LONG SUCCESS
百齡國際

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code:8017)

ANNUAL REPORT 2007/08

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 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 Exchange. GEM listed companies are not generally required to issue paid announcements in gazetted newspapers. 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.

This report, for which the directors of Long Success International (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company, 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.

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Wong Kam Leong *(Chairman)*
Mr. Hui Siu Lun
Miss. Li Jie Yi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Leung Kar Loon, Stanley

COMPANY SECRETARY

Mr. Yeung Shun Kee

QUALIFIED ACCOUNTANT

Mr. Yeung Shun Kee

COMPLIANCE OFFICER

Mr. Wong Kam Leong

AUTHORISED REPRESENTATIVES

Mr. Wong Kam Leong
Mr. Hui Siu Lun

AUDIT COMMITTEE

Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Leung Kar Loon, Stanley

LEGAL ADVISORS

David Lo & Partners – as to Hong Kong Law
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Central, Hong Kong

Appleby Spurling & Kemple – as to Bermuda Law
5511, The Centre
99 Queen's Road Central
Central, Hong Kong

AUDITORS

GC Alliance Limited
Certified Public Accountants
Suites 2406-7, 24/F., Man Yee Building
68 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE

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Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Shun Tak Centre
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Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Wing Hang Bank Limited
161 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Reid Management Limited
Argyle House, 41A Cedar Avenue
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Ltd
46/F, Hopewell Centre,
183 Queen's Road East, Hong Kong

WEBSITE

http://www.long-success.com

Chairman's Statement

REVIEW

The principal activities of the Group comprise developing related business in the gaming and entertainment sector, money lending services and providing IT consulting services in the Greater China Region.

Here are some financial and business highlights of the Group for the financial year ended 31 March 2008:

- Turnover from the continuing operations and discontinued operation was HK$25.42 million, representing a decrease of 28% when compared to the 2007 figures. For the continuing operations, the gaming and entertainment sector and IT sector recorded 9% and 5% increase in turnover respectively.

- Loss attributable to shareholders was HK$43.71 million compared to a loss of HK$5.99 million in 2007. The Group recorded a higher net loss attributable to the shareholders is mainly due to the impairment of goodwill arising from the acquisition of Right Gateway Limited ("Right Gateway") in December 2006 and the cost associated with equity-settled share options. Disregarding these items, the Group recorded a loss attributable to shareholders of HK$9.45 million.

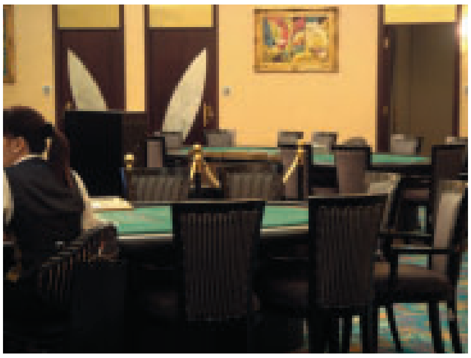
- Basic loss per share from continuing operations and discontinued operation (EPS) was 2.10 HK cent compared to a loss per share of 0.66 HK cent in 2007.

- In February 2008, the Group subscribed for 49,500,000 shares of HK$1 each in Success Finance Limited ("Success Finance"), representing 90% of its total issued share capital at a consideration of HK$49.5 million. Success Finance holds a money lenders license granted under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Success Finance targets to provide money lending services to companies whose business are in the provision of entertainment and marketing services in Asia and gaming services in Macau.

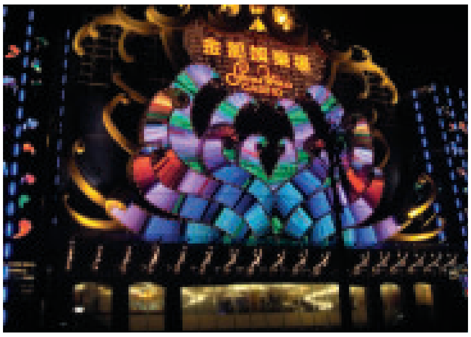
- Besides, the Group will continue to provide marketing, gaming and entertainment services in Macau and IT consulting services in Great China Region which include smartcard system, ERP solutions, etc.

PROSPECTS

During the year under review, the Group completed two fund raising exercises, namely, a rights issue in August 2007 and an open offer in January 2008 ("Open Offer"). Part of the proceeds from the Open Offer was applied for the subscription of 90% shareholding in Success Finance. Success Finance is in operation since February 2008 and since then has been providing money lending services, the management is confident in the future outlook of its line of business.



Chairman's Statement



Our gaming and entertainment businesses in Macau has faced keen competition arising from continuous openings of new casinos which drive down the net win for each VIP gaming table. During the year under review, the management has sought investment opportunities in Macau and other countries, but in vain due to investment risks and political environment. Despite a less optimistic global financial outlook, and barring unforeseen circumstances, the management will keep seeking investment or business opportunities in South East Asia that are beneficial to the shareholders with the aim to boost the Group's gaming revenues.

The unfavorable market conditions in the gaming and entertainment businesses in Macau have forced the management to seek diversification in the Group's business. The investment in money lending business represents the Group's first step in its business diversification. Going forward, the management will continue to explore opportunities for expansion and/or acquisition in order to expand the scope of our businesses and bring higher returns to our shareholders.

OUR APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the shareholders in their continuous support and confidence in the Group. I would like to express our appreciation to the management team and all staff member to their dedicated service and hard work. Please be rest assured that we would try our best to consolidate our foundation and seek new opportunities to reciprocate your continuous support.

Wong Kam Leong
Chairman
Hong Kong, 26 June 2008

Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the core business of the Group comprises (i) sharing of profits of a Macau casino junket representative; (ii) money lending services; (iii) sales of customized software (including ERP and POS solutions) and related computer equipments; and (iv) provision of technical support and maintenance services on the systems implemented.

(A) MAJOR AND CONNECTED TRANSACTION – REVISED CONSIDERATION FOR THE ACQUISITION OF RIGHT GATEWAY

Referring to the announcement dated 21 August 2006 and circular dated 31 October 2006 (the "Circular") in relation to the acquisition of the entire issued share capital of Right Gateway for a total consideration of HK$230,200,000, which constituted a major transaction (the "Acquisition") for the Group under the GEM Listing Rules. Terms used herein shall have the same meanings as defined in the Circular unless defined otherwise.

Right Gateway holds 70% interest in Right Idea Investment Limited ("Right Idea"), a company which has entered into an agreement with Man Pou Gambling Promotion Company Limited ("Man Pou") to acquire 100% of its profit, being approximately 0.4% of the rolling turnover generated by Man Pou and/or its customers at the Jun Ying VIP Club at the Waldo Casino at the Grand Waldo Hotel together with any other performance bonus received (if any) by Man Pou.

The Circular was despatched to the shareholders on 31 October 2006 and the shareholders had approved the Acquisition in the special general meeting held on 16 November 2006.

Referring to the announcement and circular dated 4 June 2007 and 28 June 2007 respectively, a supplemental agreement was entered into between the Company, Mr. Sin Tim Iao, Ms. Chen Anfeng (Mr. Sin and Ms. Cheng, 'the Vendors') and Man Pou on 21 May 2007 to revise the consideration for the Acquisition from HK$230,200,000 to HK$89,877,000 ("Revised Consideration") (of which HK$55,000,000 was already satisfied by the allotment and issue of 50,000,000 ordinary shares of the Company of HK$0.10 each at HK$1.1 each to the Vendors at completion of the Acquisition) due to the disappointing performance of Man Pou for the period from 1 January to 31 March 2007. As (i) the consideration ratio as referred to in the GEM Listing Rules is 25% or more but less than 100%; and (ii) the Vendors are substantial shareholders of Right Idea, an indirect subsidiary of the Company; therefore, the amendment on consideration constituted a major and connected transaction for the Company under the GEM Listing Rules and was approved by the independent shareholders at the special general meeting ("SGM") held on 3 August 2007. Part payment of the Revised Consideration in the sum of HK$30 million has been paid from the net proceeds of the Rights Issue (as defined below in paragraph (B) below). Remaining payment of the Revised Consideration in the sum of HK$4,877,000 has been paid from the net proceeds of the Open Offer (as defined below in paragraph (c)(iii) below).

(B) RIGHTS ISSUE AND BONUS SHARES ISSUE

Referring to the announcement and circular dated 4 June 2007 and 28 June 2007 respectively, the Board proposed a rights issue and a bonus share issue and the shareholders, at the SGM, approved the Company to raise approximately HK$39.4 million before expenses by way of rights issue of one rights share for every share held on 3 August 2007 at a subscription price of HK$0.13 per rights share ("Rights Issue"), and a bonus shares issue of one bonus share for every rights share ("Bonus Share Issue"). The Rights Issue was fully underwritten by Sun Hung Kai International Limited pursuant to the terms and conditions of the underwriting agreement dated 23 May 2007. Details of the Rights Issue and Bonus Shares Issue were set out in the Company's announcement dated 4 June 2007, circular dated 28 June 2007 and prospectus dated 6 August 2007. On 23 August 2007, the Rights Issue became unconditional and was approximately 487% oversubscribed.

(C) CAPITAL REORGANIZATION, BONUS WARRANT ISSUE, OPEN OFFER AND BONUS SHARE ISSUE AND DISCLOSEABLE TRANSACTION

Referring to the announcement and circular dated 7 November 2007 and 28 November 2007 respectively, the Board proposed a capital reorganization, a bonus warrant issue, an open offer, a bonus share issue and a discloseable transaction, and the shareholders, at the special general meeting held on 4 January 2008, approved all the proposals.

(i) Capital reorganization

The nominal value of each of the then issued ordinary share(s) of HK$0.1 each in the capital of the Company ("Former Share(s)") was reduced to HK$0.01 by canceling the paid-up capital to the extent of HK$0.09 per issued Former Share and the credit arising therefrom was transferred to the contributed surplus account of the Company and the shareholders approved the application of such credit against the accumulated losses of the Company. Details of the capital reorganization were given in the Company's announcement and circular dated 7 November 2007 and 28 November 2007 respectively.

(ii) Bonus warrant issue

A bonus warrant issue was made to the shareholders whose names appeared on the register of members of the Company on 24 December 2007 on the basis of two (2) warrants for every ten (10) Former Shares held. The exercise price of the bonus warrant is HK$0.055. Details of the bonus warrant issue were given in the Company's announcement and circular dated 7 November 2007 and 28 November 2007 respectively.

(iii) Open offer and bonus share issue

The Company raised approximately HK$99.9 million before expenses by way of an open offer of 909,909,000 new shares of HK$0.01 each ("Offer Share(s)") at a price of HK$0.11 per Offer Share on the basis of one Offer Share for every Former Share held on 24 December 2007 ("Open Offer"). In conjunction with the Open Offer, the registered holders of fully-paid Offer Shares were issued one bonus share for every Offer Share successfully subscribed by the shareholders. Details of the Open Offer and bonus share issue were given in the Company's announcement, circular and prospectus dated 7 November 2007, 28 November 2007 and 10 January 2008 respectively. On 28 January 2008, the Open Offer became unconditional and was approximately 154.89% oversubscribed.

Management Discussion and Analysis

(iv) Discloseable transaction

On 29 October 2007, Cherry Oasis (Far East) Limited ("Cherry Oasis"), a wholly owned subsidiary of the Company, entered into a subscription agreement with two independent third parties, of which the Company agreed to subscribe for 49,500,000 shares of HK$1 each of Success Finance at a consideration of HK$49.5 million. Completion of the subscription agreement took place on 27 February 2008, Cherry Oasis now holds 90% of the total issued share capital of Success Finance. Success Finance is a company incorporated in Hong Kong with limited liability and holds a money lenders license under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Success Finance targets to provide money lending services to companies whose businesses are in the provision of entertainment and marketing services in Asia and gaming services in Macau. The Company paid the subscription money from the net proceeds of the Open Offer. The subscription for shares of Success Finance constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Details of the discloseable transaction were given in the Company's announcement and circular dated 7 November 2007 and 28 November 2007 respectively.

(D) ISSUE OF CONVERTIBLE NOTES

Referring to the announcement and circular dated 8 April 2008 and 28 April 2008 respectively, the Board proposed to issue convertible notes ("Convertible Notes") in an equivalent face value of HK$10,700,000 as part payment of the consideration for the acquisition ("City Faith Acquisition") of the entire issued share capital and shareholder's loans of City Faith Investments Limited ("City Faith"). The Company entered into the sale and purchase agreement on 28 March 2008 to acquire the entire issued share capital and shareholder's loans of City Faith at an aggregate consideration of HK$24,700,000, which would be satisfied by HK$14,000,000 in cash and HK$10,700,000 by the issue of the Convertible Notes. City Faith is a company incorporated in Hong Kong with limited liability. The principal business of City Faith is investment holding. City Faith holds a flat of a low density residential building in Tai Po and two vehicles. The shareholders, at the special general meeting held on 30 May 2008, voted down the resolution regarding the issue of the Convertible Notes and the issue and allotment of the shares upon conversion thereof and the transactions contemplated thereunder. Given that one of the conditions precedent to the completion of the City Faith Acquisition, being the approval by the shareholders of the Company on the issue of the Convertible Notes and the issue and allotment of the shares upon conversion thereof, cannot be satisfied, the City Faith Acquisition is terminated.

Management Discussion and Analysis

FINANCIAL REVIEW

TURNOVER AND LOSS ATTRIBUTABLE TO SHAREHOLDERS

During the year under review, turnover was approximately HK$25.42 million, recorded a decrease of 28% as compared to last year (2007: HK$35.43 million). The drop in turnover for the year was mainly arisen from the early termination of the marketing agreement for the provision of rolling and settlement services in the Imperator VIP Club at the Galaxy Casino at the Waldo Hotel in Macau on 28 February 2007, in order to reallocate and centralize resources in developing high profit customers in the Jun Ying VIP Club. Loss attributable to shareholders was HK$43.71 million, as compared to a loss of HK$5.99 million in 2007. The Group recorded a higher net loss attributable to the shareholders is mainly due to the impairment of goodwill arising from the acquisition of Right Gateway in December 2006 and the cost associated with equity-settled share options. Disregarding these items, the Group recorded a loss attributable to shareholders of HK$9.45 million.

SEGMENT PERFORMANCE

During the year under review, turnover contributed by gaming and entertainment sector as the primary business segment of the Group was HK$6.28 million (2007: HK$17.46 million), represented a decrease of 64% comparing with last year. The early termination of the marketing agreement caused a drop in turnover of HK$11.70 million from the provision of marketing service for gaming activities in Macau. Turnover contributed by sales of customised software and related computer equipment was HK$15.76 million, increased by 6% (2007: HK$14.92 million). Revenue from the support and maintenance services was HK$3.18 million, increased by 4.% (2007:3.05 million). The contribution of gaming and entertainment sector, money lending sector and IT sector to turnover for the financial year was 25% (2007: 49%); 1% (2007: Nil) and 74% (2007: 51%).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

The Group financed its operations primarily with internally generated cash flow as well as the cash flow generated from Rights Issue and Open Offer during the year. The Group adopted a conservative financial management and treasury policy and will continue to apply such policy in the coming year. All borrowings and the majority of bank balances are denominated in Hong Kong dollars and put in short term deposits.

As at 31 March 2008, the Group has cash and bank balances of approximately HK$19.19 million (2007: HK$1.28 million). The Group's current assets are approximately 11.03 times (2007: 0.34 times) over its current liabilities. For the year under review, the Group was financed by its own working capital and the gearing ratio which represents the total borrowings divided by total assets was 0.03% (2007: 0.19%).

During the year under review, the Group has successfully raised funds from the Rights Issue and the Open Offer in the amount of approximately HK$39.4 million and HK$99.9 million before expenses respectively. Fund raised from the Rights Issue and the Open Offer have been used to settle debts which was the main reason for the rise in current ratio and drop in gearing ratio of the Group for the year ended 31 March 2008. In view of the Group's current liquidity position, the directors expect the Group will have sufficient funds to meet its operational and investment needs in the foreseeable future.

Management Discussion and Analysis

CHARGE OF GROUP'S ASSETS

As at 31 March 2008, none of the Group's assets has been pledged (2007: Nil).

FOREIGN CURRENCY EXPOSURE

The Group continues to adopt a conservative treasury policy with all deposits in Hong Kong dollars, keeping a minimum exposure to foreign exchange risks. As the sales, expenditures, assets and liabilities are mainly denominated in Hong Kong dollars and Renminbi, the Group has not adopted any hedging policy or entered into any derivative products which are considered not necessary for the Group's treasury management activities.

CONTINGENT LIABILITIES

As at 31 March 2008, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 March 2008, the Group has approximately 26 (2007: 44) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive directors for the year under review amounted to approximately HK$17.7 million (2007: HK$16.9 million). Employees in Hong Kong are also entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group is required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards. The remuneration policy and packages of the Group's employees are regularly reviewed by the Board. Apart from provident fund scheme, medical insurance and discretionary bonuses, share options are also awarded to employees according to the assessment of individual performance.

FUTURE PLAN OF CAPITAL INVESTMENTS

Going forward, in addition to the continual improvement of the operating performance of the existing business, the Group will seek business collaborations and investment opportunities for diversification.

PROFILE OF DIRECTORS

Profile of the directors of the Company are set out as follows:

EXECUTIVE DIRECTORS

Mr. Wong Kam Leong, aged 44 is the chairman of the Company. And he has also been the chairman and legal representative of a PRC electric appliance company namely Zhongshan Weili Electronics Appliances Group Limited (中山威力電器集團有限公司). He has over 10 years experience in sales and marketing and property trading and development in the Mainland China. Mr. Wong is responsible for the overall strategic planning, direction and business development of the Company. Mr. Wong is the controlling shareholder of the Company

Mr. Hui Siu Lun, aged 53, has been appointed as an executive Director of the Company with effect from 14 September 2007. Mr. Hui holds a Bachelor of Science degree in Electronic Engineer from University of Southampton and is currently a director of Kirin Technology Limited. He has over 20 years experience in business management and engineering by servicing key management positions in a number of private companies in Hong Kong and the United Kingdom. Mr. Hui is responsible for the investors relationship and business development of the Group.

Ms. Li Jie Yi, aged 41, has been appointed as an executive Director of the Company with effect from 15 November 2007. Ms. Li has vast experience in the gaming industry in Macau, in particular, in relation to the financial control and management of VIP lounges in casinos. Ms. Li is responsible for administrative aspects and business development of the Group. Apart from being a sister-in-law of Mr. Wong Kam Leong, an executive director, Ms. Li does not have any other relationship with any director, senior management, substantial or controlling shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS (“INED”)

Mr. Ng Kwok Chu, Winfield, aged 49, has been appointed as an INED and a member of audit committee and remuneration committee of the Company with effect from 3 January 2006. Mr. Ng is currently the general manager of a local financial institution. Mr. Ng has over 10 years consumer and commercial finance experiences in the markets of Hong Kong and the People’s Republic of China. He is currently an independent non-executive director of Quaypoint Corporation Limited, a company listed on the Main Board of the Stock Exchange, and the executive director of China Metal Resources Holdings Limited, a company listed on the GEM Board of the Stock Exchange.

Mr. Ng Chau Tung, Robert, aged 52, has been appointed as an INED and a member of audit committee and remuneration committee of the Company with effect from 3 January 2006. Mr. Ng holds a Bachelor of Business Administration from The Chinese University of Hong Kong. He is also the member of the Institute of Financial Accountant (U.K.) and the Registered Financial Planner. Mr Ng has over 20 years experience in the banking sector. He was also the chairman of the Hong Kong Equipment Leasing Association, and independent non-executive committee member of the Finance House Association and the Hong Kong Deposit Taking Company Association.

Mr. Leung Kar Loon, Stanley, aged 31, has been appointed as an INED and a member of audit committee and remuneration committee of the Company with effect from 14 September 2007. Mr. Leung holds a Bachelor of Business Administration degree from Simon Fraser University and has a certificate in hospitality management from the University of Hong Kong and a certificate in internet marketing from University of British Columbia, Canada. Mr. Leung has worked in various private companies in China and Canada and has vast experience in business management, sales and marketing.

Report of the Directors

The directors submit their report together with the audited accounts for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 19 to the accounts. An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 24. The directors do not recommend the payment of a dividend for the year ended 31 March 2008 (2007: Nil).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 29 to the accounts and in the consolidated statement of changes in equity on page 27 respectively.

Details of distributable reserves of the Company as at 31 March 2008 are set out in note 29 to the accounts.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the accounts.

SHARE CAPITAL

Details of movements in the share capital are set out in note 27 to the accounts.

PRE-EMPTIVE RIGHTS

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

Referring to the announcement and circular dated 4 June 2007 and 28 June 2007 respectively, the Company proposed the Amendment of the Bye-laws to allow a distribution to shareholders on a non-pro-rata basis, which was approved by the independent shareholders in the special general meeting held on 3 August 2007.

FIVE-YEAR 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 78.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CONNECTED TRANSACTIONS

Details of the Revised Consideration, which constitutes a discloseable and connected transaction of the Company for the year are set out under paragraph (A) of 'Business Review' in the 'Management Discussion and Analysis' section of this annual report. Save as disclosed therein, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of Chapter 20 of the GEM Listing Rules.

Details about other related party transactions undertaken in the normal course of business but not constituting a discloseable connected transaction as defined under the GEM Listing Rules are set out in note 34 to the accounts.

DIRECTORS

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

Executive directors	
Mr. Wong Kam Leong	
Mr. Hui Siu Loon	(Appointed on 14 September 2007)
Ms. Li Jie Yi	(Appointed on 15 November 2007)
Mr. Lai Cho Wai	(Resigned on 29 August 2007)
Mr. Ma Chon	(Resigned on 25 October 2007)
Independent non-executive directors	
Mr. Ng Kwok Chu, Winfield	
Mr. Ng Chau Tung, Robert	
Mr. Leung Kar Loon, Stanley	(Appointed on 14 September 2007)
Mr. Ieong Meng Wa	(Resigned on 29 August 2007)

In accordance with the Bye-Laws of the Company, Mr. Ng Chau Tung, Robert will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

SHARE OPTIONS

A summary of the share option scheme and details of the movements in share options of the Company during the year are set out on pages 67 to 69.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

None of the directors (including those who are proposed for re-election at the forthcoming annual general meeting) has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2008, the following Directors and chief executive of the Company had or were deemed to have interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules:

Long positions in Shares:

Name	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Total	Percentage of Shareholding
Directors					
Wong Kam Leong	Corporate Interest	922,500,000 *(Note 1)*	61,500,000 *(Note 2)*	984,000,000	36.08%
Hui Siu Lun	Personal Interest	–	2,000,000 *(Note 3)*	2,000,000	0.07%
Ng Kwok Chu, Winfield	Personal Interest	–	1,000,000 *(Note 4)*	1,000,000	0.04%
Ng Chau Tung, Robert	Personal Interest	–	1,000,000 *(Note 4)*	1,000,000	0.04%
Leung Kar Loon, Stanley	Personal Interest	–	2,000,000 *(Note 3)*	2,000,000	0.07%

Notes:

1. The 922,500,000 shares in the Company are beneficially owned by and registered in the name of Wide Fine International Limited ("Wide Fine"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong.
2. As at 31 March 2008, Wide Fine held 61,500,000 warrants conferring rights to subscribe for up to HK$3,382,500 in aggregate in cash for 61,500,000 new shares at a subscription price of HK$0.055 per share.
3. As at 31 March 2008, 2,000,000 share options conferring rights to subscribe for 2,000,000 shares.
4. As at 31 March 2008, 1,000,000 share options conferring rights to subscribe for 1,000,000 shares.

Save as disclosed above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable any of the Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, none of the directors and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any right to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the Directors, chief executive or their associates had any interests or short position in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the year ended 31 March 2008.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2008, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Name	Number of ordinary shares held	Number of underlying shares held	Total	Percentage of shareholding
Wide Fine International Limited *(Note 1)*	922,500,000	61,500,000	984,000,000	36.08%
Lai Pak Leng	186,000,000	12,400,000 *(Note 2)*	198,400,000	7.27%
Lai Cho Wai	138,000,000	9,200,000 *(Note 3)*	147,200,000	5.40%

Note 1: Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.

Note 2: As at 31 March 2008, Mr. Lai Pak Leng held 12,400,000 warrants conferring rights to subscribe for up to HK$682,000 in aggregate in cash for 12,400,000 new shares at a subscription price of HK$0.055 per share. Mr. Lai Cho Wai is an ex-director of the Company who resigned on 29 August 2007. He is a connected person under chapter 20 of the GEM Listing Rules but not a connected person under 1.01 of the GEM Listing Rules. For the purpose of calculating public float, the Shares held by Mr. Lai Cho Wai is considered as a public shareholder of the Company. Mr. Lai Pak Leng is the nephew of Mr. Lai Cho Wai and is also considered as a public shareholder of the Company.

Note 3: As at 31 March 2008, Mr. Lai Cho Wai held 9,200,000 warrants conferring rights to subscribe for up to HK$506,000 in aggregate in cash for 9,200,000 new shares at a subscription price of HK$0.055 per share. Mr. Lai Cho Wai is an ex-director of the Company who resigned on 29 August 2007. He is a connected person under chapter 20 of the GEM Listing Rules but not a connected person under 1.01 of the GEM Listing Rules. For the purpose of calculating public float, the Shares held by Mr. Lai Cho Wai is considered as a public shareholder of the Company.

Save as disclosed above, no other person had registered an interest or short position in the shares and underlying shares of the Company that was required to be reported pursuant to section 336 of the SFO as at 31 March 2008.

Report of the Directors

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	51.74%
– five largest suppliers combined	64.37%
Sales	
– the largest customer	14.32%
– five largest customers combined	33.84%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2008, the Directors are not aware of any business or interest of each Director, management shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 17 to 21 of this report.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Leung Kar Loon, Stanley, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2008.

BOARD PRACTICES AND PROCEDURES

Save as disclosed above, throughout the year ended 31 March 2008, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures.

AUDITORS

The accounts have been audited by GC Alliance Limited who retire and, being eligible, offer themselves for re-appointment.

During the preceding 3 years, CCIF CPA Limited tendered their resignation as auditors of the Company with effect from 17 May 2007 and GC Alliance Limited was appointed as auditors of the Company.

On behalf of the Board

Wong Kam Leong
Chairman

Hong Kong, 26 June 2008

Corporate Governance Report

The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices and the Rules on Corporate Governance Report ("Code on CG Practices") contained in Appendix 15 and Appendix 16 of the GEM Listing Rules other than the deviations as disclosed in this report.

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions on terms no less exacting than the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required such code of conduct and required standard of dealings.

BOARD OF DIRECTORS

As at 31 March 2008, the Board comprised 6 Directors, including 3 executive directors, and 3 independent non-executive directors (the "INED").

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

Executive directors

Mr. Wong Kam Leong *(Chairman)*	
Mr. Hui Siu Lun	(Appointed on 14 September 2007)
Ms. Li Jie Yi	(Appointed on 15 November 2007)
Mr. Lai Cho Wai	(Resigned on 29 August 2007)
Mr. Ma Chon	(Resigned on 25 October 2007)

Independent non-executive directors

Mr. Ng Kwok Chu, Winfield	
Mr. Ng Chau Tung, Robert	
Mr. Leung Kar Loon, Stanley	(Appointed on 14 September 2007)
Mr. Ieong Meng Wa	(Resigned on 29 August 2007)

Under the Bye-Laws of the Company, at each annual general meeting one-third of the Directors for the time being, shall retire from office by rotation save for any Director holding office as Chairman or Managing Director and those Directors appointed by the Board who only hold office until the forthcoming annual general meeting. The retiring Directors shall be eligible for re-election. Hence the independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation. Accordingly, Mr. Ng Chau Tung, Robert will retire from office by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

Detail of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the page 10 of the Annual Report. The Board includes a balanced composition of executive directors and independent non-executive director and possess a wide spectrum of relevant skills and experience.

The Board supervises the management of the business and affairs of the Group. It has established self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced. The Board oversees the Group's overall strategic plans, approves major funding and investment proposals and reviews the financial performance of the Group.

The Board delegates the day-to-day management, administration and operation of the Company to the management. The delegated functions are reviewed by the Board periodically to ensure they remain appropriate to the needs of the Company. The Board gives clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.

The Board meets regularly and additional meetings are convened when deemed necessary by the Board. Forty two Board meetings were held during the year under review. Board members are provided with complete, adequate and timely information to allow the Directors to fulfill their duties properly. Details of the attendances of the Board meetings are set out below:

Directors	**Attendance**
Executive Directors	
Mr. Wong Kam Leong	42/42
Mr. Hui Siu Lun *(Note 2)*	24/42
Ms. Li Jie Yi *(Note 4)*	19/42
Mr. Lai Cho Wai *(Note 1)*	11/42
Mr. Ma Chon *(Note 3)*	17/42
Independent Non-Executive Directors	
Mr. Ng Kwok Chu, Winfield	22/42
Mr. Ng Chau Tong, Robert	22/42
Mr. Leung Kar Loon, Stanley *(Note 2)*	12/42
Mr. Ieong Meng Wa *(Note 1)*	4/42

Note:

1. Resigned on 29 August 2007.
2. Appointed on 14 September 2007.
3. Resigned on 25 October 2007.
4. Appointed on 15 November 2007.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the Chairman and the Chief Executive Officer are both held by same individual.

Mr. Wong Kam Leong ("Mr. Wong") assumes the role of both the Chairman and the Chief Executive Officer of the Company. Mr. Wong is responsible for business plans, strategies and policies. He ensures that the Board acts in the best interest of the Group and all key and appropriate issues are properly briefed and discussed by the Board in order for the Board functions effectively.

The role of Chairman and Chief Executive Officer of the Company rests on the same individual which deviates from the code provision A.2.1 in the Code on CG Practices of not having a clear division of responsibilities. The Board is of the view that this arrangement has not compromised accountability and independent decision making because three out of six of its members are independent and have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

In addition, Mr. Wong is a substantial shareholder of the Group. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons of high caliber and with vast experiences in the fields of accounting, financial and overseas market. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gave an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

NOMINATION OF DIRECTORS

The Board is responsible for the selection and approval of candidate for appointment as Directors and the Company has not established a Nomination Committee for the time being.

In considering the nomination of Directors, the Directors took into account the qualifications, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the industry and/or other professional areas.

REMUNERATION OF DIRECTORS

The Company has established the Remuneration Committee since 9 May 2006 which currently consists of three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tong, Robert and Mr. Leung Kar Loon, Stanley.

The principle responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company and to determine specific remuneration packages of all executive Directors and senior management of the Company and to make recommendations to the Board of the remuneration of non-executive Directors. Such remuneration policy is determined based on the expertise, capability, performance and responsibility of our Directors and senior management. The Remuneration Committee also takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration. In addition to salaries, the Company provides staff benefits such as medical insurance and contributions to staff's mandatory provident scheme. As a long-term incentive plan, and with aim at motivating directors and employees in the continued pursuit of the Company's goal and objectives, the Company grants share options under the share option scheme to the Directors and senior management in order to recognize their contributions to the Group.

Three Remuneration Committee meetings were held during the year under review. Details of the attendance of the Remuneration Committee meetings are as follows:

Members	**Attendance**
Mr. Ng Kwok Chu, Winfield	3/3
Mr. Ng Chau Tung, Robert	3/3
Mr. Leung Kar Loon, Stanley *(Note 2)*	1/3
Mr. Ieong Meng Wa *(Note 1)*	0/3

Notes:

1. Resigned on 29 August 2007.

2. Appointed on 14 September 2007.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The Directors, have made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Company has conducted review of its system of internal control periodically to ensure an effective and adequate internal control system exists. The Company convened meeting periodically to discuss financial, operational and risk management control. The Directors consider that the Company has implemented a series of procedures for safeguarding the Company's assets against unauthorized use or misappropriation, maintaining accounting records properly and ensuring the reliability of financial information.

Corporate Governance Report

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group. During the year ended 31 March 2008, the Audit Committee comprises the following members, namely, Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Leung Kar Loon, Stanley. All of them are independent non-executive directors. The chairman of the Audit Committee is Mr. Ng Kwok Chu, Winfield.

The Audit Committee held 4 meetings during the year under review. Details of the attendance of the Audit Committee meetings are as follows:

Members	**Attendance**
Mr. Ng Kwok Chu, Winfield	4/4
Mr. Ng Chau Tung, Robert	4/4
Mr. Leung Kar Loon, Stanley *(Note 2)*	2/4
Mr. Ieong Meng Wa *(Note 1)*	0/4

Notes:

1. Resigned on 29 August 2007.

2. Appointed on 14 September 2007.

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

There is no disagreement between the Audit Committee and the Board regarding the selection, appointment, resignation or dismissal of the external auditors.

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$570,000 for audit services and HK$280,000 for non-audit services comprising agreed-upon procedures relating to the Company's notifiable transactions.

GC Alliance Limited
Certified Public Accountants
正立會計師事務所有限公司

TO THE SHAREHOLDERS OF
LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 24 to 77, which comprise the consolidated and Company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 auditor considers the 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.

Independent Auditor's Report

OPINION

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

GC Alliance Limited
Certified Public Accountants
Suites 2406–7, 24th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

26 June 2008

Pang Fung Ming
Practising Certificate number P03124

Consolidated Income Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Continuing operations			
Revenue	6	**25,424**	23,735
Other income	6	**749**	1,127
Raw materials and consumables used		**(7,119)**	(3,240)
Staff costs	14	**(17,671)**	(13,724)
Depreciation of property, plant and equipments		**(241)**	(211)
Impairment loss on goodwill	17	**(33,376)**	–
Impairment loss on trade receivables		**(671)**	(945)
Other expenses		**(8,300)**	(5,462)
Finance costs	7	**(619)**	(21)
(Loss)/Profit before tax		**(41,824)**	1,259
Income tax expense	8	**–**	–
(Loss)/Profit for the year from continuing operations		**(41,824)**	1,259
Discontinued operation			
Loss for the year from discontinued operation	9	**–**	(5,521)
Loss for the year	10	**(41,824)**	(4,262)
Attributable to:			
Equity holders of the parent		**(43,710)**	(5,992)
Minority interests		**1,886**	1,730
		(41,824)	(4,262)
Loss per share attributable to ordinary equity holders of the parent	13		
For continuing and discontinued operations			
Basic and diluted (HK cents per share)		**(2.10)**	(0.66)
For continuing operation			
Basic and diluted (HK cents per share)		**(2.10)**	(0.05)

The notes on pages 29 to 77 form part of these financial statements.

Balance Sheets

As at 31 March 2008

	Note	Group		Company	
		2008	2007	**2008**	2007
		HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current assets					
Intangible assets	16	**–**	–	**–**	–
Goodwill	17	**30,000**	63,376	**–**	–
Property, plant and equipment	18	**667**	424	**–**	–
Interests in subsidiaries	19	**–**	–	**80,532**	61,255
Available-for-sale financial assets	20	**180**	–	**–**	–
Total non-current assets		**30,847**	63,800	**80,532**	61,255
Current assets					
Trade receivables	21	**10,631**	8,523	**–**	–
Loans receivable	22	**8,727**	–	**–**	–
Prepayments, deposits and other receivables		**1,663**	712	**130**	–
Available-for-sale financial assets	20	**59,000**	–	**27,000**	–
Cash and cash equivalents	23	**19,189**	1,277	**130**	–
Total current assets		**99,210**	10,512	**27,260**	–
Current liabilities					
Trade payables	24	**3,497**	868	**–**	–
Accruals and other payables		**3,862**	4,294	**1,167**	2,155
Deferred consideration for acquisition	31	**–**	21,577	**–**	21,577
Receipts in advance		**771**	2,230	**–**	–
Current portion of obligations under finance lease	25	**35**	144	**–**	–
Amount due to ultimate holding company	26	**–**	1,407	**–**	265
Provision for taxation		**833**	833	**–**	–
Total current liabilities		**8,998**	31,353	**1,167**	23,997
Net current assets/(liabilities)		**90,212**	(20,841)	**26,093**	(23,997)
Total assets less current liabilities		**121,059**	42,959	**106,625**	37,258
Non-current liabilities					
Deferred consideration for acquisition	31	**–**	13,300	**–**	13,300
Total non-current liabilities		**–**	13,300	**–**	13,300
NET ASSETS		**121,059**	29,659	**106,625**	23,958

Balance Sheets

As at 31 March 2008

	Note	Group 2008 HK$'000	Group 2007 HK$'000	Company 2008 HK$'000	Company 2007 HK$'000
Capital and reserves					
Share capital	27	**27,273**	30,303	**27,273**	30,303
Reserves	29	**84,669**	(2,374)	**79,352**	(6,345)
Equity attributable to equity holders of the parent		**111,942**	27,929	**106,625**	23,958
Minority interests		**9,117**	1,730	**–**	–
TOTAL EQUITY		**121,059**	29,659	**106,625**	23,958

Approved and authorised for issue by the board of directors on 26 June 2008.

Wong Kam Leong
Director

Li Jie Yi
Director

The notes on pages 29 to 77 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Attributable to equity holders of the parent								
	Share capital HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000	**Exchange reserve** HK$'000	**Share option reserve** HK$'000	**Accum-ulated losses** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 April 2006	25,303	7,870	(341)	(68)	–	(27,326)	5,438	–	5,438
Exchange differences arising on translation of foreign subsidiaries recognised directly in equity	–	–	–	(17)	–	–	(17)	–	(17)
Loss for the year	–	–	–	–	–	(5,992)	(5,992)	1,730	(4,262)
Total recognized income and expenses	–	–	–	(17)	–	(5,992)	(6,009)	1,730	(4,279)
Issue of shares	5,000	23,500	–	–	–	–	28,500	–	28,500
At 31 March 2007 and 1 April 2007	30,303	31,370	(341)	(85)	–	(33,318)	27,929	1,730	29,659
Exchange differences arising on translation of foreign subsidiaries recognised directly in equity	–	–	–	56	–	–	56	–	56
Loss for the year	–	–	–	–	–	(43,710)	(43,710)	1,886	(41,824)
Total recognized income and expenses	–	–	–	56	–	(43,710)	(43,654)	1,886	(41,768)
Rights issue	30,303	9,091	–	–	–	–	39,394	–	39,394
Issue of bonus shares	30,303	(30,303)	–	–	–	–	–	–	–
Capital reduction	(81,818)	44,103	–	–	–	37,715	–	–	–
Issue of shares in open offer	9,091	90,909	–	–	–	–	100,000	–	100,000
Issue of bonus shares	9,091	(9,091)	–	–	–	–	–	–	–
Share issuance expenses	–	(12,609)	–	–	–	–	(12,609)	–	(12,609)
New subsidiaries	–	–	–	–	–	–	–	5,501	5,501
Equity-settled share-based payments	–	–	–	–	882	–	882	–	882
At 31 March 2008	27,273	123,470	(341)	(29)	882	(39,313)	111,942	9,117	121,059

The notes on pages 29 to 77 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Operating activities			
Loss for the year		**(41,824)**	(4,262)
Adjustments for:			
Equity-settled share option expense		**882**	–
Finance costs		**619**	21
Depreciation of property, plant and equipments		**241**	219
Impairment loss on trade receivables		**671**	–
Impairment loss on goodwill		**33,376**	–
Gain on disposal of property, plant and equipment		**(41)**	–
Interest income, excluding that derived from money lending operation		**(279)**	–
Operating cash flows before working capital changes		**(6,355)**	(4,022)
Increase in trade receivables		**(2,779)**	–
Increase in loans receivable		**(8,727)**	–
Increase in prepayments, deposits and other receivables		**(951)**	(644)
Increase/(decrease) in trade payables		**2,629**	(441)
Decrease in accruals and other payables		**(432)**	–
Decrease in receipts in advance		**(1,459)**	–
Cash used in operations		**(18,074)**	(5,107)
Interest paid		**(619)**	(21)
Net cash used in operating activities		**(18,693)**	(5,128)
Investing activities			
Interest received, excluding that derived from money lending operation		**279**	–
Proceeds from disposal of property, plant and equipment		**41**	–
Payment of consideration for acquisition	31	**(34,877)**	–
Increase in available-for-sale financial assets		**(59,180)**	–
Purchase of property, plant and equipment		**(484)**	(112)
Net cash used in investing activities		**(94,221)**	(112)
Financing activities			
Repayment to ultimate holding company		**(1,407)**	–
Repayment of capital elements of finance leases		**(109)**	(139)
Repayment of bank loans		**–**	(229)
Proceeds from issue of shares		**139,394**	–
Share issuance expenses		**(12,609)**	–
Proceeds from issue of shares to minority shareholders of new subsidiaries		**5,501**	–
Net cash provided by/(used in) financing activities		**130,770**	(368)
Net increase/(decrease) in cash and cash equivalents		**17,856**	(5,608)
Cash and cash equivalents at the beginning of the year		**1,277**	6,885
Effect of foreign exchange rate changes		**56**	–
Cash and cash equivalents at the end of the year	23	**19,189**	1,277

The notes on pages 29 to 77 form part of these financial statements.

Notes to the Financial Statements

31 March 2008

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office and principal place of business are respectively Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and Unit 910, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. During the year, its subsidiaries were principally engaged in the following activities:

(i) Sales of customised software and related computer equipment;
(ii) Provision of technical support and maintenance services;
(iii) Sharing of profits of a junket representative of a VIP lounge in a casino in Macau; and
(iv) Money lending business.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Rules").

These financial statements have been prepared under the historical cost convention except for available-for-sale financial assets which are measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise stated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries (collectively the "Group") made up to 31 March. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All significant intercompany transactions and balances and any unrealised profits arising from intercompany transactions within the Group are eliminated on consolidation.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted a number of new HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2007.

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

The adoption of these new HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years. However, as result of the adoption of HKFRS 7, "Financial Instruments: Disclosures" and HKAS 1 Amendment, "Capital Disclosures", there have been some additional disclosures provided.

HKFRS 7 has required expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments.

HKAS 1 Amendment has introduced additional disclosure requirements to provide qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequence of any non-compliance.

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

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidation and Separate Financial Statements	1 July 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1 January 2008
HK(IFRIC) – Int 14	HKAS 19 – The Limit on A Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The directors of the Company anticipate that the application of the above new HKFRSs will have no material impact on the results and financial position of the Group.

Notes to the Financial Statements

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4. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Group is set out below:

(A) 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 recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized 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 recognized 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 recognized.

(B) GOODWILL

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or jointly controlled entity at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is tested annually for impairment and is allocated to cash-generating units for the purposes of impairment testing.

Gain or loss on disposal of an entity include the carrying value of goodwill relating to the entity sold.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) SUBSIDIARIES AND MINORITY INTERESTS

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interest which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority interests exceed the minority's interest in the equity of a subsidiary, the excess, and any future losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(D) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and, where it is probable that the economic benefits will flow to the Group and the revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably, is recognised as follows:

(i) Sales of goods are recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Service income is recognised when services are provided.

(iii) Revenue from sharing of profits is recognised when the right to receive profit is established.

(iv) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(v) Dividend income from securities and other investments is recognised when the right to receive payment is established.

Notes to the Financial Statements

31 March 2008

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvement	50% or over the lease term whichever is shorter
Furniture and fixtures	25%
Computer equipment	25–33 1/3%
Motor vehicles	25%

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalized and depreciated over their expected useful lives to the Group.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the income statement.

(F) INTANGIBLE ASSETS

(i) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of 3 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(ii) Software

The cost of acquisition of software is capitalized and treated as an intangible asset if the cost is not an integral part of the related hardware. Software is amortized on a straight-line basis over the remaining estimated useful life or 3 years whichever is shorter.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(G) IMPAIRMENT OF ASSETS

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

(H) FINANCIAL ASSETS

A financial asset is initially measured at the fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, the Group classifies its financial assets into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, bank deposits and balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. An impairment loss is recongised 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. Gains or losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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31 March 2008

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) FINANCIAL ASSETS (Continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories of financial assets. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

(I) FINANCIAL LIABILITIES

(i) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income statement over the period of the borrowing using the effective interest method.

(ii) Trade and other payables

Trade and other payables (including amounts due to related parties) are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method.

(J) CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfill the above criteria.

For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) LEASES

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Company. All other leases are classified as operating leases.

(i) Finance leases

Assets held under finance leases are recognised in the balance sheet at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as property, plant and equipments, except for those properties held to earn rental income which are classified as investment property, in the balance sheet.

Depreciation and impairment loss are calculated and recognised in the same manner as the depreciation and impairment loss on property, plant and equipments as set out in note 4(e) and 4(g) respectively, except for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the balance sheet as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

(L) INCOME TAX

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in reserves, in which case they are recognised in reserves.

Notes to the Financial Statements

31 March 2008

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(L) INCOME TAX (Continued)

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

(M) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(N) FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their profit and loss accounts are translated into Hong Kong dollars at the exchange rate ruling at the dates of transactions for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the profit and loss account.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

(O) EMPLOYEE BENEFITS

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Provision is made in respect of paid leave entitlement accumulated during the year, which can be carried forward into future periods for compensated absence or payment in lieu if the employee leaves employment.

The Group operates a number of defined contribution retirement plans, the assets of which are held in separate trustees administered funds. The Group's contributions to the defined contribution retirement plans are expensed when the employees have rendered services entitling them to the contributions.

Notes to the Financial Statements

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(P) EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The fair value of services received is measured by reference to the fair value of share options granted at the date of grant which is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

(Q) BORROWING COSTS

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Borrowing costs are expensed as incurred, except when they are directly attributable to the acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for their intended use in which case they are capitalized as part of the cost of that asset. Capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalized at the weighted average cost of the related borrowings until the asset is ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. All other borrowing cost is charged to the income statement in the year in which they are incurred.

(R) RELATED PARTIES

Two 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 operating decisions, or vice versa, or where the parties are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or corporate entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(S) SEGMENT REPORTING

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.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the review and future periods in the revision affects both current and future periods.

Notes to the Financial Statements

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is 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. The carrying amount of the goodwill as at 31 March 2008 was HK$30,000,000 (2007: HK$63,376,000). More details are given in Note 17.

(ii) Impairment of loans and trade receivables

The policy for impairment assessment for loans and trade receivables of the Group is based on the evaluation of collectability and an aging analysis of the receivables and on the judgment of the management. 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 borrower or customer. As at 31 March 2008, no allowance was made against loans receivables, whilst allowance for doubtful trade receivables was HK$2,686,000 (2007: HK$2,387,000). If the financial conditions of borrowers or customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the Group's turnover and comprised:

	2008 HK$'000	2007 HK$'000
Revenue		
Continuing operations		
Sales of customised software and related computer equipment	**15,757**	14,919
Technical support and maintenance service income	**3,176**	3,051
Profits assigned from a junket representative of a casino VIP lounge in Macau	**6,277**	5,765
Interest income from money lending business	**214**	–
	25,424	23,735
Discontinued operation		
Income from marketing, rolling and settlement services for a casino VIP lounge in Macau	**–**	11,697
	25,424	35,432
Other income – continuing operations		
Gain on disposal of property, plant and equipment	**41**	–
Interest income	**279**	16
Sundry income	**57**	99
Reversal of impairment of trade receivables	**372**	945
Other service income	**–**	67
	749	1,127

Primary reporting format – business segments

The Group is organised into the following major business segments:

(i) Sales of customised software and related computer equipment;

(ii) Provision of technical support and maintenance services;

(iii) Sharing of profits of a junket representative of a VIP lounge in a casino in Macau, being 0.4% of the rolling turnover generated by that junket representative together with any bonus payable by that casino and/or that VIP lounge to that junket representative; and

(iv) Money lending business.

Notes to the Financial Statements

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6. REVENUE AND SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

There are no sales or other transactions between the business segments.

	2008						
	Continuing operations					Discontinued operation	
	Customized software and related computer equipment HK$'000	Technical support and maintenance HK$'000	Sharing of profits of a Macau casino junket representative HK$'000	Money lending business HK$'000	Total HK$'000	Marketing service for gaming activities in Macau HK$'000	Consolidated HK$'000
Revenue	15,757	3,176	6,277	214	25,424	-	25,424
Segment results	(2,841)	1,527	(28,992)*	(115)	(30,421)	-	(30,421)
Other income							749
Unallocated corporate expenses							(11,533)
Finance costs							(619)
Loss before tax							(41,824)
Income tax expense							-
Loss for the year							(41,824)
Segment assets	5,375	138	70,519	54,025	130,057	-	130,057
Segment liabilities	6,513	366	1,286	-	8,165	833	8,998
Other information							
Depreciation and amortisation	133	28	74	6	241	-	241
Capital expenditure	1	4	159	320	484	-	484

* The segment results regarding the sharing of profits of a Macau casino junket representative is stated net of the impairment loss of HK$33,376,000 on goodwill allocated to this segment.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

	2007						
	Continuing operations					Discontinued operation	
	Customized software and related computer equipment HK$'000	Technical support and maintenance HK$'000	Sharing of profits of a Macau casino junket representative HK$'000	Money lending business HK$'000	Total HK$'000	Marketing service for gaming activities in Macau HK$'000	Consolidated HK$'000
Revenue	14,919	3,051	5,765	–	23,735	11,697	35,432
Segment results	(342)	192	5,765	–	5,615	(5,521)	94
Other revenue							1,127
Unallocated corporate expenses							(5,462)
Finance costs							(21)
Loss before tax							(4,262)
Income tax expense							–
Loss for the year							(4,262)
Segment assets	4,175	854	69,283	–	74,312	–	74,312
Segment liabilities	4,957	885	37,978	–	43,820	833	44,653
Other information							
Depreciation and amortization	178	33	–	–	211	8	219
Capital expenditure	188	45	–	–	233	–	223

Secondary reporting format – geographical segments

The Group mainly operates in Hong Kong, Macau and the People's Republic of China (excluding Hong Kong and Macau) ("PRC"). In presenting information on the basis of geographical segments, segment revenue is analysed based on the geographical location of customers whereas segment assets and capital expenditures are based on geographical location of the assets.

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6. REVENUE AND SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical segments (Continued)

	Revenue from external customers					
	Continuing operations		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong	**14,928**	16,243	**-**	–	**14,928**	16,243
Macau	**6,277**	5,765	**-**	11,697	**6,277**	17,462
PRC	**4,219**	1,727	**-**	–	**4,219**	1,727
	25,424	23,735	**-**	11,697	**25,424**	35,432

	Segment assets					
	Continuing operations		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong	**57,625**	4,175	**-**	–	**57,625**	4,175
Macau	**70,519**	69,283	**-**	–	**70,519**	69,283
PRC	**1,913**	854	**-**	–	**1,913**	854
	130,057	74,312	**-**	–	**130,057**	74,312

	Capital expenditure					
	Continuing operations		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong	**317**	226	**-**	–	**317**	226
Macau	**159**	–	**-**	–	**159**	–
PRC	**8**	7	**-**	–	**8**	7
	484	233	**-**	–	**484**	233

7. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Continuing operations		
Interest on bank loans and overdrafts wholly repayable with five years	**607**	14
Interest element of finance leases	**12**	7
	619	21

8. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No income tax has been provided in the income statement as the Group did not have assessable profit for the year (2007: nil).

A reconciliation of the theoretical tax benefit (expense) calculated using the statutory tax rate to the actual tax benefit (expense) is as follows:

	2008 HK$'000	2007 HK$'000
(Loss)/Profit before tax:		
Continuing operations	**(41,824)**	1,259
Discontinued operation	**–**	(5,521)
	(41,824)	(4,262)
Tax benefit calculated at Hong Kong profits tax rate of 17.5%	**7,319**	746
Effect of different tax rates in other jurisdictions	**38**	865
Tax effect of income not subject to tax	**1,164**	270
Tax effect of expenses not deductible for tax	**(7,997)**	(674)
Tax effect of temporary differences not recognised	**17**	(248)
Tax effect of utilisation of tax losses previously not recognised	**229**	–
Tax effect of tax losses not recognised	**(770)**	(959)
Tax expense for the year	**–**	–

Notes to the Financial Statements

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9. DISCONTINUED OPERATION

On 28 February 2007, the Group entered into an agreement to terminate the marketing agreement to provide marketing, rolling and settlement services for a VIP lounge in a casino in Macau.

The combined results and cash flows of the discontinued operation included in the consolidated income statement and the consolidated cash flow statement are set out below.

	2008 HK$'000	2007 HK$'000
Loss for the year from discontinued operation		
Revenue	–	11,697
Expenses	–	(17,218)
Loss before tax	–	(5,521)
Income tax expense	–	–
Loss for the year from discontinued operation	–	(5,521)
Cash flows from discontinued operation		
Net cash flows from operating activities	–	(1,459)
Net cash flows from investing activities	–	–
Net cash flows from financing activities	–	–
Net cash flows	–	(1,459)

10. LOSS FOR THE YEAR

Loss for the year is stated after charging the following:

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Advertising and promotion costs	**19**	315	**-**	–	**19**	315
Auditors' remuneration	**570**	560	**-**	–	**570**	560
Depreciation:						
Owned assets	**199**	172	**-**	8	**199**	180
Leased assets	**42**	39	**-**	–	**42**	39
	241	211	**-**	8	**241**	219
Impairment losses:						
Trade receivables	**671**	945	**-**	–	**671**	945
Goodwill	**33,376**	–	**-**	–	**33,376**	–
Minimum lease payments under operating leases in respect of leased premises	**1,087**	1,584	**-**	–	**1,087**	1,584
Staff costs including directors' emoluments (Note 14)	**17,671**	13,724	**-**	3,131	**17,671**	16,855

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK$45,001,000 (2007: HK$16,086,000).

12. DIVIDENDS

No dividend has been paid or declared by the Company during the year or since the balance sheet date (2007: nil).

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13. LOSS PER SHARE

	2008 HK cent	2007 HK cent (Restated)
Basic and diluted loss per share		
For continuing operation	**(2.10)**	(0.05)
For discontinued operation	**–**	(0.61)
Loss for the year	**(2.10)**	(0.66)

The calculations of basic and diluted loss per share are based on:

	2008 HK$'000	2007 HK$'000
Loss attributable to ordinary equity holders of the parent		
Loss from continuing operations	**(43,710)**	(471)
Loss from discontinued operation	**–**	(5,521)
Loss from continuing and discontinued operations	**(43,710)**	(5,992)

	2008	2007 (Restated)
Shares		
Weighted average number of ordinary shares in issue	**2,081,428,777**	908,514,599

The weighted average number of ordinary shares for the year ended 31 March 2007 has been adjusted retrospectively for the effects due to the bonus element in the rights issue and the bonus issue completed in August 2007, and the bonus element in the open offer and the bonus issue completed in January 2008 (see Note 27).

13. LOSS PER SHARE (Continued)

The basic and diluted losses per share are the same for the year ended 31 March 2008, as the Company recorded a loss from continuing operations attributable to the equity holders of the parent and hence, the incremental shares from the assumed exercises of share options and warrants outstanding as at 31 March 2008 are not included in calculating the diluted basic loss per share.

The basic and dilutive losses per share are the same for the year ended 31 March 2007, as there was no potential dilutive ordinary share outstanding as at 31 March 2007.

14. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Salaries and benefits	**17,234**	13,257	**-**	3,131	**17,671**	16,388
Contributions to defined contribution retirement schemes (note i)	**437**	467	**-**	–	**-**	467
	17,671	13,724	**-**	3,131	**17,671**	16,855

Note:

(i) The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, the employer and its employees are each required to make contributions to the schemes at 5% of the employee's relevant income up to a maximum of HK$1,000 per employee per month.

The employees of PRC subsidiaries of the Group are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were utilised during the year and there were no material forfeitures available to reduce the Group's future contributions at 31 March 2008 and 2007.

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15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2008 **HK$'000**	2007 HK$'000
Fees	**660**	150
Salaries allowances and benefits in kind	**–**	1,680
Performance related bonus	**4,654**	2,475
Employee share option benefits	**294**	–
Retirement scheme contributions	**–**	18
	5,608	4,323

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(A) DIRECTORS' EMOLUMENTS (Continued)

The remuneration of each individual director is set out below:

	2008					
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonus HK$'000	Employee share option benefits HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors						
Wong Kam Leong	240	-	3,000	-	-	3,240
Lai Cho Wai (resigned on 29 August 2007) (note i)	-	-	775	-	-	775
Ma Chon (resigned on 25 October 2007) (note i)	-	-	879	-	-	879
Hui Siu Lun (appointed on 14 September 2007)	80	-	-	98	-	178
Li Jie Yi (appointed on 15 November 2007)	100	-	-	-	-	100
Independent non-executive directors						
Ieong Meng Wa (Resigned on 29 August 2007) (note i)	-	-	-	-	-	-
Ng Kwok Chu, Winfield	80	-	-	49	-	129
Ng Chau Tung, Robert	80	-	-	49	-	129
Leung Kar Loon Stanley (appointed on 14 September 2007)	80	-	-	98	-	178
	660	-	4,654	294	-	5,608

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15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(A) DIRECTORS' EMOLUMENTS (Continued)

	2007					
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonus HK$'000	Employee share option benefits HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors						
Wong Kam Leong	–	–	–	–	–	–
Lau Chiu Pui (resigned on 28 December 2006)	–	1,200	–	–	18	1,218
Lai Cho Wai (resigned on 29 August 2007)	–	240	1,238	–	–	1,478
Ma Chon (resigned on 25 October 2007)	–	240	1,237	–	–	1,477
Independent non-executive directors						
Ieong Meng Wa (appointed on 7 April 2006)	50	–	–	–	–	50
Ng Kwok Chu, Winfield	50	–	–	–	–	50
Ng Chau Tung, Robert	50	–	–	–	–	50
	150	1,680	2,475	–	18	4,323

Note:

(i) Due to the dissatifactory performance of the Group, during the year ended 31 March 2008, Mr. Lai Cho Wai, Mr. Ma Chon and Mr. Ieong Meng Wa have agreed to waive emoluments in the amounts of HK$525,000, HK$441,000 and HK$50,000 respectively payable to them.

Save for the above, there was no arrangement under which a director waived or agreed to waive any emoluments for the year (2007: nil).

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include three (2007: three) directors whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining two (2007: two) individuals during the year are as follows:

	2008 HK$'000	2007 HK$'000
Salaries, bonus and allowances	**2,384**	1,126
Employee share options benefits	**441**	–
Retirement scheme contributions	**29**	24
	2,854	1,150

The emoluments fell within the following band:

	Number of individuals	
	2008	2007
Nil to HK$1,000,000	**–**	2
HK$1,000,000 – HK$1,500,000	**2**	–
	2	2

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16. INTANGIBLE ASSETS

	Group		
	Development expenditures HK$'000	**Software** HK$'000	**Total** HK$'000
Cost			
At 1 April 2006 and 31 March 2007	8,268	1,300	9,568
Write-off	(8,268)	–	(8,268)
31 March 2008	–	1,300	1,300
Accumulated amortisation and impairment			
At 1 April 2006	8,268	722	8,990
Amortisation charge for the year	–	217	217
Impairment for the year	–	361	361
At 31 March 2007	8,268	1,300	9,568
Write-off	(8,268)	–	(8,268)
At 31 March 2008	–	1,300	1,300
Carrying amount			
At 31 March 2008	–	–	–
At 31 March 2007	–	–	–

17. GOODWILL

	Group	
	2008 **HK$'000**	2007 HK$'000
Cost	**63,376**	63,376
Less: Accumulated impairment loss	**(33,376)**	–
Net carrying amount	**30,000**	63,376

17. GOODWILL (Continued)

IMPAIRMENT TEST FOR GOODWILL

Goodwill as at 31 March 2008 has entirely been allocated to the segment of sharing of profits of a Macau casino junket representative, which is one of the Group's cash-generating units (CGU) identified according to business segment.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations are as follows:

	2008	2007
Growth rate	**3.00%**	3.00%
Discount rate	**19.79%**	7.93%

The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the gaming segment in Macau.

With the fierce competition due to the opening of certain new grand casinos in Macau, the growth in Macau's gaming markets has significantly slowed down. The directors, by estimating the recoverable amount of the CGU of sharing of profits of a Macau casino junket representative, have determined to write down the goodwill to HK$30,000,000, and recognise an impairment loss of HK$33,376,000 for the year (2007: nil).

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18. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements HK$'000	**Furniture and fixtures** HK$'000	**Computer equipment** HK$'000	**Motor vehicle** HK$'000	**Total** HK$'000
Cost					
At 1 April 2006	489	1,098	2,666	457	4,710
Additions	23	–	210	–	233
Disposals	–	–	(273)	–	(273)
At 31 March 2007 and 1 April 2007	512	1,098	2,603	457	4,670
Additions	126	14	24	320	484
Disposals	–	–	–	(457)	(457)
At 31 March 2008	638	1,112	2,627	320	4,697
Accumulated depreciation					
At 1 April 2006	489	1,075	2,279	457	4,300
Charges for the year	8	17	194	–	219
Write-back on disposals	–	–	(273)	–	(273)
At 31 March 2007 and 1 April 2007	497	1,092	2,200	457	4,246
Charges for the year	68	3	163	7	241
Write-back on disposals	–	–	–	(457)	(457)
At 31 March 2008	565	1,095	2,363	7	4,030
Carrying amounts					
At 31 March 2008	73	17	264	313	667
At 31 March 2007	15	6	403	–	424

As at 31 March 2008, the carrying amount of property, plant and equipment held under finance leases amounted to HK$144,000 (2007: HK$187,000).

19. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**63,795**	63,795
Due from subsidiaries	**80,009**	29,478
Due to subsidiaries	**(270)**	(2,392)
	143,534	90,881
Less: Accumulated impairment losses	**(63,002)**	(29,626)
	80,532	61,255

The amounts due from and to subsidiaries are unsecured, non-interest bearing and have no fixed repayment term.

The following is a list of the principal subsidiaries as of 31 March 2008:

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective equity interest attributable to the Company Directly	Indirectly	Principal Activities
Cherry Oasis (Far East) Limited	Hong Kong	1 ordinary share of HK$1 each	100%	–	Investment holding
Cherry Oasis (Macau) Limited	Macau	50,000 ordinary shares of MOP$1 each	–	100%	Marketing service for gaming activities in Macau before October 2006, but ceased operation therafter
Right Gateway Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	–	Investment holding
Right Idea Investments Limited	British Virgin Islands	100 ordinary shares of US$1 each	–	70%	Sharing of profits of a junket representative of a Macau casino VIP lounge
Success Finance Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	90%	Money lending business

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19. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective equity interest attributable to the Company Directly	Indirectly	Principal Activities
Magic Business Solutions Limited	Hong Kong	250,000 ordinary shares of HK$1 each	–	100%	Investment holding
CyberM Information Technology Limited	Hong Kong	700,000 ordinary shares of HK$1 each	–	100%	Trading of software and hardware equipment
Magic Information Technology Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of software and hardware equipment
MagicPlus Solutions Limited	Hong Kong	750,000 ordinary shares of HK$1 each	–	60%	Lease of software licences, trading of hardware equipment and provision of consultancy services
Mcmanners Management Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	100%	–	Investment holding
Cyber M (Guongzhou) Information Technology Limited#	PRC	HK$1,750,000	–	100%	Trading of software and hardware equipment
SchoolPlus Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of software and hardware equipment
Shilesse Management Consultant Limited	Hong Kong	10 ordinary shares of HK$1 each	–	60%	Investment holding
Unlimited Solutions Limited	Hong Kong	1 ordinary share of HK$1 each	–	100%	Trading of software and hardware equipment

\# *wholly-foreign-owned enterprise established in the PRC*

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

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Club membership	**180**	–	**-**	–
Current				
Time deposits	**59,000**	–	**27,000**	–

The time deposits have maturity of four months and carry fixed-rate interests at 5% or 8% per annum. Full principal amount will be repaid on maturity dates, subject to renewal at the Group's request. The Group recorded total interest income of HK$270,000 (2007: nil), calculated using the effective interest method, for the year ended 31 March 2008.

21. TRADE RECEIVABLES

	Group	
	2008	2007
	HK$'000	HK$'000
Trade receivables	**13,317**	10,910
Less: Allowance for individual impairments	**(2,686)**	(2,387)
	10,631	8,523

Trade receivables that are determined to be individually impaired as at 31 March 2008 and 2007 relate to a number of customers who have delayed payments.

The ageing analysis of trade receivables, net of allowance, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within three months	**2,775**	7,745
Over three months and within six months	**2,623**	536
Over six months and within one year	**3,056**	225
Over one year and within two years	**2,177**	17
	10,631	8,523

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21. TRADE RECEIVABLES (Continued)

Movements in the allowance for impairments are as follows:

	Group	
	2008 **HK$'000**	2007 HK$'000
At beginning of year	**2,387**	2,387
Impairment losses recognised	**671**	945
Impairment losses reversed	**(372)**	(945)
At end of year	**2,686**	2,387

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group considers that the recovery of an amount is remote, in which case, an impairment loss is recognised by directly writing down the carrying amount of the trade receivables.

Included in the Group's trade receivables are debtors with an aggregate carrying amount of HK$5,441,000 (2007: HK$778,000) which are past due but not impaired at the balance sheet date, as the directors have assessed that these debtors will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

The ageing analysis of the receivables that are past due but not impaired, along with receivables that are neither past due nor impaired, are as follows:

	2008 **HK$'000**	2007 HK$'000
Past due but not impaired		
– Less than three months past due	**3,141**	536
– Over three months and within six months past due	**123**	225
– Over six months and within over year past due	**785**	17
– Over one year past due	**1,392**	–
	5,441	778
Neither past due nor impaired	**5,190**	7,745
	10,631	8,523

21. TRADE RECEIVABLES (Continued)

Trade receivables that are neither past due nor impaired relate to a number of independent customers who have no recent history of default. The Group does not hold any collaterals over these balances.

The Group normally grants its customers credit periods as follows:

(i) 0 to 14 days for sales of goods;

(ii) payment terms as stipulated in the respective contracts for development of customised software, sales of related computer equipment, sales and lease of packaged software, the provision of technical support and maintenance services; and

(iii) 6 months for profits assigned from a junket representative of a casino VIP lounge in Macau.

22. LOANS RECEIVABLE

Loans receivable have arisen from the Group's money lending operations during the year. Interest rates and credit periods are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

	Group	
	2008 **HK$'000**	2007 HK$'000
Unsecured	**7,403**	–
Secured	**1,324**	–
	8,727	–

The loans receivable at the balance sheet dates carry interests at fixed rates and are analysed by the remaining periods to their contractual maturity dates as follows:

	Group	
	2008 **HK$'000**	2007 HK$'000
Within three months	**8,427**	–
Over three months and within six months	**300**	–
	8,727	–

No allowance for impairment has been made against the loans receivable as at 31 March 2008. Nor was there any loan receivable that was past due or impaired as at 31 March 2008.

The Groups holds the second charge on certain properties with an estimated fair value of HK$4,218,000 as at 31 March 2008 and certain third-party personal guarantees as collaterals over the secured loans receivable.

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23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and in hand	**14,189**	1,277	**130**	–
Time deposit with bank	**5,000**	–	**–**	–
	19,189	1,277	**130**	–

The effective interest rate on the time deposit was 0.5% per annum (2007: nil). The time deposit had a maturity of 1 day.

24. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within three months	**906**	126
Over three months and within six months	**762**	–
Over six months and within one year	**32**	–
Over one year and within two years	**1,797**	742
	3,497	868

25. OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Amount payable:				
Within one year	**40**	162	**35**	144
In the second to fifth years	**-**	–	**-**	–
	40	162	**35**	144
Future finance charges	**(5)**	(18)	**-**	–
Present value of lease obligations	**35**	144	**35**	144
Amount classified as current liabilities			**(35)**	(144)
Amount classified as non-current liabilities			**-**	–

It is the Group's policy to lease certain of its office equipment under finance leases. The average lease term is 2 years. Interest rates underlying all obligations under finance leases are fixed at the respective contract dates. For the year ended 31 March 2008, the average effective interest rate was 7% (2007: 6%). These leases have no terms of renewal and escalation clauses. No arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

26. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company was unsecured, non-interest bearing and fully repaid during the year.

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27. SHARE CAPITAL

ORDINARY SHARES

	Number of shares		Amount	
	2008	2007	**2008 HK$'000**	2007 HK$'000
Authorised				
At beginning of year – HK$0.1 each	**1,000,000,000**	1,000,000,000	**100,000**	100,000
Share Subdivision (note ii)	**9,000,000,000**	–	**-**	–
At end of year – HK$0.01 each (2007: HK$0.1 each)	**10,000,000,000**	1,000,000,000	**100,000**	100,000
Issued and fully paid				
At beginning of year	**303,030,000**	253,030,000	**30,303**	25,303
Issue of shares as consideration for acquisition (Note 31)	**-**	50,000,000		5,000
Issue of shares in rights issue (note i)	**303,030,000**	–	**30,303**	–
Issue of bonus shares (note i)	**303,030,000**	–	**30,303**	–
Capital Reduction (note ii)	**-**	–	**(81,818)**	–
Issue of shares in open offer (note iii)	**909,090,000**	–	**9,091**	–
Issue of bonus shares (note iii)	**909,090,000**	–	**9,091**	–
Exercise of warrants	**684**	–	**-**	–
At end of year	**2,727,270,684**	303,030,000	**27,273**	30,303

27. SHARE CAPITAL (Continued)

ORDINARY SHARES (Continued)

Notes:

(i) Pursuant to the approval of the Company's shareholders at the special general meeting (SGM) held on 3 August 2007, the Company issued 303,030,000 new ordinary shares by way of rights issue at a subscription price of HK$0.13 per rights share ("Rights Shares") on the basis of one Rights Share for every existing share held on 3 August 2007. In conjunction with the rights issue, each of the registered holders of fully-paid Rights Share was issued one bonus share for every Rights Share.

(ii) Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company reduced its paid-up capital by HK$81,818,000 by way of reduction of the nominal value of the then 909,090,000 issued shares of the Company from HK$0.10 to HK$0.01 ("Capital Reduction"). Upon the Capital Reduction becoming effective, each of the Company's 90,910,000 authorised but unissued shares of HK$0.10 each was subdivided into 10 adjusted shares of HK$0.01 each ("Share Subdivision"). The credit of approximately HK$81,818,000 arising from the Capital Reduction has been transferred to the contributed surplus of the Company and part of the contributed surplus has been applied to set off in full against the then accumulated loss of the Company of approximately HK$37,715,000.

(iii) Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company issued 909,090,000 new ordinary shares ("Offer Shares") at a price of HK$0.11 per Offer Share on the basis of one Offer Share for every existing share held on 20 December 2007. In conjunction with the issue of the Offer Shares, each of the registered holders of fully-paid Offer Shares was issued one Bonus Share for every Offer Share.

WARRANTS

Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company made a bonus issue of warrants to the shareholders whose names appeared on the register of members of the Company on 20 December 2007 ("Record Date") on the basis of two warrants for every ten existing shares held on the Record Date, resulting in 181,818,000 warrants having been issued. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK$0.01 each immediately following the Share Subdivision discussed in note (ii) above at a subscription price of HK$0.055 per share, payable in cash and subject to adjustment, from 31 January 2008 to 31 January 2009 (both days inclusive).

Up to 31 March 2008, 684 warrants were exercised at a subscription price of HK$0.055 per share, resulting in the issue of 684 ordinary shares of HK$0.01 each. As at 31 March 2008, the Company had 181,817,316 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 181,817,316 additional shares of HK$0.01 each.

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28. SHARE OPTIONS

A share option scheme (the "Scheme") was approved and adopted by the shareholders of the Company at an annual general meeting held on 21 August 2006 and has a term of 10 years.

The purpose of the Scheme is to enable the Group to provide its participants with incentives or rewards for their contribution to the Group. Under the Scheme, the directors of the Company are authorised to grant options to the participants of the Group including any employee, Director, adviser, consultant, licensors, distributors, suppliers, agents, customers, joint venture partners, strategic partners and services providers to or of any member of the Group whom the Board considers in its sole discretion to subscribe for shares of the Company.

As at 31 March 2008, the maximum aggregate number of shares permitted to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme was 10% of the total number of issued shares of the Company at the date of approval of the Scheme. As at 31 March 2008, a total of 25,303,000 shares were available for issue under the Scheme, which represented 0.93% of the Company's issued share capital as at 31 March 2008.

The maximum number of shares issued and to be issued upon exercise of options granted under the Scheme to any one participant may not exceed 1% of the shares of the Company in issue from time to time in a 12-month period.

The board of the Company may at its absolute discretion determine the period during which an option may be exercised, such period to expire not later than 10 years after the date of the grant of the option. The Scheme does not specify a minimum period for which an option must be held. However, the board may stipulate that an option would be subject to a minimum holding period and/or a participant may have to achieve a performance target before the option and/or any other terms can be exercised in whole or in part. An offer of a grant of an option may be accepted within 14 days from the date of grant and upon payment of HK$1.

The exercise price of an option is determined by the board of the Company at its absolute discretion and will be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange of Hong Kong Limited ("Stock Exchange")'s daily quotation sheet on the date of grant of an option; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an option is granted; and (iii) the nominal value of the Company's shares.

28. SHARE OPTIONS (Continued)

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

Grantee	As at 1 April 2007	Granted during the year	Exercised during the year	As at 31 March 2008	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy)	Exercise price (HK$)
Directors of the Company							
Leung Kar Loon Stanley	–	2,000,000	–	**2,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
Ng Kwok Chu, Winfield	–	1,000,000	–	**1,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
Ng Chau Tung, Robert	–	1,000,000	–	**1,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
Hui Siu Lun	–	2,000,000	–	**2,000,000**	22/02/08	22/02/08 to 21/02/18	0.062
Sub-total	–	6,000,000	–	**6,000,000**			
Employees and officers of the Group							
In aggregate	–	12,000,000	–	**12,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
Total	–	18,000,000	–	**18,000,000**			

The aggregate fair value of the share options granted during the year ended 31 March 2008 amounted to approximately HK$882,000, which has fully been recognised as share option expense for the year (2007: Nil). The fair values of the share options were estimated as at the date of grant by using the Black-Scholes options-pricing model, taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the valuation model are as follows:

	Date of grant	
	20/02/08	**22/02/08**
Closing share price at date of grant	HK$0.060	HK$0.060
Exercise price	HK$0.061	HK$0.062
Risk-free interest rate per annum (note i)	2.42%	2.40%
Expected life of option (note ii)	5 years	5 years
Expected volatility (note iii)	112%	112%
Expected dividend per annum	–	–
Estimated fair value per share option	HK$0.0489	HK$0.0497

Notes to the Financial Statements

31 March 2008

28. SHARE OPTIONS (Continued)

Notes:

(i) The risk-free rate was the yield of 5 years HKMA exchange fund notes quoted on the date of grant.

(ii) The expected life of option is based on management's best estimates for the effects of non-transferability, exercise restriction and behavioral consideration. It is not necessarily indicative of the actual exercise patterns that may occur.

(iii) The expected volatility is based on the Company's 900-day historical share prices before the date of grant.

29. RESERVES

	Company			
	Share premium	**Accumulated losses**	**Share option reserve**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2006	7,870	(21,629)	–	(13,759)
Issue of shares as consideration for acquisition	23,500	–	–	23,500
Loss for the year	–	(16,086)	–	(16,086)
At 31 March 2007 and 1 April 2007	31,370	(37,715)	–	(6,345)
Issue of shares in rights issue	9,091	–	–	9,091
Issue of bonus shares in rights issue	(30,303)	–	–	(30,303)
Capital reduction	44,103	37,715	–	81,818
Issue of shares in open offer	90,909	–	–	90,909
Issue of bonus shares in open offer	(9,091)	–	–	(9,091)
Share issuance expenses	(12,608)	–	–	(12,608)
Equity-settled share-based payment	–	–	882	882
Loss for the year	–	(45,001)	–	(45,001)
At 31 March 2008	123,471	(45,001)	882	79,352

30. DEFERRED TAXATION

As at 31 March 2008, deferred tax assets/(liabilities) have not been recognised in respect of the following temporary differences:

	Group	
	2008 **HK$'000**	2007 HK$'000
Tax losses that may be carried forward indefinitely	**3,984**	3,668
(Accelerated)/Decelerated tax depreciation	**(80)**	41
Allowance for impairment of trade receivables	**443**	270
	4,347	3,979

Deferred tax assets have not been recognised in respect of the above temporary differences because it is uncertain that there would be sufficient future taxable profits to utilise the tax benefits from them.

31. BUSINESS COMBINATION

Pursuant to an agreement dated 27 July 2006 ("Acquisition Agreement"), on 28 December 2006 ("Completion Date"), the Group completed the acquisition of the entire issued share capital of Right Gateway Limited ("Right Gateway"). According to the Acquisition Agreement, the consideration for the acquisition comprised: (i) HK$30,000,000 in cash ("Cash Payment") subject to adjustment with reference to the quarterly profit of the subsidiary of Right Gateway and payable over a 24-month period; (ii) 50,000,000 shares of the Company credited as fully paid ("Consideration Shares"); and (iii) convertible notes ("Convertible Notes") in the aggregate principal amount of HK$145,200,000 subject to adjustment with reference to the quarterly profit of the subsidiary of Right Gateway over a 24-month period. As part of the Acquisition Agreement, the Company also agreed to grant to the vendor a call option ("Call Option") for 50,000,000 shares of the Company at an exercise price of HK$0.99 per share.

Right Gateway's main asset comprised 70% equity interest in Right Idea Investments Limited ("Right Idea"), which in turn is a party to an agreement entitling Right Idea to the profit generated from a VIP gaming room in a casino in Macau.

Pursuant to the Acquisition Agreement, on the Completion Date, only the Consideration Shares were issued and allotted by the Company to the vendors, whilst the Cash Payment, the Convertible Notes and the Call Option were not paid, released or granted. The carrying value of the deferred consideration as of 31 March 2007, consisting of the Cash Payment and the Convertible Notes, were recognised based on their present value and adjusted for the estimates based on management's forecasted future revenue and profit of Right Idea.

Notes to the Financial Statements

31 March 2008

31. BUSINESS COMBINATION (Continued)

On 21 May 2007, the Company and the vendors entered into a consideration supplemental agreement ("Supplemental Agreement") whereby the consideration for the acquisition of Right Gateway was reduced and comprised only 50,000,000 Consideration Shares (that were already issued and allotted and credited as fully paid on 28 December, 2006) and HK$34,877,000 in cash ("Revised Cash Consideration"). Pursuant to the Supplemental Agreement, the vendors also agreed to cancel the agreement to grant Call Option. The Supplemental Agreement was conditional upon: (i) the approval of the Company's independent shareholders (being shareholders of the Company save for its parent and ultimate holding company, Wide Fine International Limited, the vendors and their associates); and (ii) the rights issue as discussed in Note 27 becoming unconditional. At the special general meeting held on 3 August 2007, the Company's independent shareholders approved the Supplemental Agreement. Further on 23 August 2007, the rights issue became unconditional. As a result, the Supplemental Agreement has become effective.

The Revised Cash Consideration under the Supplemental Agreement of HK$34,877,000 was fully settled during the year.

The net assets acquired and the goodwill arising are as follows:

	Pre-acquisition carrying amount HK$'000	**Fair value adjustments** HK$'000	**Recognized values on acquisition** HK$'000
Other receivable	1	–	1
Net identifiable assets and liabilities	1	–	1
Goodwill on acquisition			63,376
			63,377
Total consideration satisfied by:			
Shares of the Company			28,500
Cash			34,877
			63,377

Goodwill arose in the acquisition of Right Gateway because of the synergies expected to be achieved from integrating Right Gateway into the Group's Macau gaming marketing service business. In addition, the consideration amount included premium paid for the expected revenue growth and future market development of the blooming gaming activities in Macau.

31. BUSINESS COMBINATION (Continued)

Right Gateway contributed HK$5,765,000 and HK$5,765,000 to the Group's consolidated revenue and consolidated profit attributable to equity holders of the parent for the period from the date of acquisition to 31 March 2007.

If the acquisition of Right Gateway had been completed on 1 April 2006, there would be no material changes to the Group's consolidated revenue and consolidated profit for the year ended 31 March 2007.

32. COMMITMENTS UNDER OPERATING LEASES

As of 31 March 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**680**	781
In the second to fifth years inclusive	**216**	–
	896	781

33. POST BALANCE SHEET EVENT

On 28 March 2008, the Company entered into a conditional acquisition agreement (as supplemented by a supplemental agreement on 3 April 2008) ("Acquisition Agreement"), details of which are disclosed in the Company's circular dated 28 April 2008, whereby the Company conditionally agreed to acquire the entire issued share capital and the shareholder's loan of City Faith Investments Limited (a company incorporated in Hong Kong with limited liability and principally engaged in property investment) for an aggregate consideration of HK$24,700,000 to be satisfied by (i) HK$14,000,000 in cash and (ii) HK$10,700,000 in the form of convertible notes. The completion of the Acquisition Agreement was conditional upon, among others, the approval of the shareholders of the Company of the issue of the convertible notes. However, at the special general meeting held on 30 May 2008, the resolution regarding the issue of the convertible notes was voted down by the shareholders of the Company. As one of the conditions to the Acquisition Agreement cannot be fulfilled, the Acquisition Agreement has lapsed.

Notes to the Financial Statements

31 March 2008

34. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT COMPENSATION

The Company considers that all members of key management consist of the directors of the Company. Details of the compensation of directors of the Company are included in Note 14 to the financial statements.

The emoluments of directors are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(A) CAPITAL MANAGEMENT

The primary objective of the Company's capital management policy is to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Company review the capital structure on a periodical basis. As a part of this view, the directors of the Company consider the cost of capital and the risks associated with each class of capital, to balance its overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a debt to equity ratio derived from the consolidated balance sheets. The following table analyses the Group's capital structure as at 31 March 2008:

	2008 **HK$'000**	2007 HK$'000
Total liabilities	**8,998**	44,653
Total equity	**121,059**	29,659
Debt to equity ratio	**7.4%**	150.6%

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(B) FINANCIAL RISK FACTORS

The Group is exposed to credit, liquidity, interest rate and currency risks arising in the normal course of its businesses.

These risks are regularly monitored by the management and limited by the Group's financial management policies and practices described below.

i) Credit risk

The Group's credit risk is primarily attributable to bank balances, time deposits placed with other entities, trade and loans receivables. Bank balances are deposited with banks of high credit ratings such that the risk of bank failure is minimised. The credit quality of the counterparties regarding time deposits has been assessed with reference to external credit ratings (if available) or historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. As regards trade and other receivable, the management continuously evaluates the credit worthiness and payment patterns of each borrower or customer and these credit risks are closely monitored on an ongoing basis. At each balance sheet date, the Group reviews the recoverable amount of each individual debt to ensure that adequate impairment losses are made for irrecoverable amounts. Normally the Group does not obtain collateral from customers against trade receivables.

The Group has certain concentration risk. As at 31 March 2008, funds in the total sum of HK$59,000,000 that are not needed for immediate use have been placed as time deposits with a VIP lounge of a casino in Macau. In addition, approximately 57% (2007: 53%) and 77% (2007: 78%) of its trade receivables as at 31 March 2008 was attributable to one single customer and five customers respectively. In addition, approximately 24% (2007: nil) and 81% (2007: nil) of the Group's loans receivable as at 31 March 2008 was attributable to one single borrower and five borrowers respectively. The management will monitor the level of exposure to ensure that follow-up actions and/or corrective actions will be taken promptly to lower exposure.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Notes to the Financial Statements

31 March 2008

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(B) FINANCIAL RISK FACTORS (Continued)

ii) Liquidity risk

The management regularly monitors current and expected liquidity requirements, to ensure that the Group maintains sufficient reserves of cash meet its liquidity requirements in the short and longer term.

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

	Within 1 year or on demand HK$'000	**Between 1 and 2 years**	**Total** HK$'000
As at 31 March 2008			
Trade payables	3,497	–	3,497
Accruals and other payables	3,862	–	3,862
Finance lease and interest payment	40	–	40
	7,399	–	7,399

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(B) FINANCIAL RISK FACTORS (Continued)

ii) Liquidity risk (Continued)

	Within 1 year or on demand HK$'000	Between 1 and 2 years	Total HK$'000
As at 31 March 2007			
Trade payables	868	–	868
Accruals and other payables	4,294	–	4,294
Amount due to ultimate holding company	1,407	–	1,407
Finance lease and interest payment	162	–	162
Consideration for acquisition (note i)	18,750	11,250	30,000
	25,481	11,250	36,731

Note:

(i) Consideration for acquisition represented the cash portion of the consideration for the acquisition of Right Gateway. The amount of such cash consideration has been reduced and the payment term has been revised pursuant to the Supplemental Agreement dated 21 May 2007 (see Note 31).

iii) Cash flow and fair value interest rate risk

As of 31 March 2008, except for the loans receivable of HK$8,727,000 (2007: nil) held at average effective interest rate of 15% per annum (2007: nil), time deposits of HK$64,000,000 in total (2007: nil) held at average effective interest rate of 5.9% per annum (2007: nil) and the finance lease obligations of HK$35,000 (2007: HK$144,000) held at effective interest rate of 7% per annum (2007: 6%), the Group has no significant interest bearing assets and liabilities. The finance lease obligations at fixed rate expose the Group to fair value interest rate risk which is insignificant to the Group.

Notes to the Financial Statements

31 March 2008

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(B) FINANCIAL RISK FACTORS (Continued)

iv) Foreign currency risk

During the year, the Group had insignificant exposure to foreign currency risk as its business transactions, assets and liabilities were primarily conducted and recorded in the functional currency of the respective entities to which they relate. The Group currently has no particular hedging vehicles to hedge its exposure to foreign exchange risk. However, the management continuously monitors foreign exchange exposure and will consider making use of appropriate hedging measures when the need arises.

As of 31 March 2008, the Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

(C) FAIR VALUE ESTIMATION

The fair value of cash and bank deposits, trade and loans receivables, trade and other payables are not materially different from their carrying amounts because of immediate or short-term maturity of these financial instruments.

36. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the board of directors on 26 June 2008.

Five-year Financial Summary

For the year ended 31 March 2008

RESULTS

	For the year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**25,424**	35,432	47,498	24,160	14,674
(Loss)/Profit attributable to shareholders	**(43,710)**	(4,262)	2,849	(2,414)	(9,729)

ASSETS AND LIABILITIES

	As of 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**130,057**	74,305	16,522	13,088	14,061
Total liabilities	**(8,998)**	(44,646)	(11,084)	(13,044)	(11,573)
Minority interests	**(9,117)**	(1,730)	–	–	–
Net assets	**111,942**	27,929	5,438	44	2,488