns and trade discounts. Revenues recognised during the year are as follows:—

	2008 *$'000*	2007 *$'000*
Turnover		
Trading and distribution of electronic home appliances	**313,763**	15,481
Trading of metals	**2,041**	—
	315,804	15,481
Other revenue		
Gain on exchange difference	**58**	—
Interest income	**40**	7
Share of office expense	**—**	87
Sales commission	**—**	14
Other income	**—**	500
Wavier of amounts due to a director and a corporate shareholder	**484**	—
Total revenues	**316,386**	16,089

The Group's turnover was solely contributed by the business of trading and distribution of electronic home appliances and metals.

4. TURNOVER, REVENUE AND SEGMENTAL INFORMATION *(Continued)*

An analysis of Group's turnover and contribution to operating loss for the year by geographical segments as follows:—

Turnover and results by location of customers

	2008		2007	
	Turnover	**Results**	Turnover	Results
	$'000	***$'000***	*$'000*	*$'000*
Hong Kong	**1,732**	**84**	15,481	1,096
PRC	**2,041**	**38**		
Middle East	**187,955**	**6,586**		
America	**62,953**	**2,206**		
South East Asia	**12,242**	**429**		
Africa	**46,226**	**1,620**		
Others	**2,655**	**93**		
	315,804	**11,056**	15,481	1,096
Unallocated other revenue		**582**		608
Unallocated gain on disposal of a subsidiary		**7,807**		—
Unallocated administrative expenses		**(24,220)**		(9,446)
Operating loss		**(4,775)**		(7,742)
Finance costs		**(1,513)**		(893)
Loss before income tax		**(6,288)**		(8,635)
Income tax expense		**(1,188)**		—
Loss after income tax		**(7,476)**		(8,635)
Minority shareholder's share of loss absorbed by holding company		**—**		(40)
Loss for the year		**(7,476)**		(8,675)

4. TURNOVER, REVENUE AND SEGMENTAL INFORMATION *(Continued)*

Primary reporting format – geographical segments by location of customers *(Continued)*

	Hong Kong		PRC		Group	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Segment assets	**135,223**	2,973	**—**	—	**135,223**	2,973
Unallocated assets					**—**	—
					135,223	2,973
Segment liabilities	**12,746**	19,271	**20,401**	—	**33,147**	19,271
Unallocated liabilities					**—**	—
					33,147	19,271
Other information						
Capital expenditure					**—**	1,191
Depreciation					**238**	238
Write-offs of amounts due from subsidiaries					**—**	3
Impairment loss on amount due from a former subsidiary					**8,096**	—
Impairment losses for doubtful debts on trade receivables					**—**	1,802

5. DISPOSAL OF A SUBSIDIARY

Disposal of Hong Kong New Concept Company Limited ("HKNC").

	$'000
Net liabilities disposed:	
Property, plant and equipment	—
Rental and utility deposits	450
Inventories	63
Accounts receivables	78
Cash and bank balances	21
Bank overdraft	(10)
Other payables and accruals	(8,404)
	(7,802)
Minority interest	—
	(7,802)
Gain on disposal	7,807
Total consideration	5
Satisfied by:	
Consideration received	5
Net cash outflow arising on disposal:	
Consideration received	5
Bank balance disposed of	(145)
	(140)

On 31 March 2008, the Group disposed of its 51% equity interests in HKNC at a consideration of $5,100. After the disposal, the Group ceased to have any interest in HKNC.

Prior to disposal, the financial statements of HKNC will continue to be consolidated in the financial statements of the Group. HKNC suffered a loss of $3,319,000 for the year. Based on the net liabilities value of HKNC of approximately $7,802,000 as at the disposal date, the Group recognized a gain on disposal of approximately $7,807,000 in the consolidated accounts of the Group upon the completion of disposal.

6. FINANCE COSTS

	2008	2007
	$'000	*$'000*
Interest charges on:		
Amounts due to a director and a shareholder	**1,505**	893
Bank overdrafts	**8**	—
	1,513	893

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging the following:—

	2008	2007
	$'000	*$'000*
Other staff costs		
- Contributions to defined contribution plan	**56**	79
- Salaries and other benefits	**1,504**	1,229
	1,560	1,308
Auditors' remuneration	**473**	317
Depreciation	**238**	238
Operating charges	**1,118**	1,102
Impairment losses for bad and doubtful debts on trade receivables	**—**	1,802

8. INCOME TAX IN THE INCOME STATEMENT

(a) Taxation in the income statement respresents:

	2008	2007
	$'000	*$'000*
Current tax - Hong Kong profits tax Provision for the year is calculated at 17.5% of the estimated assessable profits for the year	**1,213**	—
Tax reduction	**(25)**	—
	1,188	—

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:—

	2008	2007
	$'000	*$'000*
Loss before tax	**(6,288)**	(8,635)
Tax calculated at a taxation rate of 17.5%	**(1,100)**	(1,511)
Tax effect of non-taxable revenue	**(872)**	(28)
Tax effect of non-deductible expense	**1,970**	195
Tax effect of unrecognised deferred tax liabilities	**—**	24
Tax effect of unused tax loss not recognised	**1,215**	1,320
Tax reduction	**(25)**	—
Income tax expense	**1,188**	—

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) *Directors' emoluments*

The remuneration of each director of the Company for the years ended 31 March 2008 and 2007 are as follows:—

	Director fees	
	2008	2007
	$'000	*$'000*
Executive director		
Cheng Hairong	**81**	—
Chu Kwok Chi Rebert	**30**	—
Yang Chun, Thomas	**111**	—
	222	—
Non-executive director		
Cheng Hong Cheung	**107**	100
Leung Wing On, Louis	**131**	120
Lam Kwok Ming	**100**	—
	338	220

(b) *Five highest paid individuals*

Of the five individuals with the highest emoluments in the Group, one (2007 : one) was non-executive director of the Company whose emoluments are set out above. The emoluments of the remaining four (2007 : four) individuals were as follows:—

	2008	2007
	$'000	*$'000*
Salaries and other emoluments	**879**	526
Bonuses	**228**	—
Retirement scheme contributions	**—**	—
	1,107	526

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) ***Five highest paid individuals*** *(Continued)*

The emoluments fell within the following bands:—

	2008 Number of Individuals	2007 Number of Individuals
HK$Nil - HK$1,000,000	**5**	5
HK$1,000,001- HK$2,500,000	**—**	—
	5	5

During both years, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately $13,837,000 (2007: $11,626,000).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of approximately $7,476,000 (2007: $8,675,000) and the weighted average of 1,294,960,000 (2007: 364,600,000) ordinary shares during the year.

12. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Office Furniture $'000	Office Equipment $'000	Office Decoration $'000	Total $'000
Cost:				
Additions and at 31 March 2007	1	66	1,124	1,191
Accumulated depreciation:				
Charge for the year and at 31 March 2007	—	13	225	238
Net book value:				
At 31 March 2007	1	53	899	953
Cost:				
At 1 April 2007	1	66	1,124	1,191
Disposal of subsidiary	(1)	(66)	(1,124)	(1,191)
At 31 March 2008	—	—	—	—
Accumulated depreciation:				
At 1 April 2007	—	13	225	238
Charge for the year	—	13	225	238
Impairment losses	1	40	674	715
Disposal of subsidiary	(1)	(66)	(1,124)	(1,191)
At 31 March 2008	—	—	—	—
Net book value:				
At 31 March 2008	—	—	—	—

13. INVESTMENTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES

COMPANY

	2008	2007
	$'000	*$'000*
Unlisted shares, at cost	**8**	—
Amounts due from subsidiaries	**1,893**	405
Amounts due to subsidiaries	**3,015**	—

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms.

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

Name	**Place of incorporation**	**Nominal value of issued capital**	**Percentage of issued capital held by the company**		**Principal activities**
			Direct	**Indirect**	
Chong Sun Securities Limited	The British Virgin Islands	US$1	100%	—	Investment holding
Asset Direct Trading Limited	The British Virgin Islands	US$1	100%	—	Investment holding
Capital Spirit Limited	The British Virgin Islands	US$1	100%	—	Investment holding
Moral Access Limited	Hong Kong	HK$10,000	—	100%	No business
Kingston Trading Limited	Hong Kong	HK$1	—	100%	No business
*Krongate Limited	The British Virgin Islands	US$1,000	100%	—	Trading of electronic home appliances

* Krongate Limited was incorporated on 25 April 2007and became a subsidiary of the Group on 1 June 2007.

14. INVENTORIES

GROUP

	2008	2007
	$'000	*$'000*
Trading goods	**—**	196
Goods in transit	**—**	105
	—	301

	2008	2007
The amount of inventories recognised as an expense during the year:		
Carrying amount of inventories sold	**—**	14,380
Write-down of inventories	**23**	—
	23	14,380

15. TRADE RECEIVABLES

GROUP

	2008	2007
	$'000	*$'000*
Trade receivables	**22,863**	2,909
Less : Impairment losses for bad and doubtful debts	**—**	1,802
	22,863	1,107

At March 2008 and 2007, the ageing analysis of the trade receivables were as follows:—

	2008	2007
	$'000	*$'000*
Within 60 days	**22,863**	16
61-90 days	**—**	—
Over 90 days	**—**	2,893
	22,863	2,909
Less : Impairment losses for bad and doubtful debts	**—**	1,802
	22,863	1,107

15. TRADE RECEIVABLES *(Continued)*

Allowance account for credit losses:

	2008	2007
	$'000	*$'000*
Balance as at 1 April	**1,802**	—
Impairment loss made during the year	**—**	1,802
Amount written off	**(1,802)**	—
Balance as at 31 March	**—**	1,802

16. TRADE PAYABLES

GROUP

At March 2008 and 2007, the ageing analysis of the trade payables were as follows:—

	2008	2007
	$'000	*$'000*
Within 60 days	**20,401**	—
61-90 days	**—**	—
Over 90 days	**—**	—
	20,401	—

17. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest free and has no fixed repayment terms.

18. INCOME TAX IN THE BALANCE SHEET

GROUP

(a) Current tax in the balance sheet represents:

	2008	2007
	$'000	*$'000*
Provision for Hong Kong profits tax for the year	**1,188**	—

(b) No deferred taxation has been provided in the financial statements as there are deferred income tax assets arising from tax losses.

Deferred income tax assets are recognized for tax loss carry forwards to the extent that realization of the related tax benefit through the future taxable profits is probable. The Group and the Company have unrecognized tax losses of $14,687,389 (2007: $12,069,630) and of $13,669,819 (2007: $6,773,913) respectively to carry forward against future taxable income. These tax losses have no expiry date.

19. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company is unsecured and interest free. The company has no intention to demand repayment of outstanding balance before 1 April 2009.

The amount due to ultimate holding company is measured at amortised cost.

20. SHARE CAPITAL

GROUP AND COMPANY

	Number of shares	Amount
		$'000
Authorized:—		
Ordinary shares of HK$0.1 each at 1 April 2006 and 31 March 2007	600,000,000	60,000
Increment on Capital Reduction and Share Consolidation [note (a)(iii)]	1,400,000,000	140,000
Ordinary shares of HK$0.1 each at 31 March 2008	2,000,000,000	200,000
Issued and fully paid:—		
Ordinary shares of HK$0.1 each at 1 April 2006 and 31 March 2007	364,600,000	36,460
Capital reduction [note (a)(i)]	—	(32,814)
Ordinary shares of HK$0.01 each	364,600,000	3,646
Share consolidation [note (a)(ii)]	(328,140,000)	—
Ordinary shares of HK$0.1 each	36,460,000	3,646
Issue of Subscription shares to the investor,		
Advanced Grade Investments Limited [note (b)]	750,000,000	75,000
Share Placing [note (d)]	400,000,000	40,000
Allotment and Issue of new shares to Mrs. Pei [note (e)]	108,502,600	10,850
Ordinary shares of HK$0.1 each at 31 March 2008	1,294,962,600	129,496

On 28 June 2007, the Company made an announcement for proposed (a) capital reorganisation, (b) proposed subscription for new shares, (c) whitewash wavier application, (d) placing of new shares and (e) connected transaction - loan settlement.

(a) Capital Reorganisation

On the same day the Company put forward to shareholders for their approval a proposal involving the following changes to the capital of the Company:

(i) Capital Reduction: that the issued share capital of the Company be reduced by cancelling from the paid up capital thereof to the extent of HK$0.09 of each issued share so that the normal value and paid up capital of each issued share shall be reduced from HK$0.10 to HK$0.01 per share;

(ii) Share Consolidation: that every 10(ten) shares of HK$0.01 each in the issued share capital of the Company after the Capital Reduction be consolidated into 1(one) new share of HK$0.10 each; and

(iii) Share Capital Increase: that upon the Capital Reduction and Share Consolidation becoming effective, the authorized share capital of the Company be increased from the amount of HK$60,000,000 to HK$200,000,000 divided into 2,000,000,000 new shares of HK$0.10 each.

20. SHARE CAPITAL *(Continued)*

(b) Share Subscription

On 18 May 2007, the Company entered into the Subscription Agreement with the Subscriber, Advanced Grade Investments Limited, a wholly owned subsidiary of EPI (Holdings) Limited, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company has conditionally agreed to issue and allot 750,000,000 new shares at a price of HK$0.10 per new share.

(c) Whitewash Waiver

Following the allotment and issue of the Subscription Shares by the Company to the Subscriber on Completion, the Subscriber would be interested in 750,000,000 new shares, representing approximately 57.92% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares, the Placing Shares and the Loans Settlement Shares.

The subscriber has made an application to the Executive for the granting of and was granted the Whitewash Waiver subject to approval of the Independent Shareholders at the Special General Meeting ("SGM").

(d) Placings

The Company and the Placing Agent entered into two Placing Agreements dated 18 May 2007 and 20 July 2007 respectively pursuant to which the Placing Agent agreed to place, on a fully underwritten basis, 400,000,000 new shares in aggregate.

(e) Loans Settlement

On 18 May 2007, the Company and Mrs. Pei Chen Chi Kuen, Delia ("Mrs. Pei") entered into the Loans Settlement Agreement whereby the Company and Mrs. Pei agreed that all amounts due by the Group to Mrs. Pei and her associates were to be settled by way of (a) the issue of 108,502,600 new shares to Mrs. Pei; and (b) payment of a sum of HK$5 million by the Company to Mrs. Pei.

As announced by the Company on 15 January 2008, the required resolutions approving the Capital Reorganisation, the Share Subscription, the Whitewash Waiver, the Loans Settlement and the Placings were duly passed at the SGM held on 15 January 2008. All conditions for completion of the Capital Reorganisation have been fulfilled and the Capital Reorganisation became effective on 26 February 2008.

The completion of the proposal comprising the Share Subscription, the Placings and the Loans settlement took place on 3 March 2008.

21. RESERVES

GROUP

	Other Reserves Share premium $'000	Capital reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 April 2006	42,823	81,869	(168,775)	(44,083)
Loss for the year	—	—	(8,675)	(8,675)
Balance at 31 March 2007	42,823	81,869	(177,450)	(52,758)
Capital Reduction [note 20(a)(i)]	—	—	32,814	32,814
Capital Reserves Reduction	(42,823)	(81,869)	124,692	—
Loss for the year	—	—	(7,476)	(7,476)
Balance at 31 March 2008	—	—	(27,420)	(27,420)

COMPANY

	Other Reserves Share premium $'000	Capital reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 April 2006	42,823	81,869	(167,980)	(43,288)
Loss for the year	—	—	(11,626)	(11,626)
Balance at 31 March 2007	42,823	81,869	(179,606)	(54,914)
Capital Reduction [note 20(a)(i)]	—	—	32,814	32,814
Capital Reserves Reduction	(42,823)	(81,869)	124,692	—
Loss for the year	—	—	(13,837)	(13,837)
Balance at 31 March 2008	—	—	(35,937)	(35,937)

22. CAPITAL DISCLOSURE

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the years ended 31 March 2007 and 2008.

The Group monitors capital using a gearing ratio, which is the Group's total liabilities over its total assets. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 March 2008 was 0.25:1 (2007 : 6.48:1).

23. COMMITMENTS

(a) At 31 March 2008, the capital commitments outstanding not provided for in the consolidated financial statements were as follows:—

	2008	2007
	$'000	*$'000*
Commitment contracted for in respect of plant and equipment	**281**	—

(b) At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2008	2007
	$'000	*$'000*
Not later than one year	**2,191**	620
Later than one year and not later than five years	**4,555**	744
	6,746	1,364

24. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of loss before tax to cash flow from operating activities:—

	2008 $'000	2007 $'000
Loss before tax	**(6,288)**	(8,635)
Adjustments for:		
- Interest expenses	**1,513**	893
- Interest income	**—**	(7)
- Depreciation	**—**	238
- Gain on disposal of a subsidiary	**(7,807)**	—
- Impairment losses for bad and doubtful debts	**51**	1,802
- Impairment losses in value of sundry debtors	**—**	3
- Impairment loss on amount due from a former subsidiary	**8,096**	—
Operating loss before changes in working capital	**(4,435)**	(5,706)
Decrease/(increase) in inventories	**23**	(278)
(Increase)/decrease in trade receivables	**(21,924)**	1,739
(Increase)/decrease in prepayments, deposits and other receivables	**(9,699)**	2,930
Increase in amounts due from fellow subsidiaries	**(1,044)**	(3)
Increase/(decrease) in trade payables	**20,401**	(1,950)
Increase in other payables and accruals	**6,759**	2,193
(Decrease)/increase in amount due to a director	**(12,104)**	1,927
Increase in amount due to a related company	**324**	280
CASH (USED IN)/GENERATED FROM OPERATIONS	**(21,699)**	1,132

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:—

	2008 $'000	2007 $'000
Bank balances and cash	**102,660**	162

26. MATERIAL RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:—

(a) Transactions with related parties

	2008	2007
	$'000	*$'000*
Rental expense paid to a related company	**382**	281
Loan interest paid to a director	**1,238**	749
Loan interest paid to a corporate shareholder	**267**	144
Sales to a minority shareholder	**—**	750
Purchases from a minority shareholder	**—**	5,095
Settlement of liabilities by a director on behalf of the Group	**300**	100
Settlement of liabilities by the Group on behalf of a director	**—**	323
Settlement of liabilities by ultimate holding company on behalf of the Group	**319**	—

(b) Balances with related parties

	2008	2007
	$'000	*$'000*
Amount due to Arko Resources Limited	**—**	2,568
Amount due to Mrs Pei Chen Chi Kuen, Delia	**—**	12,104
Others	**1,023**	698
	1,023	15,370

27. FINANCIAL INSTRUMENTS

The Group has classified its financial assets in the following categories:

	Loans and receivables	
	2008	2007
	$'000	*$'000*
Trade receivables	**22,863**	1,107
Prepayments, deposits and other receivables	**9,700**	29
Bank balances and cash	**102,660**	162
	135,223	1,298

The Group has classified its financial liabilities in the following categories:

	Financial liabilities measured at amortised cost	
	2008	2007
	$'000	*$'000*
Trade payables	**20,401**	—
Other payables and accruals	**1,653**	3,824
Deposits received	**1,062**	77
Amount due to a director	**—**	12,104
Amount due to a shareholder	**—**	2,568
Amounts due to related companies	**1,023**	698
Amount due to ultimate holding company	**7,820**	—
	31,959	19,271

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risks). These risks are managed by the Group's financial management policies and practices described below to minimise potential adverse effects on the Group's financial performance.

27. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk

The Group's credit risk is primarily attributable to the financial assets in the balance sheet, which mainly include deposit with banks, accounts receivable and other receivables. The maximum exposure to credit risk is represented by the carrying amount of those financial assets.

Substantially all the Group's cash and cash equivalents are deposited in financial institutions in Hong Kong. The credit risk on liquid funds is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

The accounts receivable of the Group primarily comprised amounts receivable from customers. Accounts receivable from customers are spread among an extensive number of customers and the majority of the receivables from customers are due for payment within one month from the date of billing. Other receivables primarily comprise utilities deposits and rental deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis, taking into account the counterparties' financial position, the Group's past experience and other factors. As such, management considers the aggregate risks arising from the possibility of credit losses is limited and to be acceptable.

Concentrations of credit risk with respect to accounts receivable are limited due to the Group's customer base being large and unrelated. As such, management does not expect any significant losses of accounts receivable that have not been provided for by way of allowances as shown in note 15.

(b) Liquidity risk

The financial position of the Group maintained at a stable level with low debt asset ratio, high interest coverage ratio, strong cash generating power and sufficient cash reserve.

The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group strictly monitors the financial activities of its subsidiaries. Unauthorized loans borrowing and guarantee activities are strictly prohibited by the Group in order to effectively monitor the financial risks of the Group.

27. FINANCIAL INSTRUMENTS *(Continued)*

(b) ***Liquidity risk*** *(Continued)*

The following tables detail the remaining contractual maturities at the balance date of the date Group's and Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

The Group

	Carrying amount *$'000*	Total contractual undiscounted cash flow *$'000*	Within 1 year or on demand *$'000*	More than 1 year but less than 2 years *$'000*
2008				
Trade payables	20,401	20,401	20,401	—
Other payables and accruals	1,653	1,653	1,653	—
Deposits received	1,062	1,062	1,062	—
Amount due to a related company	1,023	1,023	1,023	—
Amount due to ultimate holding company	7,820	7,820	—	7,820
	31,959	31,959	24,139	7,820

The Company

	Carrying amount *$*	Total contractual undiscounted cash flow *$*	Within 1 year or on demand *$*
2008			
Other payables and accruals	1,484	1,484	1,484
Deposits received	985	985	985
Amounts due to subsidiaries	3,015	3,015	3,015
Amount due to a related company	1,023	1,023	1,023
	6,507	6,507	6,507

27. FINANCIAL INSTRUMENTS *(Continued)*

(b) *Liquidity risk* *(Continued)*

The Group

	Carrying amount *$'000*	Total contractual undiscounted cash flow *$'000*	Within 1 year or on demand *$'000*
2007			
Other payables and accruals	3,824	3,824	3,824
Deposits received	77	77	77
Amount due to a director	12,104	13,342	13,342
Amount due to a shareholder	2,568	2,835	2,835
Amounts due to related companies	698	698	698
	19,271	20,776	20,776

The Company

	Carrying amount *$'000*	Total contractual undiscounted cash flow *$'000*	Within 1 year or on demand *$'000*
2007			
Other payables and accruals	3,562	3,562	3,562
Amount due to a director	12,104	13,342	13,342
Amount due to a shareholder	2,553	2,820	2,820
Amount due a related company	641	641	641
	18,860	20,365	20,365

27. FINANCIAL INSTRUMENTS *(Continued)*

(c) Market risk

(i) *Interest rate risk*

On the whole, interest rate risk of the Group is expected to be low due to the high volume cash and cash equivalents base. The Group consistently monitors the current and potential fluctuation of interest rates to monitor the interest risk on a reasonable level.

During the year, the Group had not entered into any interest rate swap contacts.

(ii) *Foreign currency risk*

The Group purchases and sells mainly in US dollars, that exposes it to currency risk arising from such purchases and sales and the resulting receivables and the payables. The Group closely and continuously monitors the exposure on currency risk. Since HK dollars are pegged to US dollars, there is no significant exposure expected on US dollars transactions and balances.

Summary quantitative data

	US dollars 2008	US dollars 2007
Trade receivables	**2,931,117**	—
Trade deposits paid	**818,238**	—
Trade payables	**(2,615,509)**	—
Net exposure to currency risk	**1,133,846**	—

No sensitivity analysis for the Group's exposure to currency risk from financial assets and liabilities denominated in US dollars is prepared since the management's assessment of reasonably changes in value of the HK dollar against the US dollar is insignificant.

28. ULTIMATE HOLDING COMPANY

The directors consider the company's ultimate holding company at 31 March 2008 to be EPI (Holdings) Limited respectively, which is incorporated in Bermuda and is listed in The Stock Exchange of Hong Kong Limited.

29. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the Group's operations and financial statements:

	Effective for annual periods beginning on or after
HKAS 1 Presentation of financial statements	1 January 2009
HKAS 23 Borrowing costs	1 January 2009
HKFRS 8 Operating segments	1 January 2009

The Group has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Group's financial statements in the year of initial application. The Group will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.