Galileo Holdings Limited
嘉利福控股有限公司

(To be changed to Sun International Group Limited
太陽國際集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029

ANNUAL REPORT 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Galileo Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chui Bing Sun *(Chairman)*
Chau Cheok Wa *(Vice Chairman)*
Lee Chi Shing, Caesar

Independent Non-Executive Directors

Siu Hi Lam, Alick
Kwok Kwan Hung
Chien Hoe Yong

AUDIT COMMITTEE

Siu Hi Lam, Alick
Kwok Kwan Hung
Chien Hoe Yong

COMPANY SECRETARY

Lee Chi Shing, Caesar

COMPLIANCE OFFICER

Lee Chi Shing, Caesar

QUALIFIED ACCOUNTANT

Chan Wai Hung

AUTHORIZED REPRESENTATIVES

Chui Bing Sun
Lee Chi Shing, Caesar

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21/F., The Pemberton
22-26 Bonham Strand
Sheung Wan
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F, Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND OFFICE

Butterfield Fund Services (Cayman) Limited
P.O. Box 705 GT, Butterfield House
68 Fort Street, George Town
Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Chiyu Banking Corporation Limited
Standard Chartered Bank
Nanyang Commercial Bank Limited
The Bank of East Asia

STOCK CODE

8029

FINANCIAL HIGHLIGHTS

– The Company and its subsidiaries (the "Group") recorded a turnover of HK$44,335,788 for the year ended 31 March 2008.

– Gross profit was HK$35,133,993 for the year ended 31 March 2008.

– Profit attributable to shareholders was HK$2,386,359 for the year ended 31 March 2008.

– The Directors do not recommend the payment of a final dividend for the year ended 31 March 2008.

– As at 31 March 2008, the Group had bank balances and cash amounting to HK$104,663,808.

CHAIRMAN'S STATEMENT

Since the acquisition of Loyal King Investments Limited, the Group has had its main focus on developing entertainment and gaming activities. With the strong and competent experts in computer programming, the Group has obtained a substantial profit during the last three months.

For the year ended 31 March 2008, the Group recorded a turnover of HK$44,335,788 which is an increase of 2,598%. This is mainly a result of the business of the computer software solution and service taken up on 19 December 2007. The profit attributable to shareholders has increased from loss of HK$6,511,635 recorded in the year ended 31 March 2007 to profit HK$2,386,359. The higher profit figure mainly reflected a higher turnover generated from the newly acquired computer programming business.

Going forward, we remain confident about the prospects of the market for computer systems and related services. In addition, our investment in Cagayan Valley of Philippines will also begin to generate income in 2008. We are optimistic about the prospect of the hotel and tourism business in Cagayan Valley.

As stated in the September 2007 interim report of the Group, the Broad has been seeking opportunities to diversify its income stream in order to enhance shareholders' value.

Finally, on behalf of the Directors of the Group, I would like to express our sincere appreciation to the management and staff of the company for their dedication and hard work throughout the year as well as to shareholders and business partners for their commitment and continuous support.

Chui Bing Sun
Chairman

Hong Kong, 15 May 2008

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group recorded a turnover of HK$44,335,788 for the year ended 31 March 2008, representing an increase of 2,598% when compared to the turnover of HK$1,643,189 in the last fiscal year. The increase was mainly due to the business of computer software solution and service taken up on 19 December 2007. Its result was included in the accounts for the year ended 31 March 2008.

The direct costs was increased to HK$9,201,795 from HK$524,339 recorded during last year as a results of the direct operation costs produced from the newly acquired business of computer software solution and service.

Administrative expenses made an increase of 129% to HK$28,366,598 compared to HK$12,376,094 in 2007. The increase was mainly due to the operating activities increased in current fiscal year as a result of the acquisition of the business of computer software solution and service.

The net profit attributable to equity holders of the Company for the year ended 31 March 2008 was HK$2,386,359 as compared with the net loss of HK$6,511,635 for the last fiscal year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2008, the Group's net assets increased to approximately HK$596,685,000 from net assets of approximately HK$5,345,000 as at 31 March 2007. The bank balances as at 31 March 2008 was approximately HK$104,664,000 as compared to the balance of approximately HK$1,802,000 as at 31 March 2007. The increase in net assets was due to bank balances increased as a result of the completion of placing of shares and cash generated from turnover, goodwill recognised from acquisition of subsidiaries, trade receivables from the increased turnover and deposits for the acquisition of subsidiaries in next year. During the year ended 31 March 2008, the Group's operation was mainly financed by the operating activities of the Group and the net proceeds from shares placing.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 1% (31 March 2007: 94%).

CAPITAL STRUCTURE

Movements in share capital are reflected in note 28 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

The total number of employees was 41 as at 31 March 2008 (2007: 18), and the total remuneration for the year ended 31 March 2008 was approximately HK$12,809,000 (2007: HK$3,704,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staff pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

CHARGES ON GROUP ASSETS

As at 31 March 2008, plant and equipment of the Group with net book value of HK$26,682 was held under finance leases (2007: HK$265,000) and properties with net book value of HK$7,560,000 were pledged as securities for bank loan (2007: Nil).

CONTINGENT LIABILITIES

As at 31 March 2008, the Group had no contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars. As at 31 March 2008, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

ACQUISITION OF SUBSIDIARIES

On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King Investments Limited for an aggregate consideration of approximately HK$429,878,000. These newly acquired subsidiaries are principally engaged in the provision of computer hardware and software services. Details of the acquisition are set out in note 34 to the consolidated financial statements.

SEGMENT INFORMATION

Segment information is presented by way in two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Business segments

The Group's operating business are structured and managed separately, according to the nature of their operations and services they provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risk and returns that are different from those of the other business segments.

For management purposes, the Group is currently organised into three business segments – business consultancy, computer software solution and service and funeral services.

Principal activities are as follows:

Business consultancy	–	providing services to assist clients on various business or management issues
Computer software solution and service	–	provision of computer hardware and software service
Funeral services	–	providing services to assist clients on various funeral custom and activities

DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2008, nor has any dividend been proposed since the balance sheet date (2007: Nil).

BUSINESS REVIEW

For the whole year under review, the international financial market showed mixed signs of direction. The stock market was seriously affected by the United States home loan market. On the other hand, a series of controlling measures had been launched by China to curb the overheated stock market and the property market while the Hong Kong stock exchange will benefit from the decreasing interest rate. This has led to increased opportunity in offering our services in raising finance for high quality projects in the coming months. Through cooperation with other investment banks and financial service providers, we have been involved in the protracted negotiations with a number of promising clients in mainland China for placement and listing as well as finalising credit facilities. Our strong in-house experts were able to provide quality professional services.

Following the acquisition of Loyal King Investments Limited and its subsidiaries (the "Loyal King Group"), the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the Group is able to increase its market share in the gaming market and improve its financial position by increasing revenue and profit.

OUTLOOK AND DEVELOPMENT

For the foreseeable future, China will continue to be a major factor of international trade. However, the Chinese government is facing the pressure of the interest rate adjustment, currency revaluation, record trade surpluses and fluctuating commodities and oil prices. The problems from the domestic front include rising inflation rate, flooding of money supply and overheating in the property sector.

The Group is also trying to invest in other country which can offer higher return to shareholders.

Regarding the provision of computer system and related services in relation to the on-line entertainment and gaming activities, the Board is of the view that the performance is promising and it will greatly improve the Group's financial position.

The Board is always seeking opportunities to diversify the Group's revenue streams in order to enhance shareholders' value and is optimistic about the project of acquiring Superb Kings Limited. The Board is attracted by the future prospect of tourism development and is optimistic about the prospect of the hotel and tourism business in Cagayan Valley of the Philippines as they believe that the demand for accommodations and entertainment facilities will continue to grow in the near future. The Board is of the view that the acquisition will be a valuable opportunity for the Group to tap into the hotel industry while to increase the value of the Group, which are in the interests of the Shareholders as a whole.

DIRECTORS AND STAFF

EXECUTIVE DIRECTORS

Mr. Chui Bing Sun, aged 31, has over seven years of experience in hedge fund and portfolio management, finance and accounting. He has been a fund manager of two global hedge funds for the last five years. Prior to this, Mr. Chui has worked for two international accounting firms. Mr. Chui is a certified public accountant and a Chartered Financial Analyst charterholder.

Mr. Chau Cheok Wa, aged 33, was born in the Macao Special Administrative Region ("Macao") and is a Portuguese national. He received his education in Macao and has since then engaged in the business of operating and managing V.I.P. clubs, in which he has over ten years of experience, at the entertainment V.I.P. clubs at hotels in Macao. Under Mr. Chau's leadership, the number of entertainment V.I.P. clubs managed by Mr. Chau has soared from one to six in the last three years, five of which are at the five-star hotels in Macao including StarWorld Hotel Macau, Venetian Macao Resort Hotel, Grand Lisboa Macau and Wynn Macau (two V.I.P. clubs); and one of which is at the entertainment V.I.P. club of the world-renowned Walker Hill in Seoul, the capital of the South Korea.

Mr. Lee Chi Shing, Caesar, aged 44, is also the Chief Executive Officer of the Group, is experienced in corporate management and internal control. He was an executive director of Tanrich Financial Holdings Limited, a company listed on the main board of the Stock Exchange, from 1 November 2004 to 29 June 2005. In 2000, he joined Ernst and Young, an international accounting firm, as a senior manager. He has worked in the Inland Revenue Department for over 15 years after his graduation. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. In addition, he is a member of the Society of Registered Financial Planners. Mr. Lee graduated from the Department of Accountancy of Hong Kong Polytechnic University in 1985. He later obtained a Master degree in International Accountancy in 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Hi Lam, Alick, aged 53, is the managing director of Fortune Take International Limited, which has been engaging in consultancy services, since February 2004. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America. He was responsible for business development and credit risk management. Mr. Siu obtained a Master degree in Business Administration from the University of Hull in 1995.

Mr. Kwok Kwan Hung, aged 42, has extensive experience in investment banking, financial management and auditing. He has held various senior positions in two investment banking groups and an international accounting firm. Currently, he is a director and responsible officer of a licensed corporate finance firm in Hong Kong which provides corporate finance and other advisory services. He is also an independent non-executive director of Nam Hing Holdings Limited, a company listed on the main board of the Stock Exchange. Mr. Kwok is a qualified accountant. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Directors. He holds a Bachelor degree in Science from the University of London.

DIRECTORS AND STAFF

Mr. Chien Hoe Yong, aged 45, is currently an executive director of Mingyuan Medicare Development Company Limited, a company listed on the main board of the Stock Exchange. Mr. Chien has extensive experience in international investment banking, corporate advisory and financial accounting with international reputable companies and banks. He has held senior managerial positions in several major investment banking firms in Hong Kong.

QUALIFIED ACCOUNTANT

Ms. Chan Wai Hung, aged 39, joined the Group in September 2005 as the qualified accountant. Ms. Chan holds a Bachelor degree in Accounting from the University of Hong Kong and is a member of the Hong Kong Institute of Certified Public Accountants. She has over 10 years' experience in the accounting and auditing field.

DIRECTORS' REPORT

The directors would like to present the annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 19 to the consolidated financial statements.

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 34.

The directors do not recommend the payment of any dividends.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 86.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group are set out in note 18 and note 16 to the consolidated financial statements respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share options of the Company are set out in notes 28 and 29 respectively to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 37 and in note 30 to the financial statements respectively.

DIRECTORS' REPORT

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Chui Bing Sun
Mr. Chau Cheok Wa (appointed on 4 February 2008)
Mr. Lee Chi Shing, Caesar

Independent non-executive directors:

Mr. Siu Hi Lam, Alick
Mr. Kwok Kwan Hung
Mr. Chien Hoe Yong

In accordance with Article 108 of the Company's Article of Association, Mr. Chui Bing Sun and Mr. Lee Chi Shing, Caesar will retire by rotation; and in accordance with Article 112 of the Company's Articles of Association, Mr. Chau Cheok Wa, being director appointed after the annual general meeting held on 2 August 2007, will retire at the forthcoming annual general meeting. All of these retiring directors, being eligible, offer themselves for re-election.

Each executive director has entered into a service contract with the Company with effect from the date of appointment and will continue thereafter unless and until terminated by either party by giving not less than one-month prior written notice to the other.

The term of office of each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Chui Bing Sun	Corporate *(Note a)*	292,900,000	Interest of a controlled corporation	18.70%
Mr. Chau Cheok Wa	Corporate *(Note b)*	280,000,000	Interest of a controlled corporation	17.88%

Note a: These ordinary shares are held by New Brilliant Investments Limited, the issued share capital of which is beneficially owned as to 80% by 20/20 International Limited and as to 20% by Ms. Zhang Ze Mei. Mr. Chui Bing Sun beneficially owns 70.4% of the issued shares of 20/20 International Limited.

Note b: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Chau Cheok Wa, as to 45% by Mr. Cheng Ting Kong, and as to 10% by Lai Ting Kwong.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 31 March 2008 were as follows:

Name of Director	Date of grant of share options	Number of share options	Vesting period from	Vesting period until	Exercise price of share options HK$	Exercise period from	Exercise period until	Exercised during the year	Number of options outstanding as at 31 March 2008
Lee Chi Shing, Caesar	19/12/2006	2,500,000	19/12/2006	18/12/2007	0.418	19/12/2007	18/12/2016	(2,500,000)	–
	23/2/2007	1,000,000	23/2/2007	22/2/2008	0.300	23/2/2008	22/2/2017	(1,000,000)	–
Chien Hoe Yong	26/3/2007	500,000	26/3/2007	25/3/2008	0.330	26/3/2008	25/3/2017	–	500,000
	1/11/2007	250,000	–	–	1.470	1/11/2007	31/10/2017	–	250,000
Kwok Kwan Hung	26/3/2007	500,000	26/3/2007	25/3/2008	0.330	26/3/2008	25/3/2017	–	500,000
	1/11/2007	250,000	–	–	1.470	1/11/2007	31/10/2017	–	250,000
Siu Hi Lam, Alick	26/3/2007	500,000	26/3/2007	25/3/2008	0.330	26/3/2008	25/3/2017	(500,000)	–
	1/11/2007	250,000	–	–	1.470	1/11/2007	31/10/2017	–	250,000

Save as disclosed above, during the year ended 31 March 2008, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, during the year ended 31 March 2008, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, its holding companies or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the significant related party and connected transactions of the Group are set out in note 32 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executives of the Company, as at 31 March 2008, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
New Brilliant Investments Limited *(Note 1)*	Corporate	292,900,000	Beneficial owner	18.70%
20/20 International Limited *(Note 1)*	Corporate	292,900,000	Interest of a controlled corporation	18.70%
Chui Bing Sun *(Note 1)*	Corporate	292,900,000	Interest of a controlled corporation	18.70%
Premier United Limited *(Note 2)*	Corporate	190,000,000	Beneficial owner	12.13%
Chan Ping Che *(Note 2)*	Corporate	190,000,000	Interest of a controlled corporation	12.13%
Lam Shiu May *(Note 2)*	Corporate	190,000,000	Interest of a controlled corporation	12.13%
First Cheer Holdings Limited *(Note 3)*	Corporate	280,000,000	Beneficial owner	17.88%
Cheng Ting Kong *(Note 3)*	Corporate	280,000,000	Interest of a controlled corporation	17.88%
Chau Cheok Wa *(Note 3)*	Corporate	280,000,000	Interest of a controlled corporation	17.88%

Notes:

1. New Brilliant Investments Limited is beneficially owned as to 80% by 20/20 International Limited and as to 20% by Ms. Zhang Ze Mei. In addition, 20/20 International Limited is beneficially owned as to 70.4% by Mr. Chui Bing Sun. Accordingly, both 20/20 International Limited and Mr. Chui Bing Sun are deemed under the SFO to be interested in the 292,900,000 shares of the Company beneficially owned by New Brilliant Investments Limited as at 31 March 2008.

2. Premier United Limited is beneficially owned as to 50% by Mr. Chan Ping Che and as to 50% by Ms. Lam Shiu May. Accordingly, both Mr. Chan Ping Che and Ms. Lam Shiu May are deemed under the SFO to be interested in the 190,000,000 shares beneficially owned by Premier United Limited.

3. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Cheng Ting Kong, as to 45% by Mr. Chau Cheok Wa and as to 10% by Lai Ting Kwong.

Save as disclosed above, as at 31 March 2008, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors, the management shareholders (as defined in the GEM Listing Rules) or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' REPORT

SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 (the "Pre-IPO Share Option Scheme") and another was adopted on 5 December 2006 (the "New Scheme").

(a) Pre-IPO Share Option Scheme

On 29 November 2000, the Company adopted a share option scheme which was valid and effective for a period not exceeding ten years commencing from 29 November 2000.

Under the Pre-IPO Share Option Scheme, the eligible participants (including any employee and executive director of the Company or any of its subsidiaries, who has full time employment with the Company or any such subsidiary at the time) may be granted an option to subscribe for shares of the Company.

The maximum number of shares in respect of which share options may be granted under the Scheme may not exceed, in nominal amount, 30% of the issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Scheme.

The offer of a grant of share options may be accepted within 21 days inclusive of, and from the date of the offer. The exercise period of the share options granted is determined by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the respective date when the share options are granted, subject to the provisions for any terminations thereof.

In respect of the share options to be granted after the listing of the Company's shares on the GME of the Stock Exchange, the subscription price will be a price determined by the directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of grant of the particular option or the average of the closing prices of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the particular option or the nominal value of a share.

In respect of the share options granted prior to the listing of the Company's shares on the GME of the Stock Exchange (the 'Pre-IPO Share Options"), the subscription price of the Pre-ISO Share Options should not be less than the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no outstanding share option as at 31 March 2008.

The Directors consider that the Pre-IPO Share Options Scheme does not comply with certain supplementary guidance published by the Stock Exchange concerning Rule 23.03(13) of the GME Listing Rules and the note immediately followed the rule. No further share options will be granted under the Pre-IPO Share Options Plan.

(b) New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit') shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2008, the number of shares issuable under share options granted under the Share Option Plan was 85,050,000, which represented approximately 5.4% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

DIRECTORS' REPORT

The following share options were outstanding under the Option Scheme during the year:

Name of category of participant	Number of share options: Outstanding as at 1 April 2006	Granted during the year	Exercised during the year	Outstanding as at 31 March 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2008	Exercisable as at 31 March 2008	Date of grant	Exercise period	Exercise price HK$
Director												
- Mr. Lee Chi Shing, Caesar	–	2,500,000	–	2,500,000	–	(2,500,000)	–	–	–	19-12-2006	19-12-2007 to 18-12-2016	0.418
	–	1,000,000	–	1,000,000	–	(1,000,000)	–	–	–	23-02-2007	23-02-2008 to 22-02-2017	0.300
- Mr. Siu Hi Lam, Alick	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	(500,000)	–	–	–	26-03-2007	26-03-2008 to 25-03-2017	0.330
- Mr. Kwok Kwan Hung	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	–	–	500,000	500,000	26-03-2007	26-03-2008 to 25-03-2017	0.330
- Mr. Chien Hoe Yong	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	–	–	500,000	500,000	26-03-2007	26-03-2008 to 25-03-2017	0.330
Consultants												
In aggregate	–	74,000,000	(5,000,000)	69,000,000	–	(28,700,000)	(40,300,000)	–	–	23-02-2007	23-2-2007 to 22-02-2008	0.300
	–	–	–	–	38,400,000	(3,500,000)	–	34,900,000	34,900,000	13-08-2007	13-08-2007 to 12-08-2017	0.380
	–	–	–	–	28,800,000	–	–	28,800,000	28,800,000	17-08-2007	17-08-2007 to 16-08-2017	0.360
	–	–	–	–	19,200,000	–	–	19,200,000	19,200,000	21-08-2007	21-08-2007 to 20-08-2017	0.345
Other employees												
In aggregate	–	250,000	–	250,000	–	(250,000)	–	–	–	19-12-2006	19-12-2006 to 18-12-2016	0.418
	–	–	–	–	9,800,000	(9,800,000)	–	–	–	21-08-2007	21-08-2007 to 20-08-2017	0.345
	–	–	–	–	400,000	–	–	400,000	400,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	79,250,000	(5,000,000)	74,250,000	97,350,000	(46,250,000)	(40,300,000)	85,050,000	85,050,000			

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) The number of share options and exercised price had been adjusted following the completion of open offer. These fair values of the share options granted during the years were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

Date of grant:	19 December 2006	23 February 2007	23 February 2007	23 February 2007	26 March 2007	13 August 2007	17 August 2007	21 August 2007	1 November 2007
No. of share options:	2,750,000	1,000,000	7,400,000	66,600,000	1,500,000	38,400,000	28,800,000	29,000,000	1,150,000
Option value:	0.111277	0.073625	0.0378382	0.0435221	0.088343	0.06634	0.02608	0.06007	0.2596365
Stock price as at the date of grant (in HK dollar)	0.408	0.280	0.280	0.280	0.320	0.375	0.280	0.340	1.470
Exercise price (in HK dollar)	0.418	0.300	0.300	0.300	0.330	0.380	0.360	0.345	1.470
Expected volatility	70%	70%	70%	70%	70%	61.97%	62.15%	62.15%	61.72%
Expected life (year)	1	1	0.25	0.33	1	0.5	0.5	0.5	0.5
Risk-free rate*	3.57%	4.04%	3.51%	3.69%	3.74%	3.96%	3.97%	3.88%	2.22%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%

* Risk free rate was interpolated from the yields to maturity of respective Hong Kong Exchange Fund Note with respective terms as at the date of grant.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$5,757,471 for the year ended 31 March 2008 (2007: HK$3,272,393) in relation to share options granted by the Company.

At 31 March 2008, the Company had 85,050,000 share options (2007: 74,250,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 85,050,000 additional ordinary shares of HK$0.02 each of the Company and additional share capital of HK$1,701,000 (2007: HK$1,485,000) and cash proceeds to the Company of HK$32,274,500 (2007: HK$22,644,500) (before share issue expenses).

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the services provided to the Group's largest client and five largest clients accounted for 81% and 89%, respectively of the total turnover for the year. The Group's largest supplier and five largest largest suppliers accounted for 35% and 65% purchases of the Group for the year ended 31 March 2008.

In the opinion of the directors, none of the directors, their associates or any shareholders of the Company who owned more than 5% of the Company's share capital had any interest in the Group's five largest customers and suppliers.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year ended 31 March 2008.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDIT COMMITTEE

The audit committee comprises three members, Messrs. Siu Hi Lam, Alick, Kwok Kwan Hung; and Chien Hoe Yong. All of them are independent non-executive directors of the Company.

The primary duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board of Directors. Four audit committee meetings were held during the year.

The Group's consolidated financial statements for the year ended 31 March 2008 have been reviewed by the audit committee, which is of the opinion that the preparation of such consolidated financial statements complies with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the year under review, the Remuneration Committee comprised three members, Mr. Chien Hoe Yong, Mr. Kwok Kwan Hung and Mr. Siu Hi Lam, Alick, all of them are independent non-executive Directors and Mr. Kwok Kwan Hung was appointed as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

EMOLUMENT POLICY

The Group's emolument policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident funds are also provided to employees where appropriate.

POST BALANCE SHEET EVENT

Details of significant events occurring after the balance sheet date are set out in note 37 to the consolidated financial statement.

DIRECTORS' REPORT

AUDITORS

The financial statements for the year ended 31 March 2008 were audited by Messrs. HLB Hodgson Impey Cheng ("HLB") who would retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-appointment. Messrs. Lo and Kwong C.P.A. Company Limited resigned as auditors of the Company on 7 April 2008 and HLB was appointed as auditors of the Company on the same day to fill the casual vacancy. For the year ended 31 March 2007 and 31 March 2006, Messrs. Lo and Kwong C.P.A. Company Limited and Messrs. Homan CPA Limited acted as auditors of the Company respectively.

A resolution will be submitted to the annual general meeting of the Company to re-appoint HLB as auditors of the Company.

On behalf of the Board

Chui Bing Sun
Chairman

Hong Kong, 15 May 2008

CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of corporate governance for the enhancement of shareholder value. The Company believes that good corporate governance is not only in the interest of investors but also in the interest of the Company. It is also of the view that good corporate governance is a reflection of the standard and quality of the management and operations of the Company and it also helps sustain the long-term support of shareholders upon which the Company's success depends.

The Company closely monitors corporate governance development in Hong Kong and it regularly reviews its corporate governance practices in light of experience and evolving regulatory requirements to ensure that the Company keeps abreast of shareholders' expectations. The principles of corporate governance adopted by the Company emphasize a quality board, sound internal control, and transparency and accountability to shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on CG Practices") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2008.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings ("Code of Conduct"). Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct for the year ended 31 March 2008.

BOARD OF DIRECTORS

The principal duty of the board of directors of the Company ("the Board") is to ensure that the Company is properly managed in the interest of shareholders.

The Board, led by the Chairman, is responsible for the formulation of Company-wide strategies and policies, including an oversight of the management. Management is responsible for the day-to-day operations of the Company under the leadership of the Chief Executive Officer.

As at 31 March 2008, the Board comprised 6 Directors, including the Chairman, 2 Executive Director and 3 Independent Non-executive Directors. One of the Independent Non-executive Director has appropriate professional qualifications in accounting. Biographical details of the Directors are set out on page 10 to 11.

CORPORATE GOVERNANCE REPORT

In determining the independence of a Director, the Board would consider whether the Director has any direct or indirect material relationship with the Company and the Board follows the requirements set out in the GEM Listing Rules. Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all the Independent Non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separated from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

Mr. Chui Bing Sun is the Chairman of the Company and Mr. Lee Chi Shing, Caesar is the Chief Executive Officer of the Company.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that the Board acts in the best interest of the Company. To ensure that Board meetings are planned and conducted effectively, the Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by other Directors for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and make contribution to the Board's functions. With the support of all other members of the Board, the Chairman procures that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with shareholders.

The Chief Executive Officer is responsible for managing the business of the entire Company, attending to the formulation and successful implementation of company policies and assuming full accountability to the Board for all Company operation. Acting as the principal navigator of the Company's businesses, the Chief Executive Officer attends to developing strategic operation plans that reflect the longer-term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Company. The Chief Executive Officer also maintains ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues.

The Board meets regularly, and at least 4 times a year. Between scheduled meetings, senior management of the Group from time to time provides to Directors information on the activities and development of the businesses of the Group. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

CORPORATE GOVERNANCE REPORT

The Board held 15 meetings during the year ended 31 March 2008. Details of attendance of individual Directors at Board Meetings are presented below:

		Attended
Chairman		
Mr. Chui Bing Sun		15/15
Executive Directors		
Mr. Chau Cheok Wa	(appointed on 4 February 2008)	0/3
Mr. Lee Chi Shing, Caesar		15/15
Independent non-executive Directors		
Mr. Siu Hi Lam, Alick		4/15
Mr. Kwok Kwan Hung		4/15
Mr. Chien Hoe Yong		4/15

Save for the above regular board meetings of the Period, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision 7 business days in advance of each board meeting and the minutes within 3 business days after the meeting.

Each of the Independent Non-executive Directors has entered into a letter of service with the Company for a term of one year's period. All the Independent Non-executive Directors are subject to re-election at each annual general meeting of the Company.

Upon appointment, Directors would receive an orientation review of the Company and its business from senior executives. Information are provided to Directors regularly to ensure that Directors keep up with the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group.

The Directors ensure the consolidated financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquires, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The statement of the Auditors of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Auditors' Report on pages 32 and 33.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board. The audit committee comprises three independent non-executive Directors, namely, Mr. Siu Hi Lam, Alick, Mr. Kwok Kwan Hung and Mr. Chien Hoe Yong. The biographies of members of the audit committee are set out in the paragraph headed "Directors and Staff" above.

The Audit Committee held 4 meetings in 2008 and the attendance records are set out below:

Name of Member	Attended
Mr. Chien Hoe Yong *(Chairman)*	4/4
Mr. Siu Hi Lam, Alick	4/4
Mr. Kwok Kwan Hung	4/4

For 2008, the Audit Committee reviewed with senior management and the external auditors of the Company their respective audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and internal control, risk management and financial reporting matters (including the interim and annual financial statements for the year ended 31 March 2008 before recommending them to the Board for approval). In particular, the Audit Committee monitored the integrity of financial statements of the Company and the annual report and accounts and quarterly reports and accounts of the Company, discussed with management and the external auditor, and reviewed significant financial reporting judgments contained in them. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Audit Committee focused particularly on:

(a) any changes in financial reporting and accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the GEM Listing Rules and any other legal requirements in relation to financial reporting.

The audited consolidated results of the Group for the year ended 31 March 2008 have been reviewed by the Audit Committee.

AUDITORS' REMUNERATION

The amount of fees charged by the Auditors generally depends on the scope and volume of the auditors' work. For the year ended 31 March 2008, the Auditors of the Company received approximately HK$330,000 for audit services.

REMUNERATIONS COMMITTEE

The Company has established a Remunerations Committee in March 2005. The current existing Remunerations Committee consists 3 Independent Non-executive Directors, namely, Mr. Siu Hi Lam, Alick, Mr. Kwok Kwan Hung and Mr. Chien Hoe Yong. The biographies of members of the Remuneration Committee are set out in the paragraph headed "Directors and Staff".

The Remunerations Committee would assist the Board to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and also is responsible for the administration of the share option schemes adopted by the Company. Terms of reference of the Remunerations Committee are approved by the Directors.

Executive Directors are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of the individual and the profitability of the Company, and propose to the Remunerations Committee for consideration and approval, remuneration packages for Directors and senior management.

The Remunerations Committee held 2 meetings for the financial year 31 March 2008. The attendance records are presented below:

Name of Member	**Attended**
Mr. Kwok Kwan Hung *(Chairman)*	2/2
Mr. Chien Hoe Yong	2/2
Mr. Siu Hi Lam, Alick	2/2

The remuneration of Directors and senior management was determined with reference to the performance and profitability of the Company as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

Details of Director's emoluments for the year ended 31 March 2008 are set out in note 12 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

NOMINATIONS COMMITTEE

A nomination committee is not necessary for the Company, after the Board reviewed the needs and current situation of the Company. The Board will be responsible for reviewing the profile of current directors and potential candidate of director to ensure that the composition of the Board is appropriate for the Company.

INTERNAL CONTROL

An internal control system, being an integral part of the Company's operations, is a process effected by the Board and management team to provide reasonable assurance regarding the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Company assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee, it regularly reviews the effectiveness of the system.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed to providing clear and full information about the Company's performance to shareholders through the publication of quarterly reports and annual reports. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the websites of the Group and the Stock Exchange.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Shareholders have statutory rights to call for extraordinary general meetings by serving written requests to the Company and to put forward agenda items for consideration by shareholders. Details of the poll voting procedures and the rights of shareholders to demand a poll are included in the circular to shareholders despatched together with the annual report. The results of the poll are published on the Company's website and the Stock Exchange's website. Financial and other information is available on the websites of the Company and the Stock Exchange.

The Company values feedback from shareholders on its effort to promote transparencies and foster investor relationships. Comments and suggestions are welcome and can be addressed to our Company by mail.

VOTING BY POLL

In compliance with the requirements on the poll voting procedures, the Company has informed the Members in respect of the procedures for voting by poll and the rights of the Members in demanding for poll in each general meeting. Pursuant to Article 72 of the Company's Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded at any general meeting. In the general meetings held during the Year, the Company counted all proxy votes, and except where polls were required, chairman of each general meeting had expressly indicated to the members attending the meetings the levels of proxies lodged on each resolution, and the balance for and against the resolution, after each of the resolution had been dealt with on a show of hands.

Furthermore, Article 72 of the Articles of Association, a vote by poll may be demanded by:

(a) the Chairman of the meeting; or

(b) at least three members present in person or by proxy and entitled to vote; or

(c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right attend and vote at the meeting; or

(d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

In the general meetings held during the year, there were resolutions requiring polls either demanded by the chairmen of the meetings or required under the Listing Rules. In each general meeting, Tricor Tengis Limited, the Company's Hong Kong Branch Registrar, was instructed to act as scrutineer. In each general meeting held during the year, the Company had ensured that where appropriate:

(i) the procedure for demanding a poll by the Shareholders before putting a resolution to the vote on a show of hands; and

(ii) the detailed procedures for conducting a poll and then answer any questions from the Shareholders whenever voting by way of a poll is required.

As such, the Company has complied with the requirements in relation to vote by poll.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GALILEO HOLDINGS LIMITED (FORMERLY KNOWN AS GALILEO CAPITAL GROUP LIMITED)

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Galileo Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 85, which comprise the consolidated and Company balance sheet 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' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated 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 the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. 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 consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITY (Continued)

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the consolidated 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 consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and of the Group's profit 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 the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 15 May 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$	2007 HK$
Turnover	7	**44,335,788**	1,643,189
Direct costs		**(9,201,795)**	(524,339)
Gross profit		**35,133,993**	1,118,850
Other operating income	9	**420,630**	4,854,451
Administrative expenses		**(28,366,598)**	(12,376,094)
Fair value changes of investment properties		**30,000**	–
Finance costs	10	**(275,380)**	(67,584)
Profit/(loss) before tax	11	**6,942,645**	(6,470,377)
Income tax expense	13	**(4,352,156)**	(41,258)
Profit/(loss) for the year		**2,590,489**	(6,511,635)
Attributable to:			
Equity holders of the Company		**2,386,359**	(6,511,635)
Minority interests		**204,130**	–
Profit/(loss) for the year		**2,590,489**	(6,511,635)
Earnings/(loss) per share	15		
Basic *(HK cents per share)*		**0.23**	(0.73)
Diluted *(HK cents per share)*		**0.22**	(0.73)

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$	2007 HK$
Non-current assets			
Investment properties	16	**7,560,000**	2,600,000
Goodwill	17	**426,465,393**	2,332,814
Property, plant and equipment	18	**2,681,393**	5,178,012
		436,706,786	10,110,826
Current assets			
Inventories	20	**60,650**	95,030
Trade receivables	21	**23,266,603**	96,355
Prepayments, deposits and other receivables	22	**45,677,040**	590,043
Bank balances and cash		**104,663,808**	1,801,684
		173,668,101	2,583,112
Current liabilities			
Accruals and other payables	23	**3,836,991**	1,402,413
Deposits received		**162,000**	30,000
Amount due to a director	24	**450,965**	758,368
Obligations under finance leases	25	**7,809**	85,587
Other borrowings	26	**–**	5,000,000
Bank borrowings	27	**303,304**	–
Tax payable		**5,195,887**	48,853
		9,956,956	7,325,221
Net current assets/(liabilities)		**163,711,145**	(4,742,109)
Total assets less current liabilities		**600,417,931**	5,368,717
Non-current liabilities			
Bank borrowings	27	**3,480,206**	–
Obligations under finance leases	25	**16,269**	24,079
Deferred tax liabilities	31	**236,250**	–
		3,732,725	24,079
Net assets		**596,685,206**	5,344,638
Capital and reserves			
Share capital	28	**31,319,000**	19,300,000
Reserves		**562,661,118**	(13,955,362)
Equity attributable to equity holders of the Company		**593,980,118**	5,344,638
Minority interests		**2,705,088**	–
Total equity		**596,685,206**	5,344,638

The financial statements on page 34 to 85 were approved and authorised for issue by the Board of Directors on 15 May 2008 and are signed on its behalf by:

Chui Bing Sun	**Lee Chi Shing, Caesar**
Director	*Director*

BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$	2007 HK$
Current assets			
Amounts due from subsidiaries		**1,703,946**	15,252,593
Bank balances and cash		**86,297,433**	998,184
		88,001,379	16,250,777
Current liabilities			
Accruals and other payables		**1,096,151**	472,627
Amount due to a subsidiary		**4,237,109**	621,489
Amount due to a director	*24*	**450,964**	758,368
Other borrowings	*26*	**–**	5,000,000
		5,784,224	6,852,484
Net assets		**82,217,155**	9,398,293
Capital and reserves			
Share capital	*28*	**31,319,000**	19,300,000
Reserves	*30*	**50,898,155**	(9,901,707)
Total equity		**82,217,155**	9,398,293

The financial statements on page 34 to 85 were approved and authorised for issue by the Board of Directors on 15 May 2008 and are signed on its behalf by:

Chui Bing Sun
Director

Lee Chi Shing, Caesar
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company								
	Share capital HK$	Share premium HK$	Merger deficit HK$ (Note a)	Share options reserve HK$	Properties revaluation reserve HK$ (Note b)	Accumulated losses HK$	Total HK$	Minority interests HK$	Total equity HK$
At 1 April 2006	16,000,000	8,095,956	(119,998)	–	–	(27,686,958)	(3,711,000)	–	(3,711,000)
Placement of new shares	3,200,000	8,000,000	–	–	–	–	11,200,000	–	11,200,000
Transaction costs attributable to placement of new shares	–	(405,120)	–	–	–	–	(405,120)	–	(405,120)
Recognition of equity – settled share-based payments	–	–	–	3,558,215	–	(285,822)	3,272,393	–	3,272,393
Exercise of share options	100,000	1,400,000	–	(285,822)	–	285,822	1,500,000	–	1,500,000
Loss for the year	–	–	–	–	–	(6,511,635)	(6,511,635)	–	(6,511,635)
At 31 March 2007 and 1 April 2007	19,300,000	17,090,836	(119,998)	3,272,393	–	(34,198,593)	5,344,638	–	5,344,638
Surplus on revaluation of properties	–	–	–	–	1,320,000	–	1,320,000	–	1,320,000
Deferred tax	–	–	–	–	(231,000)	–	(231,000)	–	(231,000)
Net income recognised directly in equity	–	–	–	–	1,089,000	–	1,089,000	–	1,089,000
Profit for the year	–	–	–	–	–	2,386,359	2,386,359	204,130	2,590,489
Total recognised income for the year	–	–	–	–	1,089,000	2,386,359	3,475,359	204,130	3,679,489
Issue of shares for acquisition of subsidiaries	5,600,000	383,600,000	–	–	–	–	389,200,000	–	389,200,000
Arising on acquisition of subsidiaries	–	–	–	–	–	–	–	2,500,958	2,500,958
Placement of new shares	5,494,000	174,448,500	–	–	–	–	179,942,500	–	179,942,500
Transaction costs attributable to placement of new shares	–	(4,675,350)	–	–	–	–	(4,675,350)	–	(4,675,350)
Recognition of equity – settled share-based payments	–	–	–	5,757,471	–	–	5,757,471	–	5,757,471
Forfeiture of lapsed shares under share option schemes	–	–	–	(1,731,036)	–	1,731,036	–	–	–
Exercise of share options	925,000	16,702,697	–	(2,692,197)	–	–	14,935,500	–	14,935,500
At 31 March 2008	**31,319,000**	**587,166,683**	**(119,998)**	**4,606,631**	**1,089,000**	**(30,081,198)**	**593,980,118**	**2,705,088**	**596,685,206**

Notes:

(a) The merger deficit of the Group represents the difference between the nominal value of the shares of acquired subsidiaries over the nominal value of the share capital of the Company issued in exchange therefore.

(b) The properties revaluation reserve was arisen upon the transfer of properties from property, plant and equipment to investment properties and will be transferred to accumulated losses when the relevant properties are disposed of.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$	2007 HK$
Operating activities		
Profit/(loss) before tax	**6,942,645**	(6,470,377)
Adjustments for:		
Depreciation of property, plant and equipment	**399,806**	468,963
Waive of amount due to an ex-director	**(185,000)**	(4,792,737)
Loss on disposal of property, plant and equipment	**547,439**	–
Bank interest income	**(146,247)**	(53,389)
Finance costs	**275,380**	67,584
Fair value changes of investment properties	**(30,000)**	–
Impairment loss recognised in respect of goodwill	**2,332,814**	2,332,815
Share-based payment expenses	**5,757,471**	3,272,393
Operating cash flows before movements in working capital	**15,894,308**	(5,174,748)
Decrease in inventories	**81,380**	4,170
Increase in trade receivables, prepayments, deposits and other receivables	**(64,017,000)**	(239,578)
Increase in accruals, other payables and deposits received	**1,345,649**	681,847
(Decrease)/increase in amount due to a director	**(307,403)**	1,188,368
Cash used in operating activities	**(47,003,066)**	(3,539,941)
Interest received	**146,247**	53,389
Income tax paid	**(720,847)**	–
Net cash used in operating activities	**(47,577,666)**	(3,486,552)
Investing activities		
Acquisition of subsidiaries	**(36,465,669)**	(12,184,767)
Proceeds from disposals of property, plant and equipment	**79,975**	–
Purchase of property, plant and equipment	**(1,799,708)**	(58,511)
Net cash used in investing activities	**(38,185,402)**	(12,243,278)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$	2007 HK$
Financing activities		
(Repayment of)/proceeds from other borrowings	**(5,000,000)**	5,000,000
Loan interest paid	**(266,352)**	(63,973)
Finance leases interest paid	**(9,028)**	(3,611)
Repayments of obligations under finance leases	**(85,588)**	(26,603)
Proceeds from bank borrowings	**4,000,000**	–
Repayments of bank borrowings	**(216,490)**	–
Proceeds from placement of new shares	**179,942,500**	11,200,000
Recognition of share issue expenses	**(4,675,350)**	(405,120)
Proceeds from the exercise of share options	**14,935,500**	1,500,000
Net cash generated from financing activities	**188,625,192**	17,200,693
Net increase in cash and cash equivalents	**102,862,124**	1,470,863
Cash and cash equivalents at the beginning of the year	**1,801,684**	330,821
Cash and cash equivalents at the end of the year	**104,663,808**	1,801,684
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	**104,663,808**	1,801,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the balance sheet date, the parent of the Company (the "Immediate Holding Company") is New Brilliant Investment Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company (the "Ultimate Holding Company") is 20/20 International Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in page 3 of the annual report.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries are set out in note 19.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendment and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

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

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs") (Continued)

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

(a) Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

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

(b) Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses. Capitalised goodwill arising on an acquisition of a subsidiary is presented as an intangible asset.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

(e) Investments properties

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant and equipment other than leasehold land and land use right are stated at cost less subsequent depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value using the straight-line method, at the following rates per annum:

Leasehold properties	2.5%
Leasehold improvement	4% to 20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%
Computer equipment	20%

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

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity at a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the income statement. On subsequent disposal of the investment property, the revaluation surplus is transferred to retained earnings.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

First-in, first-out method is used to calculate the cost of ordinarily interchangeable items.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments

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

Financial assets

The Group's financial assets are loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of financial assets are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are mainly other financial liabilities. The accounting policies adopted in respect of other financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities (including accruals and other payables, amount due to a director, bank and other borrowings) are measured at amortised cost, using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Equity instruments

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

Derecognition

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, in which the recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation decrease under that standard.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised into the income statement in the period in which they are incurred.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sales of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership.

Service income is recognised when services are rendered, on an accrual basis or where condition attached to the relevant agreements and mandates is in satisfaction of the relevant condition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Revenue recognition (Continued)

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

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(l) Taxation

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Leases

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

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

(n) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered services entitling them to the contributions.

(o) Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise, except for exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, in which case such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Foreign currencies (Continued)

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

(p) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement on a straight-line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged during the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that related to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires when it is released directly to retained profits) with the fair value of goods and services received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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.

(r) Provision and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

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

(s) Related parties transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significant influences.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies described in note 3, management makes various estimations and judgments based on past experiences, expectation of future events and other information. The key source of estimation uncertainties and the judgments that may significantly affect the amounts recognised in the consolidated financial statements are discussed below:

Provision for impairment of trade and other receivables

The provision for impairment of trade and other receivables is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of the debtors were to deteriorate, resulting in impairment of their ability to make payments, additional provision may be required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basic or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of asset. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount written down is charged against the results of operations.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

5.1 Financial risk management objectives and policies

The Group's major financial instruments include trade receivables and other receivables, bank balances and cash, accruals and other payables, bank and other borrowings and amount due to a director. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2008	2007
	HK$	*HK$*
Financial assets		
Loans and receivables (including bank balances and cash)	**173,034,794**	2,283,617
Financial liabilities		
Amortised cost	**8,095,544**	7,270,447

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

5.1 Financial risk management objectives and policies (Continued)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2008 is the carrying amounts of those financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has policies in place and exposures to credit risks are monitored on an ongoing basis. When necessary, follow-up action will be taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Market risk

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Based on the evaluation of the Group's operations, the directors of the Company consider that the Group's operations are mainly subject to interest rate risk.

Interest rate risk management

The Group's fair value interest rate risk is minimal as the Group had no material fixed-rate financial liabilities as at 31 March 2008. The Group's cash flow interest rate risk relates primarily to Hong Kong dollar dominated variable-rate borrowings (note 27) that concentrated on the fluctuation of HIBOR. The Group monitors the interest risk exposure on a continuous basis and adjusts the portfolio of interest-bearing financial assets and liabilities when necessary.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit or the year ended 31 March 2008 would decrease/increase by approximately HK$18,918 (2007: HK$ nil). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

5.1 Financial risk management objectives and policies (Continued)

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and considering of obtaining banking facilities to support the Group's short, medium and long-term funding and liquidity management requirements. In addition, the management of the Group continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on weighted average effective interest rates) and the earliest date the Group can be required to pay:

	Weighted average effective interest rate	Less than 1 year	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
At 31 March 2008						
Accruals and other payables	–	3,836,991	–	–	3,836,991	3,836,991
Amount due to a director	–	450,965	–	–	450,965	450,965
Obligations under finance leases	5.2%	9,840	20,408	–	30,248	24,078
Bank borrowings	2.95%	381,099	1,524,397	2,350,079	4,255,575	3,783,510
		4,678,895	1,544,805	2,350,079	8,573,779	8,095,544
At 31 March 2007						
Accruals and other payables	–	1,402,413	–	–	1,402,413	1,402,413
Amount due to a director	–	758,368	–	–	758,368	758,368
Other borrowings	5%	5,250,000	–	–	5,250,000	5,000,000
Obligations under finance leases	3.29%	94,615	30,340	–	124,955	109,666
		7,505,396	30,340	–	7,535,736	7,270,447

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

5.2 Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

1. the fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

2. the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

6. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to maximise returns to stakeholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or sell assets to reduce debts.

The Group monitors its capital on the basis of the gearing ratio of borrowings over total equity. This ratio is calculated as borrowings divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratio at the balance sheet date is as follows:

	2008	2007
Borrowings *(note 26 and note 27)*	**3,783,510**	5,000,000
Total equity	**596,685,206**	5,344,638
Gearing ratio	**1%**	94%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

7. TURNOVER

Turnover represents the net amounts received and receivables from (i) services provided to customers; (ii) goods sold to customers and (iii) rental income and is analysed as follows:

	2008	2007
	HK$	*HK$*
Business consultancy services income	**834,500**	923,000
Funeral services income	**3,733,742**	690,189
Computer software solution and service	**39,587,546**	–
Rental income	**180,000**	30,000
	44,335,788	1,643,189

8. SEGMENTS INFORMATION

Segment information is presented by way in two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Business segments

The Group's operating business are structured and managed separately, according to the nature of their operations and services they provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risk and returns that are different from those of the other business segments.

For management purposes, the Group is currently organised into three business segments – business consultancy, computer software solution and service and funeral services.

Principal activities are as follows:

Business consultancy	– providing services to assist clients on various business or management issues
Computer software solution and service	– provision of computer hardware and software services
Funeral services	– providing services to assist clients on various funeral customer and activities.

Segment information about these businesses is as follows.

8. SEGMENTS INFORMATION (Continued)

Business segments (Continued)

Income statement
For the year ended 31 March 2008

	Business consultancy HK$	Computer software solution and service HK$	Funeral services HK$	Others HK$	Consolidated HK$
Turnover					
External sales	834,500	39,587,546	3,733,742	180,000	44,335,788
Result					
Segment result	(3,115,320)	26,018,492	(2,204,927)	(523,713)	20,174,532
Interest income					146,247
Unallocated corporate income					173,372
Unallocated corporate expenses					(13,276,126)
Finance costs					(275,380)
Profit before tax					6,942,645
Income tax expense					(4,352,156)
Profit for the year					2,590,489

Balance sheet
At 31 March 2008

	Business consultancy HK$	Computer software solution and service HK$	Funeral services HK$	Others HK$	Consolidated HK$
Assets					
Segment assets	1,305,631	467,073,949	1,241,692	9,611,561	479,232,833
Unallocated corporate assets					131,142,054
Consolidated total assets					610,374,887
Liabilities					
Segment liabilities	416,227	7,196,029	200,436	467,509	8,280,201
Unallocated corporate liabilities					5,409,480
Consolidated total liabilities					13,689,681

8. SEGMENTS INFORMATION (Continued)

Business segments (Continued)

Other segment information

For the year ended 31 March 2008

	Business consultancy HK$	Computer software solution and service HK$	Funeral services HK$	Others HK$	Consolidated HK$
Fair value changes of investment properties	–	–	–	30,000	30,000
Depreciation and amortisation	110,493	52,575	129,654	107,084	399,806
Capital additions	589,172	1,205,346	–	5,190	1,799,708
Impairment of goodwill	–	–	2,332,814	–	2,332,814

Income statement

For the year ended 31 March 2007

	Business consultancy HK$	Funeral services HK$	Others HK$	Consolidated HK$
Turnover				
External sales	923,000	690,189	30,000	1,643,189
Result				
Segment result	(2,332,172)	(2,570,583)	(340,284)	(5,243,039)
Interest income				53,389
Unallocated corporate income				4,791,853
Unallocated corporate expenses				(6,004,996)
Finance costs				(67,584)
Loss before tax				(6,470,377)
Income tax expense				(41,258)
Loss for the year				(6,511,635)

8. SEGMENTS INFORMATION (Continued)

Business segments (Continued)

Balance sheet

At 31 March 2007

	Business consultancy HK$	Funeral services HK$	Others HK$	Consolidated HK$
Assets				
Segment assets	1,535,335	3,661,256	6,499,163	11,695,754
Unallocated corporate assets				998,184
Consolidated total assets				12,693,938
Liabilities				
Segment liabilities	(338,922)	(455,530)	(323,853)	(1,118,305)
Unallocated corporate liabilities				(6,230,995)
Consolidated total liabilities				(7,349,300)

Other segment information

For the year ended 31 March 2007

	Business consultancy HK$	Funeral services HK$	Others HK$	Consolidated HK$
Capital additions	96,177	1,380	–	97,557
Depreciation	232,303	129,662	106,998	468,963

Geographical segments

The Group's operations are principally located in Hong Kong. All identifiable assets of the Group are located in Hong Kong. Accordingly, no geographical segment is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

9. OTHER OPERATING INCOME

	2008	2007
	HK$	*HK$*
Other operating income included the followings:		
Interest income	**146,247**	53,389
Waive of amount due to an ex-director	**185,000**	4,792,737

10. FINANCE COSTS

	2008	2007
	HK$	*HK$*
Interests on:		
Other borrowings wholly repayable within five years	**125,000**	63,973
Bank borrowings not wholly repayable within five years	**141,352**	–
Finance leases	**9,028**	3,611
	275,380	67,584

11. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	2008 HK$	2007 HK$
Staff costs:		
Directors' emoluments *(note 12)*	**5,699,353**	2,291,889
Salaries and other benefits	**6,064,134**	1,351,069
Share-based payment expenses	**712,509**	–
Retirement benefit scheme contributions excluding directors	**333,067**	61,434
Total employee benefits expense including those of directors	**12,809,063**	3,704,392
Depreciation on property, plant and equipment		
– owned assets	**315,013**	387,424
– financial leases assets	**84,793**	81,539
Loss on disposal of property, plant and equipment	**547,439**	–
Auditors' remuneration	**330,000**	319,000
Share-based payment expenses *(note 29(b))*	**5,757,471**	3,272,393
Impairment of goodwill	**2,332,814**	2,332,815

and after crediting:

	2008 HK$	2007 HK$
Gross rental income from investment properties	**180,000**	30,000
Less: Direct operating expenses from investment properties that generated rental income during the year	**(14,242)**	(2,246)
Direct operating expenses from investment properties that did not generate rental income during the year	**–**	–
	165,758	27,754

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The aggregate amount of emoluments paid or payable to the directors of the Company during the year was HK$5,699,353 (2007: HK$2,291,889).

The emoluments paid or payable to each director for the year ended 31 March 2008 and 2007 are as follows:

Name of director	Directors' fees		Salaries and other benefits		Retirement benefits scheme contributions		Share options granted		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Executive director										
Mr. Liu Ka Lim#	-	-	-	160,000	-	1,000	-	-	-	161,000
Mr. Kan Siu Lun#	-	-	-	60,000	-	1,000	-	-	-	61,000
Mr. Sun Wai Tat, Victor#	-	-	-	69,682	-	3,318	-	-	-	73,000
Ms. Lam So Ying#	-	-	-	180,000	-	5,000	-	-	-	185,000
Ms. Sy Wai Shuen#	-	-	-	100,000	-	-	-	-	-	100,000
Mr. Chui Bing Sun##	-	-	**3,799,291**	510,000	**12,000**	8,000	-	-	**3,811,291**	518,000
Mr. Lee Chi Shing, Caesar##	-	-	**922,968**	539,031	**12,000**	8,847	**265,851**	351,819	**1,200,819**	899,697
Mr. Chau Cheok Wa###	-	-	-	-	-	-	-	-	-	-
	-	-	**4,722,259**	1,618,713	**24,000**	27,165	**265,851**	351,819	**5,012,110**	1,997,697
Independent non-executive directors										
Mr. Shum Kai Wing#	-	22,258	-	-	-	-	-	-	-	22,258
Mr. Wong Yuk Man, Edmand#	-	22,258	-	-	-	-	-	-	-	22,258
Mr. Chow Cheuk Lap#	-	22,258	-	-	-	-	-	-	-	22,258
Mr. Siu Hi Lam, Alick##	**120,000**	75,806	-	-	-	-	**109,081**	-	**229,081**	75,806
Mr. Kwok Kwan Hung##	**120,000**	75,806	-	-	-	-	**109,081**	-	**229,081**	75,806
Mr. Chien Hoe Yong##	**120,000**	75,806	-	-	-	-	**109,081**	-	**229,081**	75,806
	360,000	294,192	-	-	-	-	**327,243**	-	**687,243**	294,192
	360,000	294,192	**4,722,259**	1,618,713	**24,000**	27,165	**593,094**	351,819	**5,699,353**	2,291,889

resigned on 14 August 2006

appointed on 14 August 2006

appointed on 4 February 2008

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2007: three) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining one (2007: two) individuals are as follows:

	2008	2007
	HK$	*HK$*
Salaries and other benefits	**640,000**	412,366
Retirement benefit scheme contributions	**7,000**	14,775
Share options granted	**576,672**	27,819
	1,223,672	454,960

The emoluments of each individual other than the directors of the Company were within the emolument band of more than HK$1,000,000 but less than HK$1,500,000 (2007: all are less than HK$1,000,000).

During the year ended 31 March 2008 and 2007, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group. No directors waived any emoluments during the year ended 31 March 2008 and 2007.

13. INCOME TAX EXPENSE

	2008	2007
	HK$	*HK$*
The income tax expense comprises of:		
Current tax – Hong Kong	**4,346,906**	41,258
Deferred tax *(note 31)*	**5,250**	–
	4,352,156	41,258

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profits for the both years in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

13. INCOME TAX EXPENSE (Continued)

The tax expense can be reconciled to the profit/(loss) before tax per the consolidated income statement as follows:

	2008		2007	
	HK$	*%*	*HK$*	*%*
Profit/(loss) before tax	**6,942,645**		(6,470,377)	
Tax at the Hong Kong Profits Tax rate of 17.5%	**1,214,963**	**17.5**	(1,132,316)	(17.5)
Tax effect of income not taxable for tax purpose	**(609,936)**	**(8.8)**	(878,085)	(13.6)
Tax effect of expenses not deductible for tax purposes	**2,054,872**	**29.6**	532,248	8.2
Tax effect of utilisation of tax loss previously not recognised	**(26,716)**	**(0.4)**	–	–
Tax effect of tax losses not recognised	**1,718,973**	**24.8**	1,519,411	23.5
Income tax expense	**4,352,156**	**62.7**	41,258	0.6

Details of deferred taxation are set out in note 31.

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2008, nor has any dividend been proposed since the balance sheet date (2007: nil)

15. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to equity holders of the Company of HK$2,386,359 (2007: a loss of HK$6,511,635) and the weighted average number of ordinary shares of 1,047,847,927 (2007: 894,041,096) in issue during the year.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The computation of diluted loss per share does not consider the potential ordinary shares as the effect of the potential ordinary shares is antidilutive.

15. EARNINGS/(LOSS) PER SHARE (Continued)

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

Earnings:

	2008	2007
	HK$	*HK$*
Profit/(loss) attributable to equity holders of the Company	**2,386,359**	(6,511,635)

Number of shares

	2008	2007
Weighted average number of ordinary shares in issue	**1,047,847,927**	894,041,096
Adjustment for assumed exercise of share options	**21,559,477**	–
	1,069,407,404	894,041,096

16. INVESTMENT PROPERTIES

	HK$
At 1 April 2006	–
Acquisition of subsidiaries	2,600,000
At 31 March 2007 and 1 April 2007	2,600,000
Transferred from property, plant and equipment	4,930,000
Increase in fair value	30,000
At 31 March 2008	**7,560,000**

The carrying values of investment properties shown above represents properties located in Hong Kong which held under long leases. The investment properties with a fair value of HK$7,560,000 at 31 March 2008 have been pledged to secure bank borrowings (note 27).

The fair values of the Group's investment properties at 31 March 2008 has been arrived at on the basis of a valuation carried out on the date by Asset Appraisal Limited, independent qualified professional surveyors not connected with the Group. Asset Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

17. GOODWILL

	HK$
Cost	
At 1 April 2006	–
Additions arising from acquisition of subsidiaries	4,665,629
At 31 March 2007 and 1 April 2007	4,665,629
Additions arising from acquisition of subsidiaries	426,465,393
At 31 March 2008	431,131,022
Impairment	
At 1 April 2006	–
Impairment loss recognised	2,332,815
At 31 March 2007 and 1 April 2007	2,332,815
Impairment loss recognised	2,332,814
At 31 March 2008	4,665,629
At 31 March 2008	**426,465,393**
At 31 March 2007	2,332,814

On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King Investments Limited (note 34) with an aggregate consideration of approximately HK$429,878,000 and goodwill of approximately HK$426,465,000 was recognised.

During the year ended 31 March 2008, an impairment of goodwill of HK$2,332,814 was recognised for the funeral services segment since the directors of the Company consider that the recoverability of such goodwill is not feasible. The main factor contributing to the impairment of the goodwill attributable to the funeral services segment is that the actual cash flow generated from that segment was lower than expected.

17. GOODWILL (Continued)

Impairment testing on goodwill

The carrying amount of goodwill (net of accumulated impairment losses) at 31 March 2008 is attributable to the respective cash-generating units as follows:

	2008	2007
	HK$	*HK$*
Computer software solution and service	**426,465,393**	–
Funeral services	**–**	2,332,814
	426,465,393	2,332,814

The recoverable amount of the goodwill allocated to computer software solution and service segment is assessed by reference to value-in-use model which based on a five years cash flow projection approved by the directors of the Company. A discount rate of 15% per annum was applied in the value-in-use model when assessing the recoverability of the goodwill.

There are a number of assumptions and estimates involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is pre-tax and reflect specific risks relating to the industry.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings held for own use carried at cost HK$	Computer equipment HK$	Office equipment HK$	Furniture and fixtures HK$	Motor vehicle HK$	Leasehold improvement HK$	Total HK$
Cost:							
At 1 April 2006	–	175,477	142,950	676,653	–	–	995,080
Acquisition of subsidiaries	3,800,000	–	24,088	72,436	384,920	887,417	5,168,861
Additions	–	55,151	41,026	1,380	–	–	97,557
At 31 March 2007	3,800,000	230,628	208,064	750,469	384,920	887,417	6,261,498
Acquisition of subsidiaries	–	193,065	73,144	–	–	133,088	399,297
Transferr to investment properties	(3,800,000)	–	–	–	–	–	(3,800,000)
Additions	–	379,530	103,413	81,645	305,900	929,220	1,799,708
Disposal	–	(175,478)	(158,433)	(687,378)	–	(309,108)	(1,330,397)
At 31 March 2008	–	627,745	226,188	144,736	690,820	1,640,617	3,330,106
Accumulated depreciation:							
At 1 April 2006	-	104,957	59,235	298,748	–	–	462,940
Acquisition of subsidiaries	–	–	4,818	12,684	76,984	57,097	151,583
Charge for the year	95,000	63,595	38,193	150,095	76,984	45,096	468,963
At 31 March 2007	95,000	168,552	102,246	461,527	153,968	102,193	1,083,486
Acquisition of subsidiaries	–	43,440	10,971	–	–	3,993	58,404
Elimination upon transfer to investment properties	(190,000)	–	–	–	–	–	(190,000)
Charge for the year	95,000	62,580	29,436	39,815	107,573	65,402	399,806
Disposal	–	(168,654)	(93,252)	(429,332)	–	(11,745)	(702,983)
At 31 March 2008	–	105,918	49,401	72,010	261,541	159,843	648,713
Net book value:							
At 31 March 2008	**-**	**521,827**	**176,787**	**72,726**	**429,279**	**1,480,774**	**2,681,393**
At 31 March 2007	3,705,000	62,076	105,818	288,942	230,952	785,224	5,178,012

At 31 March 2008, property, plant and equipment of the Group with net book value of HK$26,682 were held under finance leases (2007: HK$265,000)

During the year, the land and buildings held for own use were transferred from property, plant and equipment to investment properties. The fair value of the land and buildings at the date of transfer of HK$4,930,000 was determined by reference to a valuation carried out by Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. The difference between the aggregate fair values of such land and buildings and their net book value amounted to HK$1,320,000 was recognised directly in equity at a revaluation of property, plant and equipment.

19. INTEREST IN SUBSIDIARIES

The Company

Details of the Company's subsidiaries at 31 March 2008 are as follows:

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly %	Indirectly %	Principal activities
Galileo Asset Management Limited	Hong Kong	Limited company	HK$10,000	–	100	Inactive
Galileo Capital Limited	Hong Kong	Limited company	HK$15,500,000	–	100	Provision of business information, business brokerage and financial advisory services in Hong Kong
Golden Harvest Trading Limited	Hong Kong	Limited company	HK$2	–	100	Provision of administrative services for the Group in Hong Kong
Galileo Capital Group (BVI) Limited	British Virgin Islands	Limited company	US$10,000	100	–	Investment holding in Hong Kong
Galileo Funeral Services Limited (Formerly known as Galileo Financial Services Limited)	Hong Kong	Limited company	HK$10,000	–	100	Inactive
Wealth Supply International Limited	British Virgin Islands	Limited company	US$1	–	100	Inactive
Grand Sea Limited	Hong Kong	Limited company	HK$3	–	100	Properties holding
Cheung Shing Funeral Limited	Hong Kong	Limited company	HK$17	–	100	Provision of funeral services
Cheung Shing Funeral Services Limited	British Virgin Islands	Limited company	US$1	–	100	Inactive
Loyal King Investments Limited	British Virgin Islands	Limited company	US$50,000	–	100	Investment holding in Hong Kong
Alliance Computer Services Limited	Hong Kong	Limited Company	HK$200,000	–	97	Provision of computer software solution and services
Alliance Computer Systems Limited	Hong Kong	Limited Company	HK$10,000	–	60	Provision of computer software solution and services

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.

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20. INVENTORIES

	2008 HK$	2007 HK$
Finished goods, at cost	60,650	95,030

All the inventories as at the balance sheet dates are carried at cost.

21. TRADE RECEIVABLES

The following is an aged analysis of trade receivables at the balance sheet date:

	2008 HK$	2007 HK$
Within 30 days	16,160,494	96,355
31 – 60 days	4,068,394	–
61 – 90 days	653,029	–
Over 90 days	2,384,686	–
	23,266,603	96,355

The average credit period on the trade receivables is 30 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar. The age of trade receivables which are past due but not impaired are as follows:

	2008 HK$	2007 HK$
31 – 60 days	4,068,394	–
61 – 90 days	653,029	–
Over 90 days	2,384,686	–
	7,106,109	–

The directors of the Company consider that no provision for impairment shall be made to trade receivables that are past due as the credit quality of the debtors are sound. The directors of the Company consider that the carrying amounts of the Group's trade receivables at 31 March 2008 approximate to their fair values.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2008 HK$	2007 HK$
Deposits	**45,361,063**	385,566
Prepayments	**66,114**	204,465
Other receivables	**249,863**	12
	45,677,040	590,043

The directors of the Company consider that the carrying amounts of the Group's prepayments, deposits and other receivables at 31 March 2008 approximate to their fair values.

23. ACCRUALS AND OTHER PAYABLES

	2008 HK$	2007 HK$
Accruals	**3,183,231**	1,333,202
Other payables	**653,760**	69,211
	3,836,991	1,402,413

The directors of the Company consider that the carrying amounts of the Group's accruals and other payables at 31 March 2008 approximate to their fair values.

24. AMOUNT DUE TO A DIRECTOR

The Group and the Company

The amount due is unsecured, non-interest bearing and repayable on demand.

The directors of the Company consider that the carrying amount of amount due to a director at 31 March 2008 approximates to the fair value.

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For the year ended 31 March 2008

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payment	
	2008	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*
Amounts payable under finance leases:				
Within one year	**9,840**	94,615	**7,809**	85,587
In the second to fifth year inclusive	**20,498**	30,340	**16,269**	24,079
	30,338	124,955	**24,078**	109,666
Less: Future finance charges	**(6,260)**	(15,289)	**–**	–
Present value of lease obligations	**24,078**	109,666	**24,078**	109,666
Less: Amount due within one year shown under current liabilities			**(7,809)**	(85,587)
Amount due after one year			**16,269**	24,079

It is the Group's policy to lease certain of its fixed assets under finance leases. The average lease term is one year. For the year ended 31 March 2008, the average effective interest rate was 5.2% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

26. OTHER BORROWINGS

The Group and the Company

The amount due was unsecured and carried interest at 6% per annum. The other borrowing borrowed from an independent third party was for working capital purpose. At 31 March 2008, the entire other borrowing has been settled.

27. BANK BORROWINGS

	2008	2007
	HK$	*HK$*
Secured bank loans repayable within a period of:		
Less than one year	**303,304**	–
More than one year but within two years	**309,841**	–
More than two years but within five years	**970,170**	–
More than five years	**2,200,195**	–
	3,783,510	–
Less: Amount due within one year	**(303,304)**	–
Amount due after one year	**3,480,206**	–

The secured bank loans are denominated in Hong Kong dollars and carry interest at a rate of HIBOR+0.65% per annum.

The directors of the Company consider that the carrying amounts of the Group's bank borrowings at 31 March 2008 approximates to the fair values.

28. SHARE CAPITAL

	Number of ordinary shares	**Amount**
		HK$
Ordinary shares of HK$0.02 each		
Authorised:		
At 31 March 2008 and 2007	6,000,000,000	120,000,000
Issued and fully paid:		
At 1 April 2006	800,000,000	16,000,000
Issuance of shares *(note a)*	160,000,000	3,200,000
Effect of exercise of share options *(note b)*	5,000,000	100,000
At 31 March 2007 and 1 April 2007	965,000,000	19,300,000
Issue of shares for acquisition of subsidiaries *(note c)*	280,000,000	5,600,000
Issuance of shares *(note d)*	274,700,000	5,494,000
Effect of exercise of share options	46,250,000	925,000
At 31 March 2008	1,565,950,000	31,319,000

28. SHARE CAPITAL (Continued)

The movements in the ordinary share capital during the year ended 31 March 2008 are as follows:

Note a: Upon the completion of placing of new shares under general mandate on 30 August 2006, the Company issued and allotted 160,000,000 shares of ordinary share of the Company ("Placing Shares") at a price of HK$0.07 per share. The gross proceeds from placing new shares before issue expenses amounted to HK$11,200,000.

All new shares issued ranked pari passu in all respects with existing ordinary shares of the Company.

Note b: On 19 March 2007, 5,000,000 share options were exercised and transferred into shares in the share capital of the Company at an exercise price of HK$0.3 per share. The gross proceeds from exercising the share options amounted to HK$1,500,000.

All new shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

Note c: On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King for an aggregate consideration of HK$429,878,000, of which, 280,000,000 ordinary shares of the Company with par value of HK$0.02 each were issued as part of the consideration for the acquisition. The fair value of the ordinary shares of the Company, determined using the published price available of the date of acquisition, amounted to HK$389,200,000.

All new shares issued ranked pari passu in all respects with existing ordinary shares of the Company.

Note d: During the year ended 31 March 2008, the Company has issued and allotted 274,700,000 ordinary shares through two placements.

Pursuant to a placing agreement dated 15 October 2007, the Company issued 80,000,000 ordinary shares at a price of HK$1.58 per share on 14 November 2007. The proceeds are used for general working capital of the Company and/or possible future investments in a prestigious and leisure resort to be established in Cagayan Valley in the Philippines as referred to in the Company's announcement dated 16 October 2007.

Pursuant to a placing agreement dated 20 August 2007, the Company issued 194,700,000 ordinary shares at a price of HK$0.275 per share on 30 August 2007. The proceeds are used for general working capital of the Company.

All new shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

29. SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 (the "Pre-IPO Share Option Scheme") and another was adopted on 5 December 2006 (the "New Scheme").

(a) Pre-IPO Share Option Scheme

On 29 November 2000, the Company adopted a share option scheme which was valid and effective for a period not exceeding ten years commencing from 29 November 2000.

Under the Pre-IPO Share Option Scheme, the eligible participants (including any employee and executive director of the Company or any of its subsidiaries, who has full time employment with the Company or any such subsidiary at the time) may be granted an option to subscribe for shares of the Company.

The maximum number of shares in respect of which share options may be granted under the Scheme may not exceed, in nominal amount, 30% of the issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Scheme.

The offer of a grant of share options may be accepted within 21 days inclusive of, and from the date of the offer. The exercise period of the share options granted is determined by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the respective date when the share options are granted, subject to the provisions for any terminations thereof.

In respect of the share options to be granted after the listing of the Company's shares on the GME of the Stock Exchange, the subscription price will be a price determined by the directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of grant of the particular option or the average of the closing prices of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the particular option or the nominal value of a share.

In respect of the share options granted prior to the listing of the Company's shares on the GME of the Stock Exchange (the 'Pre-IPO Share Options"), the subscription price of the Pre-ISO Share Options should not be less than the nominal value of a share.

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For the year ended 31 March 2008

29. SHARE OPTION SCHEME (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no outstanding share option as at 31 March 2008.

The Directors consider that the Pre-IPO Share Options Scheme does not comply with certain supplementary guidance published by the Stock Exchange concerning Rule 23.03(13) of the GME Listing Rules and the note immediately followed the rule. No further share options will be granted under the Pre-IPO Share Options Plan.

(b) New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

29. SHARE OPTION SCHEME (Continued)

(b) New Scheme (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2008, the number of shares issuable under share options granted under the Share Option Plan was 85,050,000, which represented approximately 5.4% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

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For the year ended 31 March 2008

29. SHARE OPTION SCHEME (Continued)

(b) New Scheme (Continued)

The following share options were outstanding under the Option Scheme during the year:

Name of category of participant	Number of share options: Outstanding as at 1 April 2006	Granted during the year	Exercised during the year	Outstanding as at 31 March 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2008	Exercisable as at 31 March 2008	Date of grant	Exercise period	Exercise price HK$
Director												
Mr. Lee Chi Shing, Caesar	–	2,500,000	–	2,500,000	–	(2,500,000)	–	–	–	19-12-2006	19-12-2007 to 18-12-2016	0.418
	–	1,000,000	–	1,000,000	–	(1,000,000)	–	–	–	23-02-2007	23-02-2008 to 22-02-2017	0.300
Mr. Siu Hi Lam, Alick	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	(500,000)	–	–	–	26-03-2007	26-03-2008 to 25-03-2017	0.330
Mr. Kwok Kwan Hung	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	–	–	500,000	500,000	26-03-2007	26-03-2008 to 25-03-2017	0.330
Mr. Chien Hoe Yong	–	–	–	–	250,000	–	–	250,000	250,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	500,000	–	500,000	–	–	–	500,000	500,000	26-03-2007	26-03-2008 to 25-03-2017	0.330
Consultants												
In aggregate	–	74,000,000	(5,000,000)	69,000,000	–	(28,700,000)	(40,300,000)	–	–	23-02-2007	23-2-2007 to 22-02-2008	0.300
	–	–	–	–	38,400,000	(3,500,000)	–	34,900,000	34,900,000	13-08-2007	13-08-2007 to 12-08-2017	0.380
	–	–	–	–	28,800,000	–	–	28,800,000	28,800,000	17-08-2007	17-08-2007 to 16-08-2017	0.360
	–	–	–	–	19,200,000	–	–	19,200,000	19,200,000	21-08-2007	21-08-2007 to 20-08-2017	0.345
Other employees												
In aggregate	–	250,000	–	250,000	–	(250,000)	–	–	–	19-12-2006	19-12-2006 to 18-12-2016	0.418
	–	–	–	–	9,800,000	(9,800,000)	–	–	–	21-08-2007	21-08-2007 to 20-08-2017	0.345
	–	–	–	–	400,000	–	–	400,000	400,000	01-11-2007	01-11-2007 to 31-10-2017	1.470
	–	79,250,000	(5,000,000)	74,250,000	97,350,000	(46,250,000)	(40,300,000)	85,050,000	85,050,000			

29. SHARE OPTION SCHEME (Continued)

(b) New Scheme (Continued)

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) The number of share options and exercised price had been adjusted following the completion of open offer. These fair values of the share options granted during the years were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

Date of grant:	19 December 2006	23 February 2007	23 February 2007	23 February 2007	26 March 2007	13 August 2007	17 August 2007	21 August 2007	1 November 2007
No. of share options:	2,750,000	1,000,000	7,400,000	66,600,000	1,500,000	38,400,000	28,800,000	29,000,000	1,150,000
Option value:	0.111277	0.073625	0.0378382	0.0435221	0.088343	0.06634	0.02608	0.06007	0.2596365
Stock price as at the date of grant (in HK dollar)	0.408	0.280	0.280	0.280	0.320	0.375	0.280	0.340	1.470
Exercise price (in HK dollar)	0.418	0.300	0.300	0.300	0.330	0.380	0.360	0.345	1.470
Expected volatility	70%	70%	70%	70%	70%	61.97%	62.15%	62.15%	61.72%
Expected life (year)	1	1	0.25	0.33	1	0.5	0.5	0.5	0.5
Risk-free rate*	3.57%	4.04%	3.51%	3.69%	3.74%	3.96%	3.97%	3.88%	2.22%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%

* Risk free rate was interpolated from the yields to maturity of respective Hong Kong Exchange Fund Note with respective terms as at the date of grant.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$5,757,471 for the year ended 31 March 2008 (2007: HK$3,272,393) in relation to share options granted by the Company.

At 31 March 2008, the Company had 85,050,000 share options (2007: 74,250,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 85,050,000 additional ordinary shares of HK$0.02 each of the Company and additional share capital of HK$1,701,000 (2007: HK$1,485,000) and cash proceeds to the Company of HK$32,274,500 (2007: HK$22,644,500) (before share issue expenses).

30. RESERVES OF THE COMPANY

	Share premium HK$	Contributed surplus HK$	Share options reserve HK$	Accumulated losses HK$	Total HK$
The Company					
At 1 April 2006	8,095,956	367,874	–	(29,252,230)	(20,788,400)
Placement of new shares	8,000,000	–	–	–	8,000,000
Transaction costs attributable to placement of new shares	(405,120)	–	–	–	(405,120)
Recognition of equity-settled share-based payment	–	–	3,558,215	(285,822)	3,272,393
Exercise of share options	1,400,000	–	(285,822)	285,822	1,400,000
Loss for the year	–	–	–	(1,380,580)	(1,380,580)
At 31 March 2007 and 1 April 2007	17,090,836	367,874	3,272,393	(30,632,810)	(9,901,707)
Issue of shares for acquisition of subsidiaries	383,600,000	–	–	–	383,600,000
Placement of new shares	174,448,500	–	–	–	174,448,500
Transaction costs attributable to placement of new shares	(4,675,350)	–	–	–	(4,675,350)
Recognition of equity-settled share-based payment	–	–	5,757,471	–	5,757,471
Forfeiture of lapsed shares under share option scheme	–	–	(1,731,036)	1,731,036	–
Exercise of share options	16,702,697	–	(2,692,197)	–	14,010,500
Loss for the year	–	–	–	(512,341,259)	(512,341,259)
At 31 March 2008	**587,166,683**	**367,874**	**4,606,631**	**(541,243,033)**	**50,898,155**

Note: The contributed surplus of the Company represents the difference between the consolidated net assets of the acquired subsidiaries over the nominal value of the share capital of the Company issued in exchange therefore.

31. DEFERRED TAX

The following are the major deferred tax assets/liabilities recognised by the Group, and the movements thereon.

	Revaluation of properties	Accelerated tax depreciation	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*
At 1 April 2006	–	(84,486)	84,486	–
(Charge)/credit to the consolidated income statement for the year	–	(164,098)	164,098	–
At 31 March 2007	–	(248,584)	248,584	–
Charge to the equity during the year	(231,000)	–	–	(231,000)
(Charge)/credit to the consolidated income statement for the year	(5,250)	19,881	(19,881)	(5,250)
At 31 March 2008	**(236,250)**	**(228,703)**	**228,703**	**(236,250)**

The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2008	2007
	HK$	*HK$*
Deferred tax assets	**228,703**	248,584
Deferred tax liabilities	**(464,953)**	(248,584)
	(236,250)	–

At 31 March 2008, the Group had unused tax losses of approximately HK$31,562,000 (2007: HK$22,872,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$1,307,000 (2007: HK$1,420,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$30,255,000 (2007: HK$21,452,000) due to the unpredictability of future profits streams. All losses may be carried forward indefinitely subject to the approvals of Inland Revenue Department in Hong Kong.

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For the year ended 31 March 2008

32. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

Save as disclosed elsewhere to the consolidated financial statements, during the year ended 31 March 2008, the Group had entered into the following significant related party transactions:

Compensation of key management personnel

The remunerations of directors and other members of key executives are as follows:

	2008	2007
	HK$	*HK$*
Short-term benefits	**5,722,259**	1,049,031
Retirement benefit scheme contributions	**31,000**	27,165
Share options granted	**1,169,766**	1,455,834
	6,923,025	2,532,030

The remunerations of directors and members of key executives are determined, in consultation with the Remuneration Committee, by the directors having regard to the performance of individuals and markets trends.

(b) Balance

Details of balances with related parties at the balance sheet date are set out in note 24.

33. OPERATING LEASE ARRANGEMENTS

The Group had of approximately HK$560,000 (2007: HK$650,000) and HK$ Nil (2007: HK$46,000) minimum lease payments under operating lease during the year in respect of office premises and motor vehicles respectively.

The Group as lessee

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

	2008	2007
	HK$	*HK$*
Within one year	**1,200,000**	230,626
In the second to fifth year inclusive	**850,000**	461,252
	2,050,000	691,878

Operating lease payments represent rentals paid or payable by the Group for its office premises. Leases and rentals are negotiated for an average term of three years.

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008	2007
	HK$	*HK$*
Within one year	**264,000**	180,000

Leases are negotiated for an average term of two years and rentals are fixed throughout the lease period.

34. ACQUISITION OF SUBSIDIARIES

On 19 December 2007, the Group acquired 100% of the issued share capital of Loyal King for an aggregate consideration of approximately HK$429,878,000. The fair value of the identifiable assets and liabilities of Loyal King and its subsidiaries ("Loyal King Group") as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition are as follows:

	Carrying amounts prior to the acquisition	Fair value adjustments	Fair values
	HK$	*HK$*	*HK$*
Property, plant and equipment	340,893	–	340,893
Inventories	47,000	–	47,000
Trade and other receivables	4,147,645	–	4,147,645
Bank balances and cash	4,212,331	–	4,212,331
Deposits	92,600	–	92,600
Trade and other payables	(1,405,929)	–	(1,405,929)
Tax payable	(1,520,975)	–	(1,520,975)
Minority interests	(2,500,958)	–	(2,500,958)
Net assets acquired	3,412,607	–	3,412,607
Goodwill			426,465,393
Total consideration			429,878,000
Satisfied by			
Cash consideration			40,000,000
Expenses incurred for the acquisition			678,000
Issue of shares at fair value *(note)*			389,200,000
			429,878,000
Net cash outflow in respect of the acquisition of Loyal King Group:			
Cash consideration paid			40,000,000
Expenses paid for the acquisition			678,000
Bank balances and cash acquired			(4,212,331)
			36,465,669

Note: As part of the consideration for the acquisition of Loyal King Group, 280,000,000 ordinary shares of the Company with par value of HK$0.02 each were issued. The fair value of the ordinary shares of the Company, determined using the published price available at the date of acquisition of HK$1.39 per shares, amounted to HK$389,200,000.

34. ACQUISITION OF SUBSIDIARIES (Continued)

During the year ended 31 March 2008, Loyal King Group contributed approximately HK$19,838,000 to the Group's profit for the year.

Goodwill arose in the acquisition because the cost of the acquisition included control premium paid for the acquisition. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

If the above acquisition had been completed on 1 April 2007, total restated group turnover for the year 2008 would have been approximately HK$70,628,000 and restated profit for the year 2008 would have been approximately HK$7,857,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue an results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

35. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all its qualifying employees. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,000 for each of its employees to the Scheme per month, which contribution is matched by employees.

36. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$ Nil (2007: HK$39,047).

37. POST BALANCE SHEET EVENT

On 26 November 2007 and 11 December 2007, the Company enter into the formal acquisition agreement and the supplemental agreement with individual third parties to acquire the entire issued share capital of Superb Kings Limited ("Superb Kings") with an aggregated consideration of HK$205,000,000, Superb Kings is principally engaged in the utilisation of the land in Cagayan Valley of the Philippines for the development of the Prestigious and Leisure Resort. Up to the date of approval of this report, the acquisition still not completed and the detail of the transaction was disclosed in the Company's announcement dated 22 December 2007.

The board of directors of the Company proposes to change the name of "Galileo Holdings Limited 嘉利福控股有限公司" to "Sun International Group Limited 太陽國際集團有限公司". Details are set out on the Company's announcement dated 21 December 2007.

38. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 15 May 2008.

FIVE YEAR FINANCIAL SUMMARY

Summary of the results, assets and liabilities of the Group is as follows:

	For the year ended 31 March				
	2008	2007	2006	2005	2004
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Results					
Turnover	**44,335,788**	1,643,189	2,357,000	916,054	4,339,022
Profit/(loss) before tax	**6,942,645**	(6,470,377)	(1,931,800)	(3,120,815)	(2,382,868)
Taxation	**(4,352,156)**	(41,258)	–	–	–
Profit/(loss) for the year	**2,590,489**	(6,511,635)	(1,931,800)	(3,120,815)	(2,382,868)

	At 31 March				
	2008	2007	2006	2005	2004
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Assets and liabilities					
Total assets	**610,374,887**	12,693,938	1,291,081	1,392,007	3,561,658
Total liabilities	**(13,689,681)**	(7,349,300)	(5,002,081)	(3,171,207)	(2,220,043)
Total assets and liabilities	**596,685,206**	5,344,638	(3,711,000)	(1,779,200)	1,341,615

SUMMARY OF INVESTMENT PROPERTIES

Particulars of the Group's properties, all of which are wholly-owned, at 31 March 2008 are as follows:

Properties held for investment

Property	Term of lease	Purpose	Floor area (Square metre)
Shop N, O and P on G/F, Cheong Lok Mansion 1 H,1J & 1K Baker Street 2F, 2G & 2H Cooke Street 1-11 Lo Lung Hang Street 2-12 Malacca Street and Shops N, O and P on M/F, Cheong Lok Mansion No.1 G Baker Street Kowloon Hong Kong	Long Lease	Shops	1,903