財華社
FINET

Finet Group Limited

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 08317)

Annual Report 2007/2008

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

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

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The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted 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.

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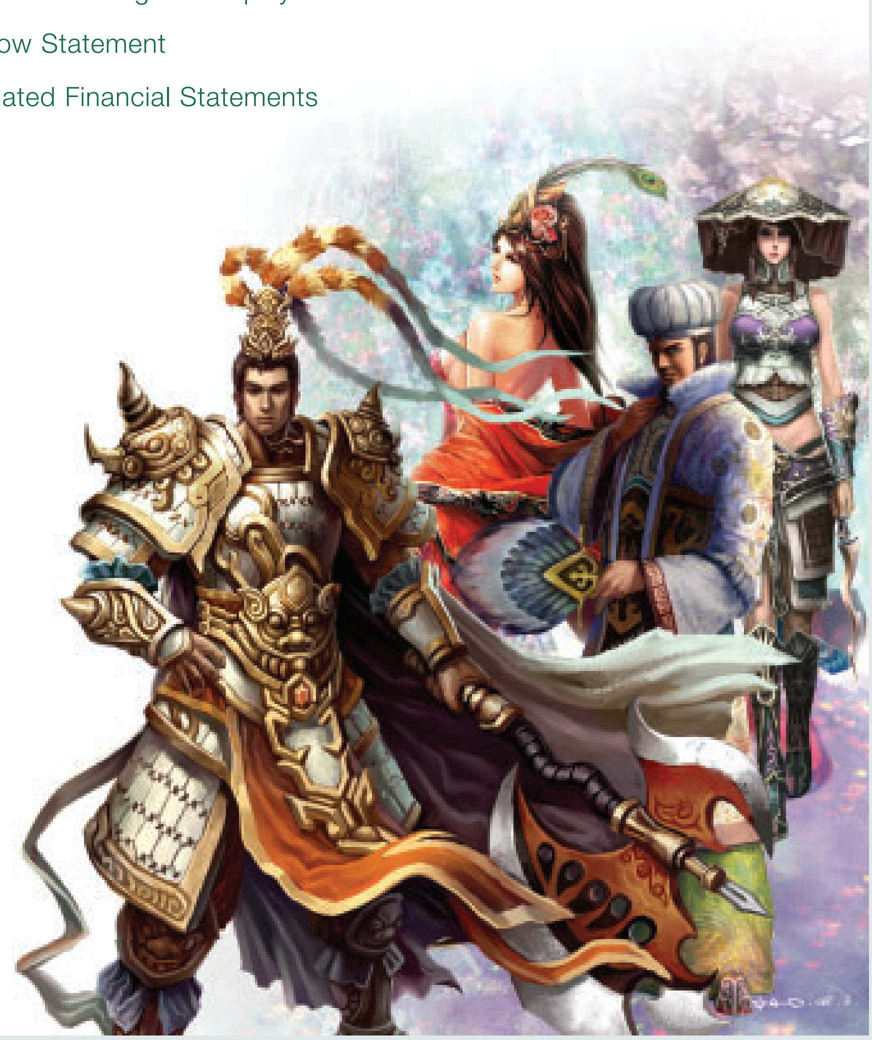
This report, for which the directors of Finet Group Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with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

Contents



Corporate Profile

Founded in 1998 and listed on the Stock Exchange of Hong Kong Limited (HKSE stock code: 08317), Finet Group Limited ("the Company" and together with its subsidiaries "the Group") is a leading Internet company in Greater China, focusing on two business lines: online financial information and online games. The Group is headquartered in Hong Kong with offices in Shanghai, Shenzhen, Beijing, and Hangzhou.

The Group's online financial information business specializes in the provision of integrated information solutions to global Chinese investors through online media. It operates one of the most popular financial portals, www.finet.hk, empowering individual investors with in-depth market data, real-time financial news and powerful analytical tools of the Hong Kong, China and U.S. financial markets. It also offers institutional investors with comprehensive financial information and value-added services by utilizing advanced technologies.

The Group's online game business is branded under "China Game", which aims to become a leading player in China's online game market. Headquartered in Shanghai, China Game now possesses an established game development centre in Hangzhou and a seasoned operations team based in Shanghai.

China Game envisions bringing China's self-developed games to the world. It plans to launch three self-developed massively multi-player online role playing games ("MMORPG") in 2008, operated under China Game's interactive entertainment platform (www.lyjoy.com). China Game targets to reach an aggregate of over one million concurrent users for all its games. China Game plans to set up additional R&D centers across China.

National Footprint to Tap into China's Internet Market

■ Online financial information business

▲ Online game business

Corporate Information

Board of Directors

Executive Director

Dr. YU Gang, George *(Chairman)*

Independent Non-executive Directors

Dr. LAM Lee G.
Mr. WU Tak Lung
Mr. William HAY

Compliance Officer

Dr. YU Gang, George

Qualified Accountant

Ms. NGAI Fung King, Carrie *FCCA*

Company Secretary

Mr. TSANG Kwok Wai, Simon
FCPA, FCCA

Authorized Representatives

Dr. YU Gang, George
Ms. NGAI Fung King, Carrie

Audit Committee

Mr. WU Tak Lung *(Chairman)*
Dr. LAM Lee G.
Mr. William HAY

Remuneration Committee

Dr. LAM Lee G. *(Chairman)*
Dr. YU Gang, George
Mr. WU Tak Lung

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Suite 505-506, 5th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Company Website

www.finet.hk

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Stock Code

08317

Investor Relations

Email: ir@finet.com.hk
Website: www.finet.hk/mainsite/IR.php

Financial Highlights

	Year ended 31st March, 2008 HK$'000	2007 HK$'000
Operating Results		
Revenue	35,829	32,127
Profit/(Loss) attributable to equity holders of the Company	5,519	(2,589)

	As at 31st March, 2008 HK$'000	2007 HK$'000
Financial Position		
Total assets	129,070	63,403
Total liabilities	15,137	8,166
Net assets	113,933	55,237
Cash and cash equivalents	7,556	37,036

	Year ended 31st March, 2008 HK cents	2007 HK cents
Profit/(Loss) Per Share		
Basic	0.98	(0.50)
Diluted	0.91	(0.50)

Statement from the Chairman and CEO

Dear Shareholders:

2007 was a year of significance for Finet.

We continued to implement our China growth strategy for the existing financial information business and also seized the opportunity to enter into China's Internet market through acquiring a major online game developer, Hangzhou Tianchang Network Technology Co., Ltd. ("Tianchang"). Both lines of business provided us with strong platforms to tap into exciting opportunities in China's Internet market and paved the way for future explosive growth in our business. We prudently executed our business plans in China with a clear objective to become a major player in China's Internet business in the next three to five years.

Financial Results

We are glad to report that our financial information services achieved continued growth of revenue in the 2007/2008 fiscal year to $35,829,000, up 12% from $32,127,000 in the 2006/2007 fiscal year, an all-year growth record since our public listing. We also turned into profit of $3,285,000 in the 2007/2008 fiscal year, from a loss of $2,589,000 in the 2006/2007 fiscal year. The increases in our expenses from $25,906,000 in the 2006/2007 fiscal year to $55,797,000 in the 2007/2008 fiscal year were mainly related to the investment in the research and development of online games subsequent to the acquisition of Tianchang. We expect consolidated revenue and profit to increase significantly in 2008 once we commercialize the three online games developed by the talented development team of Tianchang.

Executing the China Growth Strategy

We had the vision to achieve continued success and growth in China to stay ahead of the cut-throat competition in Hong Kong. Our financial information business captures an increasingly sophisticated and expanding institutional and retail investor community in Mainland China by providing quality financial information, the demand for which has been unprecedentedly high in the past few years as a result of the superb performance of China's financial markets, and various new initiatives by the Chinese government, such as the expanded QDII program and the to-be launched Hong Kong Stock Market Through-Train program.

As a testimony to our commitment to the China growth strategy, Finet greatly expended resources in its China operations in the past two years. By the end of the fiscal year of 2007/2008, we had tripled our workforce in Shenzhen, Beijing and Shanghai, and added almost all prestigious Chinese financial institutions, insurance companies and state-level banking and finance regulators and investment arms to our client list. We highly value such a large institutional client base, and expect to be rewarded handsomely in the next few years when China's financial institutions ramp up their domestic and overseas investment activities.

During the year, we also focused on our Internet strategy for our information business in China. We have been executing two initiatives: to launch a new Internet-based financial terminal, *Finet PowerStation 2008*, and to launch our flagship website which is customized for Chinese investor preferences. Both new initiatives offer tremendous potentials for our financial information business. *Finet PowerStation 2008* has been officially launched in first quarter of 2008 and received strong positive feedback. The new financial website is planned for debut in the second quarter of 2008.

By following the successful execution of our China growth strategy, we believe the Group's financial information business will achieve strong growth in the next few years and transform the Group into a top financial information provider in China.

Into Internet Business

During the year, we also made a major breakthrough in entering into China's online games market, by acquiring a major online game company, Tianchang, in June 2007. Subsequently, we injected Tianchang's assets into a new subsidiary company, China Game and Digital Entertainment Limited ("China Game"), which focuses on growing the Group's online games business in China. In early 2008, we also set up an operation center in Shanghai and aim to grow China Game into a major player in China booming online games market.

We are bullish about Internet business opportunities in China, especially in the online game sector. Online games are becoming a regular entertainment by the massive age groups between 16 and 35 in China. According to China Internet Network Information Centre, China's Internet population has already reached 210 million users by the end of 2007, the second largest in the world. Accordingly, the market size of online games had grown to RMB12.6 billion in 2007, with future expected compound annual growth rate of 40% over the next four years. Online games represent a clear and proven business model among Chinese Internet companies. The acquisition of Tianchang and subsequent opening of the Shanghai game operations center in April 2008 allow the Group to capitalize on an existing business opportunity with phenomenal revenue potential in China's mainstream Internet business.

Since the takeover of Tianchang in June 2007, the Group has successfully integrated China Game into the Group's management system, and installed a strong management team to grow China Game's game development and operations capabilities. In particular, the Group had been motivating the game development team to focus on developing and completing the games in the pipeline designated for the next two to three years. China Game is ready to launch the commercialization of the three self-developed massive multiplayer online role-playing games ("MMORPGs"), namely, the *Warage* in late second quarter of 2008, *Tang Dynasty II* (大唐 II) in the third quarter of 2008, and *Swordsman-Plus* in the fourth quarter of 2008. We are confident that the commercialization of these games will bring strong revenue growth for China Game and the Group, and bring satisfactory rewards to the Group shareholders in 2008/2009.

Going forward, China Game will place its primary focus on self-developing online games, while exploring the opportunities to license top-tier domestic and overseas games to diversify its game portfolio in the future. On the operational front, we will strive to build and expand a highly scalable operational platform to capture the growing needs of online gamers for entertainment, social networking and e-commerce.

Confidence in Our Future

The Group has assembled a team of talented professionals in both financial information services and online games, and they are dedicated to bringing the Group into the next level of growth. Having executed our China growth strategy in the past two years and successfully entering into online games in 2007, the Group is ready to tap into the exciting business opportunities in China's high-growth Internet sector. We believe the Group is now truly attached to China's growth opportunities in the Internet era, and we will be reaping harvests from our investments from this time onward.

Please join us to share our confidence in our future.

George Yu
Chairman & CEO

Comprehensive Financial Information to Reach Every Investor

Management Discussion and Analysis

BUSINESS REVIEW

The Group continues to enjoy a leadership position in providing integrated financial information solutions to institutional and individual investors across the Greater China. The bullish sentiment in Greater China's financial markets (including Mainland China) during the first half of the financial year had positively impacted the Group's financial information business, while the market volatility caused by the U.S. subprime fallout had negatively impacted the Group's financial information business. Overall, the Group enjoyed healthy and continued growth in this segment of business line.

In 2006, the Group identified the Internet, Media and Mobile (IMM) strategy to tap into the explosive growth opportunities in China as our new mission for the future. The IMM strategy helps the Group to broaden the scope of business and take the Group to the next phase of growth, in addition to our existing financial information services.

Following formulating the IMM strategy, in November 2006, the Group signed a MOU to acquire a 50% interest in China PRNews Limited. The acquisition didn't materialize due to disagreement of certain agreement terms at the final negotiation stage.

Financial Information Business

The Group's financial information continues to experience the global megatrends of online financial content business. Outside Mainland China, the competition for online financial data, news and other content is becoming more fierce, leading to thinner margin. Nevertheless, the Group has consolidated this business line through focusing on corporate and institutional clients. This strategy has helped the Group to secure a number of key clients in Greater China, such as Bank of China (Hong Kong), Public Bank in Hong Kong, UBS, Macquarie Bank, ABN AMRO, Systex and Sinopac Securities in Taiwan.

The Group has been executing its China growth strategy over the past two years. By the end of this fiscal year, we had tripled our workforce in Shenzhen, Beijing and Shanghai. The Group's China headquarters in Shenzhen now processes most of the essential data, news content and analysis in real time, and added almost all prestigious Chinese financial institutions, insurance companies and state-level banking and finance regulators and investment arms to our client list.

During the fiscal year, we also formulated our Internet strategy for our information business in China. We acted on two initiatives: to launch a new Internet-based financial terminal, *Finet PowerStation 2008*, and to launch a flagship website, *www.caihuanet.com*, for Mainland China-based investors. Both initiatives offer tremendous potentials for our financial information business, namely, *Finet PowerStation 2008* will aim to penetrate institutional investors who require organized information solutions in real-time, and the new website will target retail investors who prefer massive information, tips and social networking within a specific investment community. *Finet PowerStation 2008* has been officially launched in first quarter of 2008 and received strong positive feedback. The new website is undergoing final beta testing and is planned for debut in the second quarter of 2008.

In highlight, we have achieved the following during the fiscal year by executing our China growth strategy:

- Secured a significant list of prestigious institutional investors as our clients;
- Launched Finet PowerStation 2008 as the new Internet-based terminal targeting Mainland Chinese investors;
- Planning to launch a new financial website, *www.caihuanet.com*, in the 2nd quarter of 2008;
- Finished to build one of the most comprehensive Hong Kong listed company database, and U.S.-listed Chinese company database;
- Quadrupled China-based sales revenues, including deferred income.

With Proprietary Game Development Technologies, We Have THREE Games in the Pipeline for 2008

Management Discussion and Analysis

Online Game Business

At the same time of growing the Group's financial information and media business in China, the execution of the IMM strategy has been focused on developing the online games business line through strategic acquisition of Hangzhou Tianchang Network Technology Co. Ltd., a leading online game company in China. Through the acquisition, the Group immediately gained a solid foothold in China's fast growing online game market.

The public listing of four China-based online game companies in the US and Hong Kong markets in 2007, raising over HKD10.8 billion from their IPOs, was a clear indicator that the business models and growth prospects of online game companies in China are well recognized and highly valued by the international investment community. In particular, all of such companies possess self-development capabilities to produce their own online games, demonstrating that game developers, as opposed to those relying on the licensing of third-party games, are given more credits by investors.

Reasons for self-development companies to gain prominence abound. 1) In-house development requests less upfront costs and commands higher margin. According to Morgan Stanley Research, licensing a game costs an average of US$2-5 million upfront payment whereas self-development costs only US$1-3 million to deliver a game. Game licensees are subject to ongoing revenue sharing of about 20-30% to the licensor, thus hurting their margin. Not entitled to such revenue sharing, game developers enjoy high margin, with some enjoying a net margin rate of 80-90%. 2) Game developers are more responsive to local market needs, not only because their game themes are tailor-made to the Chinese players, but also because they can churn out more content updates by its in-house development team. 3) The Chinese government has many favorable policies to support locally developed games, including almost no restrictions for culturally rich local games to publish in China, government imposes various protection measures against foreign games. Not surprisingly, homegrown games accounted for 65% of China's online game sales in 2006, up from 60% in 2005 (Source: IDC).

We chose Tianchang as the springboard to China's booming online game market since we reckoned that its remarkable development capabilities and strong game pipeline can set us apart from other players and generate significant revenues. Tianchang prides itself as one of the champions in the development of three-dimensional ("3D") massive multiplayer online role-playing games ("MMORPG"s). Its in-house development team comprised some veteran developers whose career started at the beginning of China's online game history. With three years of dedicated development, Tianchang's proprietary 3D game engine underlines the company's core asset. The powerful engine enables Tianchang to develop games with the following advantages: 1) 6 to 8 months development cycle, compared to 1 to 3 years by its peers; 2) low development costs for each game, at around Rmb 4-6 million; 3) fast game upgrades in an average of two weeks; 4) regular content updates, allowing each game to launch a major content extension pack in every month to every quarter.

Since our acquisition, the Group had expended key resources in enhancing Tianchang's game development and focused on restructuring the operations in order to prepare for the commercialization of the three MMORPGs in the pipeline.

Game Development

Since our takeover of Tianchang in June 2007, we had expanded the development team from 32% of the total staff to 60% by March 2008. We partly sourced experienced programmers, designers and artists from our competitors and partly hired from the market. We also recruited outstanding graduates from reputable universities and provided systemic training to the new hires. Our development team has been highly stable, with a healthy annual turnover rate of only 7%.

Management Discussion and Analysis

Based on large-scale market research and thorough internal discussions, we revised and rescheduled our games in the pipeline for 2008, in order to better differentiate our multiple products and cater to the demands of varying player groups. *Warage* is a 3D MMORPG that is based on the historical background of the Three Kingdoms period. As a 2.5D MMORPG, *Tang Dynasty II* aims to extend the popularity of *Tang Dynasty* and *Legend of Tang Dynasty*, while capturing a broader user community in the second and third tier cities. The 3D *Swordsman-Plus*, featuring a diverse set of highly personalized virtual items, is set against a backdrop of the restless swordsman world at the end of the Yuan Dynasty and the beginning of the Ming Dynasty. The three self-developed games, to be launched in the second, third and fourth quarter of 2008, respectively, will all adopt the item-billing model. Moreover, we planned to introduce a major content update for each game on a quarterly basis.

While the online game industry is often compared to the “hit-or-miss” nature of the movie industry, we regard our multi-product strategy can effectively hedge the risks and also, with our quarterly major content updates for each product, our online games are counter-cyclical, just like many domestic games with a long history of popularity.

Game Operations

Tianchang continued to market, sell and maintain its two existing games, *Tang Dynasty*, a time-based 3D MMORPG, and *Legend of Tang Dynasty*, a free-to-play 3D MMORPG by its operations team based in Hangzhou. The games contributed stable income to the Group.

In preparation for the commercialization of the three new games in 2008, the Group decided to set up an operations center in Shanghai, the hub of leading online game companies with the best supply of game operations talents and marketing resources in China. By the end of March 2008, we had completed the grand opening of the Shanghai office and successfully assembled a seasoned operations team from other leading game companies, led by an industry veteran to oversee the Group’s daily game operations.

Moreover, the Group rebranded the entire online game business under “China Game”, which would give a new corporate image to pave the way for the aggressive marketing campaigns of the three new games in 2008.

FINANCIAL REVIEW

Turnover of the Group for the year ended 31st March, 2008 was approximately HK$35,829,000 (2007: HK$32,127,000), which represented an increase of approximately 12% as compared to the previous financial year. The net increase was primarily attributable to (1) an increase in online game business of HK$843,000; and (2) an increase in financial services and advertising services of total HK$ 2,859,000. Turnover of the Group continued to experience steady growth during the year under review.

Other operating income of the Group for the year ended 31st March, 2008 was approximately HK$33,284,000 (2007: HK$2,859,000), which mainly comprised the gain on disposal of interests in subsidiaries and fair value gain on investment properties during the year.

Cost of sales of the Group for the year ended 31st March, 2008 was approximately HK$10,031,000 (2007: HK$11,669,000), representing a decrease of approximately 14% as compared to the previous financial year. The decrease in the cost of sales was mainly resulted in the decreased in cost to the information providers in connection with the provision of relevant services.

Selling and marketing expenses of the Group for the year ended 31st March, 2008 was increased to approximately HK$6,143,000 compared with approximately HK$380,000 in 2007. The increase was mainly attributable to the increased in marketing and promotion expenses incurred for online game business amounting to approximately HK$5,747,000.

Management Discussion and Analysis

Development costs of the Group for the year ended 31st March, 2008 was approximately HK$5,058,000 (2007: Nil), which mainly depreciation of property, plant and equipment of approximately HK$122,000 (2007: Nil) and employee benefit expenses of approximately HK$4,318,000 (2007: Nil).

General and administrative expenses of the Group for the year ended 31st March, 2008 was increased by approximately HK$13,943,000 to approximately HK$38,882,000 (2007: HK$24,939,000), which mainly comprised the staff costs (including directors' emoluments) of approximately HK$21,683,000 (2007: HK$13,473,000) that represented approximately 56% (2007: 54%) of the general and administrative expenses. The increase in staff costs resulted from significant workforce expansion in the PRC for the financial information services and online game business.

Finance cost of the Group for the year ended 31st March, 2008 was approximately HK$817,000 (2007: HK$257,000), which represented the interest charges on bank loans for acquisition of the properties and the leasehold land and land use rights in the PRC.

No Hong Kong profits tax was paid for the year ended 31st March, 2008 (2007: Nil) as the Group had no assessable profit for the year. No PRC income tax was paid for the year ended 31st March, 2008 (2007: Nil) for subsidiaries of the Company incorporated in the PRC as it had no assessable profit for the year ended 31st March, 2008.

Loss shared by minority interests of the Group for the year ended 31st March, 2008 was approximately HK$2,234,000 (2007: Nil). Loss shared by minority interests in this year represented minority interests' share of loss in the Group's online game business.

The audited consolidated profit attributable to equity holders of the Company for the year ended 31st March, 2008 was approximately HK$5,519,000 (loss attributable to equity holders for 2007: HK$2,589,000).

Liquidity and Financial Resources

	As at 31st March, 2008 HK$'000	As at 31st March, 2007 HK$'000	change
Net current assets	9,641	38,872	–75%
Total assets	129,070	63,403	+104%
Total liabilities	15,137	8,166	+85%
Total equity	113,933	55,237	+106%
Cash and bank deposits	7,556	37,036	–80%
Debts to equity ratio	0.14x	0.15x	–7%
Gearing ratio	0.03x	0.07x	–57%

As at 31st March, 2008, the total assets of the Group increased by approximately HK$65,667,000 to approximately HK$129,070,000 as compared to approximately HK$63,403,000 as at the end of the previous financial year, representing an increase of approximately 104%.

As at 31st March, 2008, the total liabilities of the Group increased by approximately HK$6,971,000 to approximately HK$15,137,000 as compared to approximately HK$8,166,000 as at the end of the previous financial year, representing an increase of approximately 85%.

Management Discussion and Analysis

As at 31st March, 2008, the total equity of the Group significantly increased by approximately HK$58,696,000 to approximately HK$113,933,000 as compared to approximately HK$55,237,000 as at the end of the previous financial year, representing an increase of approximately 106%.

Gearing Ratio

As at 31st March, 2008, the Group's gearing ratio was approximately 3% (2007: 7%), based on total borrowings of approximately HK$3,452,000 (2007: HK$3,633,000) and total equity of the Group of approximately HK$113,933,000 (2007: HK$55,237,000).

Significant Investments Held

As at 31st March, 2008, the Group held financial assets at fair value through profit or loss of approximately HK$3,056,000 (2007: HK$22,000) and available-for-sale financial assets of approximately HK$1,098,000 (2007: HK$2,165,000).

Acquisition and Disposals of Subsidiaries

The Group had the following acquisition and disposals during the year ended 31st March, 2008:

Acquisition

The Group acquired the 100% equity interest in East Treasure Limited for a total consideration of RMB59,500,000 (approximately HK$61,880,000). East Treasure Limited is a limited liability company incorporated in the Republic of Seychelles. It holds 100% of the equity interest in Hangzhou Xiaoao Digital Technology Company Limited (杭州笑傲數碼科技有限公司), a WFOE incorporated in the PRC. Xiaoao has entered into the Operative Agreements with Hangzhou Tianchang Network Technology Company Limited (杭州天暢網絡科技有限公司), in connection with the ownership, development and operations of online games in the PRC. The acquisition allowed the Group to enter China's fast-growing online game market.

Disposals

For funding a part of the acquisition of the East Treasure Limited and the related investment, the Group disposed of the 12% and 2.29% equity interest in China Game and Digital Entertainment Limited, being a subsidiary of the Group, for a cash consideration of US$4,000,000 (approximately HK$31,200,000) and US$1,000,000 (approximately HK$7,800,000) respectively.

The Group also disposed of the 70.101% equity interest in Finet Pride Asset Management Limited, being a subsidiary of the Company, for a cash consideration of HK$3,090,000 to an independent third party during the year ended 31st March, 2008.

Save as disclosed above, the Group had no other acquisition and disposal of subsidiary during the year ended 31st March, 2008.

Charges of Assets

As at 31st March, 2008, the investment properties, property, plant and equipment and leasehold land and land use rights with an aggregate carrying value of HK$17,155,000, Nil and Nil, respectively (2007: Nil, HK$9,792,000 and HK$2,444,000) were pledged as securities for the borrowing facilities of the Group.

Exposure to Fluctuation in Exchange Rates

The Group holds leasehold land and land use rights and buildings in RMB, financial assets/liabilities at fair value through profit or loss in US$ and available-for-sales financial assets in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets/liabilities will fluctuate due to change in exchange rates.

Management Discussion and Analysis

Contingent Liabilities

During the year ended 31st March, 2008, three libel actions have been brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. The Company's directors believe that the Group has meritorious defense against such claims and accordingly, the directors do not believe that these claims will have any material adverse effect on the Group. Therefore no provisions have been made in the financial statements in respect thereof.

Staff

The Group had 268 (2007: 75) full-time employees in Hong Kong and the PRC as of 31st March, 2008.

During the year, the Group incurred total staff costs (including directors' emoluments) of approximately HK$26,001,000 (2007: HK$13,473,000), which approximately HK$21,683,000 (2007: HK$13,473,000) was included under the general and administrative expenses and approximately HK$4,318,000 (2007: Nil) was included under the development costs.

Disclosure under Chapter 17 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange

The Directors confirmed that they were not aware of any circumstances which would give rise to disclosure requirement under Rules 17.15 to 17.21 of the rules governing the listing of securities on GEM of the Stock Exchange.

PROSPECT

China offers tremendous potentials for Internet business opportunities because of the size of its Internet population, 210 million at the end of 2007, the largest in the world. Therefore, the Group will commit to invest in China's Internet market and to strive to become a major market player in the next 3-5 years. We have identified online financial media and online games, two most promising areas that offer proven business models and increasing user bases.

Following executing our China growth strategy in the past two years, the Group is ready to tap into the massive investor base in China, and to ride on the future development of China's capital markets, such as the Hong Kong Stock Through-Train Program (港股直通車) under planning and cross-market listing of Chinese companies. We aim to offer more integrated financial information solutions, for example, through enhancing the content and functionalities of *Finet PowerStation 2008*, to Chinese financial institutions for their increasing demands to help their cross-border investment activities. We are confident over time we will capture a significant market share in such a growing and highly profitable marketplace.

We are confident to significantly enhance our online financial media and distribution business after the debut of our new website, so as to capture the massive retail investor base in China, estimated over 100 million at the end of 2007 and growing. We will grow this business line through enhancing the popularity of the new website through creative marketing activities in 2008, and through improving the operational results from the website through sales efforts in online advertising, online distribution of financial products and analyses and investor relations opportunities for Hong Kong and Mainland China listed companies.

We expect online games to become the Group's main growth driver in the next 2 years, due to the explosive nature of its business model. We aim to substantially grow this business line and make China Game a leading online game company in China in the next few years.

Management Discussion and Analysis

We will execute the following strategies to achieve our online game business plan:

- *Operations:* focus on achieving excellent operational results after commercialization of the three upcoming new MMORPGs, and introduce content updates of each game in order to extend its life cycle; enhance our interactive entertainment platform to increase its user community;
- *Product Pipeline:* devise future product plans to ensure strong game pipeline in the next five years, and continue to strengthen our development capabilities through expanding the research centre and the development teams; expend resources to secure outstanding domestic or foreign games;
- *Sales & Marketing:* explore overseas markets, and enhance branding, including participation in industry events such as ChinaJoy;
- *Corporate Development*, acquire or establish more game development centers across China, and plan to spin-off China Game for a public listing when conditions allow doing so.

Finet is a company with vision and execution capability, and now embroiled with a golden opportunity to succeed in China's Internet market with fantastic growth potential. We have a talented and professional team to execute what we are after. Certainly, we will face market challenges, but we are prepared to treat them more as opportunities. We are dedicated to seize the opportunity to unfold a story of success and maximize shareholder's value.

Board of Directors and Senior Management

Executive Director's Profile

DR. YU GANG, GEORGE, aged 43, serves as the chairman, chief executive officer, and compliance officer of the Group and is responsible for leading the Group's overall strategic planning and development. Prior to joining the Group in December 1999, Dr. Yu had gathered years of banking experience when he was with Goldman Sachs (Asia) L.L.C. in Hong Kong and J.P. Morgan Securities, Inc. in New York. Dr. Yu later joined the University of Hong Kong as an Assistant Professor of Finance for three years. Dr. Yu graduated with a Ph.D. degree in Finance from the Stern School of Business, New York University in the U.S. in 1993, a master's degree in Economics from the State University of New York in the U.S. in 1988, and a bachelor's degree in Mathematics from Sichuan University in the PRC in 1985.

Independent Non-Executive Directors' Profile

DR. LAM LEE G., aged 48, has been an independent non-executive director of the Group since April 2003. Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the UK, and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 25 years of international experience as a CEO, company director and investment banker in the telecommunications, media and technology (TMT), retail, property and financial services sectors. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. He is a Member of the Hong Kong Institute of Bankers, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Policies Committee, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region.

MR. WU TAK LUNG, aged 43, an independent non-executive director since February 2004, is currently a director of the corporate finance department of MasterLink Securities (H.K.) Corporation Limited, an investment bank licensed by SFC in Hong Kong. Mr. WU is also an independent non-executive director of China Water Industry Group Limited, Aupu Group Holding Company Limited, Neo-Neon Holdings Limited and iMerchants Limited and RBI Holdings Limited, all of which are listed on the Stock Exchange and an independent director of Sinobest Technology Holdings Limited, a Singapore-listed company. Mr. Wu had worked in an international audit firm, Deloitte Touche Tohmatsu for five years, and was then employed by several listed and private companies in Hong Kong as head of corporate finance, chief financial officer and executive director. Mr. Wu obtained a master's degree in Business Administration jointly awarded by the University of Manchester and the University of Wales. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants (ACCA), Hong Kong Institute of Chartered Secretaries (HKICS) and the Taxation Institute of Hong Kong (TIHK). He is also a full member of the Hong Kong Securities Institute (HKSI) and an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA).

MR. WILLIAM HAY, aged 56, became an independent non-executive director of the Group in May 2006. Mr. Hay is a qualified solicitor in Hong Kong and lawyer in New York State. Mr. Hay was the general counsel of Colony Capital Asia Limited, the general counsel of GE Capital Asia Pacific and a partner of Lovells, one of the world's largest law firms. Mr. Hay had previously practised corporate and financial law in New York City for 13 years, and has resided in Hong Kong since 1995. Currently, Mr. Hay is the Managing Director Asia Pacific for MGM Mirage Hospitality LLC, a leading global luxury hospitality company. Mr. Hay received a B.A. from the University of California at Berkeley in the U.S. in 1973, an A.M. in East Asian Studies from Harvard University in the U.S. in 1978, and a J.D. from Harvard Law School in 1982.

Board of Directors and Senior Management

Senior Management's Profile

MS. SIU WING KEI, QUEENIE, aged 33, is the vice president of the Group and the chief executive officer of China Game, the Group's online game subsidiary. Ms. Siu held various senior management roles of corporate development, investor relations and marketing at the Group from 2005 to 2007. She participated in the Group's key corporate development activities including strategic planning, M&As and fund-raising. Prior to joining the Group, Ms. Siu spent about three years with Sino-i Technology Limited, a company listed in Hong Kong, as the marketing director and web business director of its China-based information services arm in Beijing. Ms. Siu graduated with a Master's degree in Commerce (Management of Technology) and a Master's degree in Logistics Management from the University of Sydney, Australia simultaneously in 2003.

MS. HUANG SHOU XIANG, SHIRLEY, aged 35, is the vice president of the Group, responsible for managing the Group's financial information business. Ms. Huang is responsible for daily operations of the Group's financial information business, particularly in executing the Group's China growth strategy in financial information business. Since joining the Group in February 2001, Ms. Huang has been assigned various managerial roles in the past seven years including China finance director and China operations director. Prior to joining the Group, she spent about four years with East Dragon Trading (Shenzhen) Limited in China and served as the finance manager. Ms. Huang graduated from Beijing University of Science and Technology with a Bachelor of Science degree in Material Science in 1996.

MS. NGAI FUNG KING, CARRIE, aged 40, is the director of finance and administration of the Group, responsible for the Group's financial control, human resources management and corporate affairs. Ms. Ngai has over 15 years of experience in accounting, financial management and corporate secretarial work. She was with Coopers & Lybrand (now PricewaterhouseCoopers) for three years and worked as group chief accountant in The Swank Shop Limited from 1995 to 1999. Before joining the Group, Ms. Ngai spent two years with Christie's as the financial controller in Asia. Ms. Ngai received a professional diploma in Accountancy from Hong Kong Polytechnics in 1990. She is a fellow member of The Association of Chartered Certified Accountants.

MR. LI YAN QING, aged 36, is the president of China Game, the Group's online game subsidiary. Prior to joining China Game, Mr. Li founded T2CN Group, now a brand-name online game company in China, in 2003 and served as its president, where he led the operations and development of a number of reputable online games, including "Freestyle", "Neosteam" and "House of Flying Daggers". Mr. Li joined the online game joint venture of Sina.com and NCSoft Corporation in 2002 as the chief operating officer, responsible for the game operations of "Lineage", one of the most popular online games from Korea. He joined Netease.com Inc. as chief product officer in Shanghai to operate "Westward Journey II", one of the most successful games in China, "Priston Tale" and more other online games. Back in 1999, Mr. Li founded the largest PC game information portal, *www.ali213.net*. Mr. Li graduated with a bachelor degree in Clinical Medicine from Zhejiang University in 1996.

MR. NING ZI HAI, aged 33, has been the vice president, game development of China Game, the Group's online game subsidiary, since January 2008. Prior to this, Mr. Ning served as the vice president, game development of Hangzhou Tianchang Network Technology Co.,Ltd., which was acquired by the Group in June 2007. Mr. Ning is an experienced game producer, possessing over ten years of IT industry experience, especially in the Internet and online game sectors. Mr. Ning has in-depth technical knowledge and hands-on experience in the development and operations of online games. Mr. Ning was the senior product manager at PowerLeader Science and Technology Co.,Ltd., a Hong Kong listed company, from 2002 to 2005. Over the years, Mr. Ning led the development of a number of online games, including "The Qing Empire", "Heroes of Warrior States", "Tang Dynasty", "Legend of Tang Dynasty", "Warage", "Tang Dynasty II" and "Swordsman-Plus".

Corporate Governance Report

Corporate Governance Practice

The Board is committed to maintaining a high standard of corporate governance. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders.

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the code provisions set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the Listing Rules except that: (1) the roles of chairman and chief executive officer are not separate and are performed by the same individual; and (2) the non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company's articles of association (the "Articles").

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31st March, 2008. Having made specific enquiry of all Directors of the Company, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors of the Company.

Board of Directors

The composition of the Board and the biographical details of the Directors are set out in the Report of the Directors on pages 22 to 28 and the section headed "Board of Directors and Senior Management" on page 17 to 18 of this annual report.

During the year ended 31st March, 2008, the Board held four physical meetings and the attendance of the Directors is as follows:

Name of director	Number of attendance in person	% of attendance
Yu Gang, George	4/4	100%
Kwan Pun Fong, Vincent (resigned from office on 10th June, 2008)	3/4	75%
Brendan McMahon (retired from office on 27th July, 2007)	0/0	N/A
Lam Lee G.	3/4	75%
Wu Tak Lung	4/4	100%
William Hay	4/4	100%

In addition to physical meetings, the Board also approved matters by resolutions in writing from all the Directors.

The Board is responsible for the overall management of the Company in accordance with the Articles and is entitled to delegate its powers to any executive Director, committees of the Board and the management team. The Board is primarily responsible for approving and monitoring the Company's major corporate matters, the evaluation of the performance of the Company and oversight of the management.

The Company has received the annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent.

Corporate Governance Report

To the knowledge of the Directors, the Board members have no financial, business, family or other material/ relevant relationships with each other.

Chairman and Chief Executive Officer

The roles of the chairman and chief executive officer are performed by the same individual, Dr. Yu Gang, George. While serving as the chairman of the Company, Dr. Yu Gang, George leads the Board and is responsible for the proceedings and workings of the Board. He is also responsible for running the Company and executing strategies adopted by the Board. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises of experienced and professional individuals. Given the Company's current stage of development, the Board considers that vesting the role of chairman and chief executive officer in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operations. However, the Board will review the existing structure from time to time.

Non-executive Directors and Retirement by Rotation

None of the non-executive Director and the independent non-executive Directors of the Company is appointed for specific terms but are subject to the retirement by rotation provisions under the Articles.

Audit Committee

The Board established an audit committee with written terms of reference in accordance with Rules 5.28 of the GEM Listing Rules. The audit committee comprises three members who are independent non-executive Directors, namely, Mr. Wu Tak Lung, Dr. Lam Lee G. and Mr. William Hay (with Mr. Wu Tak Lung as the chairman thereof).

The principal duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Company.

The audit committee met four times during the year ended 31st March, 2008 and the attendance of the members is as follows:

Name of director	Number of attendance in person	% of attendance
Wu Tak Lung	4/4	100%
Lam Lee G.	3/4	75%
William Hay	4/4	100%

During the year ended 31st March, 2008, the audit committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements as well as audit matters of the Company, discussing with Executive Director, management and the auditors of the Company, and making recommendations to the Board.

The audited financial statements for the year ended 31st March, 2008 have been reviewed by the audit committee.

Corporate Governance Report

Remuneration Committee

The committee comprises the executive Director, Dr. Yu Gang, George and two independent non-executive Directors, namely, Dr. Lam Lee G. and Mr. Wu Tak Lung (with Dr. Lam Lee G. as the chairman thereof). The principal responsibilities of the remuneration committee include the formulation of the Company's remuneration policy, the approval or recommendation of remuneration packages for the Directors and the senior management, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

During the year ended 31st March, 2008, the Remuneration Committee did not hold any meeting as the relevant matters were considered by the Board and/or administered in accordance with previously signed service contracts, letters of appointment and/or set policies.

Nomination of Directors

The Board has the power to appoint Director(s) pursuant to the Articles. During the year ended 31st March, 2008, the Board has not considered any appointment of Directors.

Auditors' Remuneration

The auditors provide audit and non-audit services to the Company during the year ended 31st March, 2008. The remuneration of the auditors for the provision of audit and non-audit services during the year under review is HK$320,000 and HK$355,000 respectively.

Preparation of Financial Statements

The respective responsibilities of the Directors and the auditors for preparing financial statements of the Company are set out in the Report of the Auditors on page 29 of the Annual Report.

Internal Controls

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interests of shareholders and the Company's assets.

In consideration of the size of the Company, the Board does not consider to establish an internal audit team at present. However, the key control procedures established by the Company are day-to-day supervision of the business by the executive director, supported by managers responsible for the operations and the key divisional supporting functions of finance, information system and human resources.

The Board will continue to review and improve the Company's internal control systems, taking into account the prevailing regulatory requirements, the Group's business development, shareholder interest, and technological advances.

Report of the Directors

The Directors have the pleasure to present the annual report together with the audited financial statements of the Group for the year ended 31st March, 2008.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of financial services, information solutions services, development and operations of online games and investment holding.

Results and Appropriations

Details of the Group's results for the year ended 31st March, 2008 are set out in the accompanying financial statements.

The Directors do not recommend the payment of any dividend.

Group Financial Summary

A summary of the published annual results and assets and liabilities of the Group since the listing of the Company are set out in the section headed "Financial Summary" on page 102 of this report.

Reserves

Movements in reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 34 and Note 31 on page 96 to the accompanying financial statements.

The Company had reserves of approximately HK$92,643,000 (2007: HK$32,911,000) available for dividend distribution to shareholders as at 31st March, 2008.

Share Capital

Details of movements in share capital of the Company are set out in Note 29 to the accompanying financial statements.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31st March, 2008 and up to the date of this report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws in the Cayman Islands.

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 21 to the accompanying financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company are set out in Note 17 to the accompanying financial statements.

Borrowings and Interest Capitalized

Particulars of borrowings of the Group and the Company as at 31st March, 2008 are set out in Note 28 to the accompanying financial statements. No interest was capitalized by the Group during the year.

Report of the Directors

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 17 to 18 of this annual report.

Directors

The Directors who held office during the year ended 31st March, 2008 and up to the date of this annual report were:

Executive Director
Dr. Yu Gang, George

Non-executive Directors

Dr. Kwan Pun Fong, Vincent	(resigned from office on 10th June, 2008)
Mr. Brendan McMahon	(retired from office on 27th July, 2007)

Independent Non-executive Directors
Dr. Lam Lee G.
Mr. Wu Tak Lung
Mr. William Hay

In accordance with Article 87(1) of the Company's Articles of Association, no director will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

Emoluments of the Directors and the Five Highest Paid Individuals

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in Note 14 and Note 15 to the accompanying financial statements respectively.

Directors' Service Agreements

The Company has entered into service agreement with Dr. Yu Gang, George for a term of two years commencing on 7th January, 2005 and shall continue thereafter until terminated by either party giving to the other not less than three months' written notice.

The Non-executive Directors of the Company are not appointed for specific terms but are subject to the retirement by rotation provisions under the Articles of Association of the Company.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Report of the Directors

Directors' and Chief Executives' Interests

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

(i) Aggregate long positions in the shares and underlying shares of the Company

	Number of shares		Number of Underlying Shares (share options)				
Name of director	Direct interest	Interest of controlled corporation	Direct interest	Interest of controlled corporation	*Notes*	Total number of shares	% of shares in issue
Executive Director:							
Yu Gang, George	–	181,867,456	17,126,000	–	(1)	198,993,456	33.28%
Non-executive Director:							
Kwan Pun Fong, Vincent	1,050,000	–	1,400,000	–		2,450,000	0.40%
Independent Non-executive Directors:							
Lam Lee G.	–	–	2,000,000	–		2,000,000	0.33%
Wu Tak Lung	–	–	2,000,000	–		2,000,000	0.33%
William Hay	–	–	1,000,000	–		1,000,000	0.16%

(ii) Aggregate long positions in the shares of associated corporations

		Number of shares			
Name of associated corporation	Name of director	Direct interest	Interest of controlled corporation	*Notes*	% of shares in issue
Opulent Oriental International Limited	Yu Gang, George	100%	–	(1)	100%

Note:

1. Dr. Yu Gang, George was deemed (by virtue of the SFO) to be interested in 198,993,456 shares in the Company. These shares were held in the following capacity:

   (a) 181,867,456 shares were held by Opulent Oriental International Limited ("Opulent"), which is wholly-owned by Dr. Yu Gang, George; and

   (b) Dr. Yu Gang, George is directly interested in options carrying 17,126,000 underlying shares.

Report of the Directors

Save as disclosed above, as at 31st March, 2008, none of the Directors or chief executives of the Company nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules.

Substantial Shareholders

As at 31st March, 2008, so far as the Directors are aware, persons other than Directors or chief executives of the Company who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

	Number of shares				
Name of company	Direct interest	Interest of controlled corporation	*Notes*	Total number of shares	% of shares in issue
Substantial shareholder:					
Opulent Oriental International Limited	181,867,456	–		181,867,456	30.42%
Other persons:					
Union Stars Group Limited	54,739,152	–	(1)	54,739,152	9.15%
Chang Wen Shiann	–	54,739,152	(1)	54,739,152	9.15%
Chang Hu Ching Yueh	–	54,739,152	(1)	54,739,152	9.15%
T & C Holdings, Inc.	41,320,000	–		41,320,000	6.91%
Stellar Group Co. Ltd.	30,280,000	9,180,000	(2)	39,460,000	6.60%
Nebulamart Limited	38,738,477	–	(3)	38,738,477	6.47%
United Business Media Plc.	–	38,738,477	(3)	38,738,477	6.47%

Notes:

1. 54,739,152 shares were held by Union Stars Group Limited ("USG"), which Mr. Chang Wen Shainn and Mrs. Chang Hu Ching Yueh hold 50% of the total voting rights respectively. Accordingly, all USG, Mr. Chang Wen Shainn and Mrs. Chang Hu Ching Yueh were deemed (by virtue of the SFO) to be interested in 54,739,152 shares in the Company.

2. Stellar Group Co. Ltd. ("Stellar") was deemed (by virtue of the SFO) to be interested in 39,460,000 shares in the Company. These shares were held in the capacity that (a) 30,280,000 shares were held by Stellar as the beneficial owners; and (b) 9,180,000 shares were held by OA System Plaza Co., Ltd. which Stellar controlled 41.64% of the total voting rights.

3. 38,738,477 shares were held by Nebulamart Limited ("Nebulamart"), which is a wholly-owned subsidiary of United Business Media Plc. ("UMB"). Accordingly, both Nebulamart and UBM were deemed (by virtue of the SFO) to be interested in 38,738,477 shares in the Company.

Save as disclosed above, the Directors are not aware of other person who, as at 31st March, 2008, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Report of the Directors

Summary of the Share Option Schemes

A summary of the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme is set out in Note 30 to the accompanying financial statements.

Details of Outstanding Options Granted

As at 31st March, 2008, options to subscribe for an aggregate of 23,241,000 underlying shares had been granted by the Company under the Pre-IPO Share Option Scheme adopted on 23rd July, 2004. Details of the outstanding options which have been granted and remaining unexercised under the Pre-IPO Share Option Scheme as at 31st March, 2008 are as follows:

Grantee	Date of grant	Exercise price	Outstanding as at 1st April, 2007	Exercised during the year	Lapsed during the year	Outstanding as at 31st March, 2008
Pre-IPO Share Option Scheme:						
Director						
Yu Gang, George	21st September, 2004	HK$0.15	27,726,000	(15,600,000)	–	12,126,000
Employee	21st September, 2004	HK$0.15	20,745,000	(7,265,000)	(2,365,000)	11,115,000
Total			48,471,000	(22,865,000)	(2,365,000)	23,241,000

Report of the Directors

As at 31st March, 2008, options to subscribe for an aggregate of 24,530,000 underlying shares had been granted by the Company under the Share Option Scheme adopted on 16th December, 2004. Details of the outstanding options which have been granted and remaining unexercised under the Share Option Scheme as at 31st March, 2008 are as follows:

Grantee	Date of grant	Exercise price	Outstanding as at 1st April, 2007	Granted during the year	Exercised during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31st March, 2008
Share Option Scheme:								
Directors								
Yu Gang, George	6th December, 2006	HK$0.668	5,000,000	–	–	–	–	5,000,000
Kwan Pun Fong, Vincent	29th September, 2005	HK$0.365	1,000,000	–	(600,000)	–	–	400,000
	6th December, 2006	HK$0.668	1,000,000	–	–	–	–	1,000,000
Lam Lee G.	29th September, 2005	HK$0.365	1,000,000	–	–	–	–	1,000,000
	6th December, 2006	HK$0.668	1,000,000	–	–	–	–	1,000,000
Wu Tak Lung	29th September, 2005	HK$0.365	1,000,000	–	–	–	–	1,000,000
	6th December, 2006	HK$0.668	1,000,000	–	–	–	–	1,000,000
Brendan McMahon *(Note 1)*	6th December, 2006	HK$0.668	1,000,000	–	–	–	(1,000,000)	–
William Hay	6th December, 2006	HK$0.668	1,000,000	–	–	–	–	1,000,000
Sub-total			13,000,000	–	(600,000)	–	(1,000,000)	11,400,000
Employee	5th September, 2005	HK$0.280	3,000,000	–	(350,000)	–	–	2,650,000
Employee	6th December, 2006	HK$0.668	11,000,000	–	–	(1,520,000)	1,000,000	10,480,000
Sub-total			14,000,000	–	(350,000)	(1,520,000)	1,000,000	13,130,000
Total			27,000,000	–	(950,000)	(1,520,000)	–	24,530,000

Note:

1. Mr. Brendan McMahon retired from office on 27th July, 2007. Accordingly, the options held by him were reclassified to the pool of employee.

Customers and Suppliers

For the year ended 31st March, 2008, the five largest customers accounted for approximately 45% (2007: 48%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 80% (2007: 76%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 28% (2007: 21%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 56% (2007: 52%) of the Group's total cost of sales.

None of the Directors, their associates, or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

Report of the Directors

Directors' Interest in Contracts

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 any of the Company's directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Significant Contracts

There was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

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.

Confirmation of Independence by Independent Non-executive Directors

The Company confirms that it has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rules 5.09 of the GEM Listing Rules and considers, based on the confirmations received, the Independent Non-executive Directors to be independent.

Corporate Governance

The Company has published its Corporate Governance Report, details of which are set out on pages 19 to 21 of this annual report.

Competing Interests

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31st March, 2008.

Auditors

On 25th April, 2007, Messrs. Grant Thornton resigned as the auditors of the Company and Messrs. HLB Hodgson Impey Cheng were appointed on 25th April, 2007 by the Directors to fill the casual vacancy so arising.

The accompanying financial statements have been audited by Messrs. HLB Hodgson Impey Cheng. A resolution for the re-appointment of Messrs. HLB Hodgson Impey Cheng as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors
Finet Group Limited

Yu Gang, George
Chairman

Hong Kong, 30th June, 2008

Independent Auditors' Report

國衛會計師事務所
HLB Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF FINET GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 101, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Independent Auditors' Report

Opinion

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 30 June 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Note	2008 *HK$'000*	2007 *HK$'000*
Revenue	5	35,829	32,127
Cost of sales		(10,031)	(11,669)
Gross profit		25,798	20,458
Other income and gains	6	33,284	2,859
Development costs		(5,058)	–
Selling and marketing expenses		(6,143)	(380)
General and administrative expenses		(38,882)	(24,939)
Other operating expenses		(4,744)	(330)
Finance costs	8	(817)	(257)
Share of loss of associates	22	(153)	–
Profit/(Loss) before income tax	9	3,285	(2,589)
Income tax expense	10	–	–
Profit/(Loss) for the year		3,285	(2,589)
Attributable to:			
Equity holders of the Company	11	5,519	(2,589)
Minority interests		(2,234)	–
		3,285	(2,589)
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company during the year	12		
– Basic (in HK cent)		0.98	(0.50)
– Diluted (in HK cent)		0.91	(0.50)

Consolidated Balance Sheet

As at 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Leasehold land and land use rights	16	–	2,444
Property, plant and equipment	17	10,374	15,217
Investment properties	18	17,155	–
Property under development	19	8,524	–
Intangible assets	20	70,339	–
Investments in associates	22	80	–
Available-for-sale financial assets	23	1,098	2,165
		107,570	19,826
Current assets			
Financial assets at fair value through profit or loss	24	3,056	22
Accounts receivable	25	3,888	2,313
Prepayments, deposits and other receivables		7,000	4,206
Cash and cash equivalents	26	7,556	37,036
		21,500	43,577
Total assets		129,070	63,403
Current liabilities			
Accounts payable	27	1,955	1,987
Accruals and other payables		5,196	1,473
Deferred income		4,534	1,055
Financial liabilities at fair value through profit or loss	24	–	18
Borrowings	28	174	172
		11,859	4,705
Net current assets		9,641	38,872
Total assets less current liabilities		117,211	58,698
Non-current liabilities			
Borrowings	28	3,278	3,461
Net assets		113,933	55,237
Capital and reserves			
Share capital	29	5,978	5,279
Reserves	31	95,630	49,863
Equity attributable to equity holders of the Company		101,608	55,142
Minority interests		12,325	95
Total equity		113,933	55,237

Yu Gang, George
Director

Wu Tak Lung
Director

Balance Sheet

As at 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Leasehold land and land use rights	16	–	2,444
Property, plant and equipment	17	–	9,792
Investment properties	18	17,155	–
Investments in subsidiaries	21	97,531	11,000
Available-for-sale financial assets	23	1,098	2,165
		115,784	25,401
Current assets			
Financial assets at fair value through profit or loss	24	–	22
Amounts due from subsidiaries	21	10,519	9,056
Prepayments, deposits and other receivables		216	219
Cash and cash equivalents	26	818	19,004
		11,553	28,301
Total assets		127,337	53,702
Current liabilities			
Accruals and other payables		753	153
Amounts due to subsidiaries	21	10,414	71
Financial liabilities at fair value through profit or loss	24	–	18
Borrowings	28	174	172
		11,341	414
Net current assets		212	27,887
Total assets less current liabilities		115,996	53,288
Non-current liabilities			
Borrowings	28	3,278	3,461
Net assets		112,718	49,827
Capital and reserves			
Share capital	29	5,978	5,279
Reserves	31	106,740	44,548
Total equity		112,718	49,827

Yu Gang, George
Director

Wu Tak Lung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Reserves										
	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Employee compensation reserve *HK$'000*	Translation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total reserves *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2006	4,980	77,296	4,870	2,958	10	2,384	–	(62,576)	24,942	–	29,922
Fair value gains:											
– Buildings *(Note 17)*	–	–	–	–	–	4,363	–	–	4,363	–	4,363
– Available-for-sale financial assets *(Note 23)*	–	–	–	–	–	–	500	–	500	–	500
Currency translation differences	–	–	–	–	131	–	–	–	131	–	131
Net income recognized directly in equity	–	–	–	–	131	4,363	500	–	4,994	–	4,994
Loss for the year	–	–	–	–	–	–	–	(2,589)	(2,589)	–	(2,589)
Total recognized income and expense for the year	–	–	–	–	131	4,363	500	(2,589)	2,405	–	2,405
Issue of shares upon exercise of share options *(Note 29)*	57	1,020	–	–	–	–	–	–	1,020	–	1,077
Issue of shares *(Note 29)*	242	20,328	–	–	–	–	–	–	20,328	–	20,570
Share issue costs	–	(666)	–	–	–	–	–	–	(666)	–	(666)
Employee share-based compensation *(Note 13)*	–	–	–	1,834	–	–	–	–	1,834	–	1,834
Exercise of share options *(Note 30)*	–	308	–	(308)	–	–	–	–	–	–	–
Vested share options lapsed	–	–	–	(94)	–	–	–	94	–	–	–
Disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	95	95
Balance at 31 March 2007 and 1 April 2007	5,279	98,286	4,870	4,390	141	6,747	500	(65,071)	49,863	95	55,237
Fair value gains/(losses):											
– Buildings *(Note 17)*	–	–	–	–	–	3,242	–	–	3,242	–	3,242
– Available-for-sale financial assets *(Note 23)*	–	–	–	–	–	–	(1,067)	–	(1,067)	–	(1,067)
Currency translation differences	–	–	–	–	1,702	–	–	–	1,702	135	1,837
Net income and expense recognized directly in equity	–	–	–	–	1,702	3,242	(1,067)	–	3,877	135	4,012
Profit/(Loss) for the year	–	–	–	–	–	–	–	5,519	5,519	(2,234)	3,285
Total recognized income and expense for the year	–	–	–	–	1,702	3,242	(1,067)	5,519	9,396	(2,099)	7,297
Issue of shares upon exercise of share options *(Note 29)*	238	3,509	–	–	–	–	–	–	3,509	–	3,747
Issue of shares *(Note 29)*	461	30,874	–	–	–	–	–	–	30,874	–	31,335
Share issue costs	–	(359)	–	–	–	–	–	–	(359)	–	(359)
Employee share-based compensation *(Note 13)*	–	–	–	2,347	–	–	–	–	2,347	–	2,347
Exercise of share options *(Note 30)*	–	1,859	–	(1,859)	–	–	–	–	–	–	–
Vested share options lapsed	–	–	–	(203)	–	–	–	203	–	–	–
Disposal of interests in subsidiaries	–	–	–	–	–	–	–	–	–	14,329	14,329
Balance at 31 March 2008	5,978	134,169	4,870	4,675	1,843	9,989	(567)	(59,349)	95,630	12,325	113,933

The merger reserve represents the difference between the share capital and share premium of the Company and the nominal value of shares of a subsidiary acquired pursuant to the reorganization in connection with the preparation for the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		3,285	(2,589)
Adjustments for:			
– Depreciation of property, plant and equipment		2,829	1,715
– Amortization of leasehold land and land use rights		55	55
– Amortization of intangible assets		33	–
– Goodwill impairment charge		3,600	–
– Share of loss of associates		153	–
– Gain on disposal of interests in subsidiaries		(26,970)	(105)
– Loss on disposal of property, plant and equipment		255	–
– Fair value gain on investment properties		(1,943)	–
– Interest income		(635)	(784)
– Finance costs		817	257
– Equity-settled share-based payments		2,347	1,834
Changes in working capital:			
– Financial assets at fair value through profit or loss		(3,034)	590
– Accounts receivable		(1,575)	74
– Prepayments, deposits and other receivables		(427)	202
– Amount due from a related company		–	25
– Financial liabilities at fair value through profit or loss		(18)	(328)
– Accounts payable		(1,394)	448
– Accruals and other payables		(7,145)	(875)
– Deferred income		3,479	600
Cash (used in)/generated from operations		(26,288)	1,119
Interest paid		(817)	(257)
Net cash (used in)/generated from operating activities		(27,105)	862
Cash flows from investing activities			
Acquisition of subsidiaries	33	(63,680)	–
Purchase of property, plant and equipment	17	(4,978)	(2,728)
Purchase of intangible assets	20	(5)	–
Acquisition of available-for-sale financial assets		–	(1,665)
Proceeds from disposal of property, plant and equipment		835	–
Disposal of interests in subsidiaries	34	41,119	200
Interest received		635	784
Net cash used in investing activities		(26,074)	(3,409)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	29	35,082	21,647
Share issue costs		(359)	(666)
Repayment of bank loans		(11,975)	(161)
Net cash generated from financing activities		22,748	20,820
Net (decrease)/increase in cash and cash equivalents		(30,431)	18,273
Cash and cash equivalents at beginning of the year		37,036	18,632
Effect of foreign exchange rate changes, net		951	131
Cash and cash equivalents at end of the year	26	7,556	37,036

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

1. GENERAL INFORMATION

Finet Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, production and provision of financial information services and technology solutions to corporate clients and retail investors. During the year ended 31 March 2008, the Group has diversified into the development and operations of online games. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 21.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company's registered office is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at Suite 505-506, 5/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 7 January 2005.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the Board of Directors on 30 June 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss and investment properties, which are carried at fair value.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) *Standards, amendments and interpretations effective in 2007*

- HKFRS 7, "Financial Instruments: Disclosures", and the complementary amendment to HKAS 1, "Presentation of Financial Statements – Capital Disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

- HK(IFRIC) – Int 8, "Scope of HKFRS 2", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This interpretation does not have any impact on the Group's financial statements.

- HK(IFRIC) – Int 10, "Interim Financial Reporting and Impairment", prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the Group's financial statements.

- HK(IFRIC) – Int 11, "HKFRS 2 – Group and Treasury Share Transactions" (effective from 1 March 2007). HK(IFRIC) – Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's share) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have an impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) *Standards, amendments and interpretations effective in 2007 but not relevant*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 April 2007 but they are not relevant to the Group's operations:

- HK(IFRIC) – Int 9, "Reassessment of Embedded Derivatives".

(c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of Financial Statements" (effective from annual period beginning on or after 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRS. The Group will apply HKAS 1 (Revised) from 1 April 2009.

- HKAS 23 (Revised), "Borrowing Costs" (effective from annual period beginning on or after 1 January 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 April 2009 but is currently not applicable to the Group as there are no qualifying assets.

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKAS 27 (Revised), "Consolidated and Separate Financial Statements" (effective from annual period beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognized. Any gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1 April 2010.

- HKFRS 3 (Revised), "Business Combination" (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are 'capable of being conducted' rather than 'are conducted and managed'. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRS. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1 April 2010.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKFRS 8, "Operating Segments" (effective from annual period beginning on or after 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 April 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

- HK(IFRIC) – Int 14, "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective from annual period beginning on or after 1 January 2008). HK(IFRIC) – Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) – Int 14 from 1 April 2008, but it is not expected to have any impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(d) *Interpretations to existing standards that are not yet effective and not relevant for the Group's operations*

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) – Int 12, "Service Concession Arrangements" (effective from annual period beginning on or after 1 January 2008). HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) – Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.

- HK(IFRIC) – Int 13, "Customer Loyalty Programmes" (effective from annual period beginning on or after 1 July 2008). HK(IFRIC) – Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) – Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programs.

2.2 Consolidation

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

(a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) *Subsidiaries (continued)*

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

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

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

(b) *Transactions and minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(c) *Associates (continued)*

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) *Transactions and balances (continued)*

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) *Group companies*

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Group companies (continued)

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

2.5 Property, plant and equipment

Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of buildings are credited to the property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from "other reserves" to "accumulated losses".

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	Over the remaining lease terms
Leasehold improvements	Over the term of leases
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicle	20%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the income statement.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

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

Changes in fair values are recognized in the income statement, as part of other income and gains.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property (continued)

Gains or losses on disposal of an investment property are recognized in the income statement in the year of disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use, and any difference at the date between the carrying amount and the fair value of the property is accounted for as a revaluation. Increases in the carrying amount arising on revaluation are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the income statement.

2.7 Properties under development

Properties under development are classified as non-current assets and are stated at cost less accumulated amortization and accumulated impairment loss. Cost comprises acquisition cost relating to the leasehold interests in lands and direct development costs attributable to such properties. Interests in lands are amortized over the expected life and are included as part of cost of properties under development.

2.8 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested annually for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) *Trademarks and licenses*

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful lives, and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3-5 years).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

(c) *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

2.9 Impairment of investments in subsidiaries, associates and non-financial assets

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

2.10 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement- is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheets.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Borrowings

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Development costs

Expenditure incurred on projects to develop new products is charged to income statement as incurred unless the Group can demonstrate the technical feasibility of completing the projects so that the asset generated will be available for use or sale, its intention to complete the projects and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. In such case, development expenditure is capitalized and deferred as intangible asset, and is amortized over its estimated useful.

2.17 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee benefits

(a) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully within the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee benefits (continued)

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, on the following bases:

(a) Service income from on-line content information provision is recognized on a time-proportion basis over the service period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

(b) Income from Internet solutions is recognized when the services are rendered.

(c) Online game income is recognized when the in-game premium features are consumed or points for in-game premium features are expired.

(d) Income from advertisements on websites is recognized when the advertisements are placed.

(e) Rental income from property letting is recognized in the period in which the properties are let and on a straight-line basis over the lease terms.

(f) Commission income is recognized when the services are rendered.

(g) Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(h) Dividend income is recognized when the right to receive payment is established.

2.21 Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases.

(a) Where the Group is the lessee (operating leases)

Payments made under operating leases (net of any incentives received from the leasing company) are expensed in the income statement on a straight-line basis over the lease periods.

(b) Where the Group is the lessor (operating leases)

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income is recognized over the term of the lease on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Contingent liabilities and contingent assets

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 recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group has no significant transactional currency exposures. The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flows generated from business transactions locally. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale financial assets (Note 23) and financial assets at fair value through profit or loss (Note 24) as at 31 March 2008. The Group's listed investments are listed on the Osaka Securities Exchange in Japan, the New York Stock Exchange and the NASDAQ in the United States and the Stock Exchange in Hong Kong, and are valued at quoted market prices at the balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The following table demonstrates the sensitivity to every 5% increase/decrease in the fair values of the equity investments with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date:

	Increase/ (decrease) in carrying amount of equity investments *HK$'000*	Increase/ (decrease) in profit/ (loss) before income tax *HK$'000*	Increase/ (decrease) in equity *HK$'000*
2008			
5% increase in equity price	208	153	208
5% decrease in equity price	(208)	(153)	(208)
2007			
5% increase in equity price	108	–	108
5% decrease in equity price	(108)	–	(108)

(iii) Cash flow and fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) *Market risk (continued)*

(iii) *Cash flow and fair value interest rate risk (continued)*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit / (loss) before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit/ (loss) before income tax *HK$'000*	Increase/ (decrease) in equity *HK$'000*
2008			
Hong Kong dollar	50	(18)	(18)
Hong Kong dollar	(50)	18	18
2007			
Hong Kong dollar	50	(19)	(19)
Hong Kong dollar	(50)	19	19

(b) *Credit risk*

The Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

At the balance sheet date, the Group has certain concentrations of credit risk as approximately 53% (2007: 29%) and 72% (2007: 62%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 25 to the consolidated financial statements.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

	On demand or within 1 year	More than 1 year but less than 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2008				
Accounts payable	1,955	–	–	1,955
Accruals and other payables	5,196	–	–	5,196
Borrowings	174	1,196	2,082	3,452
2007				
Accounts payable	1,987	–	–	1,987
Accruals and other payables	1,473	–	–	1,473
Borrowings	172	826	2,635	3,633

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

One of the Group's subsidiaries is regulated by the Securities and Futures Commission of Hong Kong (the "SFC") and is required to comply with certain minimum capital requirements according to the rules of the SFC. In addition, the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated balance sheet. The gearing ratios at 31 March 2007 and 2008 were as follows:

	2008 *HK$'000*	**2007** *HK$'000*
Total borrowings *(Note 28)*	3,452	3,633
Total equity	113,933	55,237
Gearing ratio	3%	7%

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying values less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Financial assets as per consolidated balance sheet				
31 March 2008				
Available-for-sale financial assets *(Note 23)*	–	–	1,098	1,098
Financial assets at fair value through profit or loss *(Note 24)*	–	3,056	–	3,056
Accounts receivable *(Note 25)*	3,888	–	–	3,888
Deposits and other receivables	2,668	–	–	2,668
Cash and cash equivalents *(Note 26)*	7,556	–	–	7,556
Total	14,112	3,056	1,098	18,266
31 March 2007				
Available-for-sale financial assets *(Note 23)*	–	–	2,165	2,165
Financial assets at fair value through profit or loss *(Note 24)*	–	22	–	22
Accounts receivable *(Note 25)*	2,313	–	–	2,313
Deposits and other receivables	3,075	–	–	3,075
Cash and cash equivalents *(Note 26)*	37,036	–	–	37,036
Total	42,424	22	2,165	44,611

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Financial instruments by category (continued)

	Financial liabilities at fair value through profit or loss *HK$'000*	Financial liabilities at amortized cost *HK$'000*	Total *HK$'000*
Financial liabilities as per consolidated balance sheet			
31 March 2008			
Accounts payable *(Note 27)*	–	1,955	1,955
Accruals and other payables	–	5,196	5,196
Borrowings *(Note 28)*	–	3,452	3,452
Total	–	10,603	10,603
31 March 2007			
Accounts payable *(Note 27)*	–	1,987	1,987
Accruals and other payables	–	1,473	1,473
Financial liabilities at fair value through profit or loss *(Note 24)*	18	–	18
Borrowings *(Note 28)*	–	3,633	3,633
Total	18	7,093	7,111

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Estimated fair value of employee share options

The fair values of employee share options granted are calculated using the Binomial model based on the Group management's significant inputs into calculations, including the impact of vesting period, exit rate of employees, estimated life of share options granted based on exercise restrictions and behavioral consideration, volatility of share price and exercise price of the share options granted. Furthermore, the calculations assume nil future dividends.

(c) Estimated fair values of investment properties

The fair values of investment properties are determined annually by independent qualified valuers on open market value, existing use basis calculated on the net income allowing for reversionary potential. In making the judgment, considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date.

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For the year ended 31 March 2008

5. REVENUE

Revenue, which is also the Group's turnover, represents total invoiced value of services rendered. Revenue recognized during the year is as follows:

	2008 *HK$'000*	2007 *HK$'000*
Service income from provision of financial information services	33,503	30,965
Advertising income	1,483	1,162
Online game income	843	–
	35,829	32,127

6. OTHER INCOME AND GAINS

	2008 *HK$'000*	2007 *HK$'000*
Fair value gain on investment properties	1,943	–
Fair value gain on financial liabilities at fair value through profit or loss	–	648
Gain on disposal of interests in subsidiaries	26,970	105
Dividend income from listed investments in financial assets at fair value through profit or loss	–	16
Gross rental income from investment properties	91	–
Commission income	1	31
Interest income from bank deposits	635	784
Sundry income	3,644	1,275
	33,284	2,859

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

7. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group is principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate clients and retail investors; and (ii) the development and operations of online games. No separate business segment information is presented as over 90% of the Group's revenue was derived from the business segment of development, production and provision of financial information services and technology solutions to corporate clients and retail investors.

(b) Secondary reporting format – geographical segments

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC").

	2008 *HK$'000*	2007 *HK$'000*
Revenue		
Hong Kong	31,530	31,109
PRC	4,299	1,018
	35,829	32,127

Revenue is allocated based on the country in which the customer is located.

	2008 *HK$'000*	2007 *HK$'000*
Total assets		
Hong Kong	19,642	41,262
PRC	109,428	22,141
	129,070	63,403

Total assets are allocated based on where the assets are located.

7. SEGMENT INFORMATION (continued)

(b) Secondary reporting format – geographical segments (continued)

	2008 *HK$'000*	2007 *HK$'000*
Capital expenditure		
Hong Kong	1,934	2,472
PRC	88,333	256
	90,267	2,728

Capital expenditure comprises additions to property, plant and equipment (Note 17), property under development (Note 19) and intangible assets (Note 20), including additions resulting from acquisitions through business combinations.

Capital expenditure is allocated based on where the assets are located.

8. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Interest expense on bank borrowings:		
– wholly repayable within five years	591	–
– not wholly repayable within five years	226	257
	817	257

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

9. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging/(crediting):

	2008 *HK$'000*	2007 *HK$'000*
Operating lease payments in respect of rented premises	2,141	1,089
Amortization of leasehold land and land use rights	55	55
Amortization of intangible assets (included in general and administrative expenses)	33	–
Goodwill impairment charge (included in other operating expenses)	3,600	–
Depreciation of property, plant and equipment	2,829	1,715
Development costs *(Note)*	5,058	–
Loss on disposal of property, pant and equipment	255	–
Net fair value loss on financial assets at fair value through profit or loss	487	330
Auditors' remuneration	320	268
Net foreign exchange (gains)/losses	(418)	184

Note: Development costs mainly comprise depreciation of property, plant and equipment of approximately HK$122,000 (2007: Nil) and employee benefit expenses of approximately HK$4,318,000 (2007: Nil), which are also included in the total amounts disclosed separately above and in Note 13 for each of these types of expenses.

10. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company and is exempted from payment of Cayman Islands income tax.

The Company's subsidiary established in the British Virgin Islands is exempted from payment of the British Virgin Islands income tax.

The Company's subsidiary established in the Republic of Seychelles is exempted from payment of the Republic of Seychelles income tax.

Hong Kong profits tax is calculated at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit generated in Hong Kong for the year (2007: Nil).

For the year ended 31 March 2008

10. INCOME TAX (continued)

No provision for PRC income tax has been made in the financial statements as the Group's PRC subsidiaries had no taxable profit for the year (2007: Nil).

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 17.5% (2007: 17.5%) as follows:

	2008 *HK$'000*	2007 *HK$'000*
Profit/(Loss) before income tax	3,285	(2,589)
Tax calculated at Hong Kong profits tax rate	575	(453)
Effect of different tax rate of other jurisdictions	(2,732)	(132)
Income not subject to tax	(4,200)	(106)
Expenses not deductible for tax purposes	5,195	636
Tax effect of temporary differences not recognized	16	(498)
Utilization of previously unrecognized tax losses	(2)	(31)
Tax losses for which no deferred income tax asset was recognized	1,148	584
Income tax expense	–	–

No deferred tax liabilities are recognized in the financial statements as the Group and the Company did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts as at 31 March 2008 (2007: Nil). The Group's deferred tax assets and liabilities not recognized in the financial statements are as follows:

	2008 *HK$'000*	2007 *HK$'000*
Tax losses	13,794	12,195
Accelerated depreciation allowance	(943)	(329)
Revaluation of properties	(5,144)	(2,510)
	7,707	9,356

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profit is probable. No deferred tax assets are recognized in the Group's financial statements as it is uncertain as to whether these tax benefits will be utilized in the foreseeable future. The tax losses arising from subsidiaries operating in Hong Kong are subject to approval by the Inland Revenue Department of Hong Kong.

For the year ended 31 March 2008

11. PROFIT/(LOSS) ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The profit attributable to the equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$23,646,000 (2007: Loss of HK$2,038,000).

12. EARNINGS/(LOSS) PER SHARE

(a) Basic

The basic earnings/(loss) per share is calculated by dividing the profit attributable to equity holders of the Company for the year ended 31 March 2008 of HK$5,519,000 (2007: Loss of HK$2,589,000) by the weighted average number of 562,948,142 (2007: 517,428,849) ordinary shares in issue during the year.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2008 *HK$'000*	2007 *HK$'000*
Profit/(Loss) attributable to the equity holders of the Company	5,519	(2,589)
Weighted average number of ordinary shares in issue (thousands)	562,948	517,429
Adjustments for share options (thousands)	40,708	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	603,656	517,429
Diluted earnings/(loss) per share (HK cent per share)	0.91	(0.50)

The computation of diluted loss per share did not assume the exercise of the Company's share options outstanding during the year ended 31 March 2007 since their exercise would result in a decrease in loss per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

13. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses (including directors' remuneration) during the year are as follows:

	2008 *HK$'000*	2007 *HK$'000*
Wages and salaries	22,917	11,291
Equity-settled share-based payments	2,347	1,834
Pension costs – defined contribution plans	355	317
Others	382	31
	26,001	13,473

14. DIRECTORS' REMUNERATION

The remuneration paid to every director of the Company for the years ended 31 March 2007 and 2008 is set out below:

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Contributions to pension schemes *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Year ended 31 March 2008					
Executive director					
Yu Gang, George	–	978	12	757	1,747
Non-executive directors					
Kwan Pun Fong, Vincent *(Note (f))*	60	–	–	103	163
Brendan McMahon *(Note (d))*	20	–	–	32	52
Independent non-executive directors					
Lam Lee G.	60	–	–	103	163
Wu Tak Lung	60	–	–	103	163
William Hay	60	–	–	107	167
	260	978	12	1,205	2,455

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For the year ended 31 March 2008

14. DIRECTORS' REMUNERATION (continued)

	Fees HK$'000	Salaries and allowances HK$'000	Contributions to pension schemes HK$'000	Share-based payments HK$'000	Total HK$'000
Year ended 31 March 2007					
Executive directors					
Yu Gang, George	–	792	12	800	1,604
Man Kong Yui, Elton *(Note (c))*	–	89	2	–	91
Au Siu Lun, Allen *(Note (b))*	–	140	4	86	230
Non-executive directors					
Kwan Pun Fong, Vincent *(Note (f))*	60	–	–	46	106
Brendan McMahon *(Note (d))*	25	–	–	35	60
Independent non-executive directors					
Ng Ching Wo *(Note (a))*	5	–	–	–	5
Lam Lee G.	60	–	–	46	106
Wu Tak Lung	60	–	–	46	106
William Hay *(Note (e))*	55	–	–	48	103
	265	1,021	18	1,107	2,411

Notes:

(a) Resigned on 30 April 2006
(b) Retired from office on 31 July 2006
(c) Appointed on 1 August 2006 and resigned on 7 October 2006
(d) Appointed on 6 November 2006 and retired from office on 27 July 2007
(e) Appointed on 3 May 2006
(f) Resigned on 10 June 2008

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2007: Nil). None of the directors waived or agreed to waive any remuneration during the year (2007: Nil).

The directors consider that they are the only key management personnel of the Group and details of their compensation have been set out above.

15. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included one (2007: one) director whose emolument have been reflected in the analysis presented above. The emoluments payable to the remaining four (2007: four) individuals during the year are as follows:

	2008 *HK$'000*	**2007** *HK$'000*
Basic salaries and allowances	1,985	1,937
Share-based payments	659	313
Discretionary bonus	–	71
Contributions to pension schemes	43	47
	2,687	2,368

The emoluments fell within the following bands:

	2008 *Number of individuals*	**2007** *Number of individuals*
Emolument bands		
Nil to HK$1,000,000	4	4

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2007: Nil).

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For the year ended 31 March 2008

16. LEASEHOLD LAND AND LAND USE RIGHTS

The Group's and the Company's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value is analyzed as follows:

Group and Company

	2008 *HK$'000*	**2007** *HK$'000*
Opening net book amount	2,444	2,499
Amortization for the year	(55)	(55)
Transfer to investment properties *(Note 18)*	(2,389)	–
Closing net book amount	–	2,444
Outside Hong Kong, held on leases of between 10 to 50 years	–	2,444

Bank loans (Note 28) are secured by the above leasehold land and land use rights with carrying amount of approximately HK$2,444,000 as at 31 March 2007.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improve-ments HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
At 1 April 2006							
Cost	–	795	8,066	381	212	200	9,654
Valuation	5,548	–	–	–	–	–	5,548
	5,548	795	8,066	381	212	200	15,202
Accumulated depreciation	–	(179)	(5,077)	(47)	(31)	(27)	(5,361)
Net book amount	5,548	616	2,989	334	181	173	9,841
Year ended 31 March 2007							
Opening net book amount	5,548	616	2,989	334	181	173	9,841
Additions	–	–	2,722	–	6	–	2,728
Depreciation	(119)	(280)	(1,157)	(76)	(43)	(40)	(1,715)
Revaluation	4,363	–	–	–	–	–	4,363
Closing net book amount	9,792	336	4,554	258	144	133	15,217
At 31 March 2007							
Cost	–	795	10,788	381	218	200	12,382
Valuation	9,792	–	–	–	–	–	9,792
	9,792	795	10,788	381	218	200	22,174
Accumulated depreciation	–	(459)	(6,234)	(123)	(74)	(67)	(6,957)
Net book amount	9,792	336	4,554	258	144	133	15,217
Year ended 31 March 2008							
Opening net book amount	9,792	336	4,554	258	144	133	15,217
Acquisition of subsidiaries *(Note 33)*	–	–	3,044	–	172	123	3,339
Additions	–	–	3,197	13	96	1,672	4,978
Depreciation	(211)	(280)	(1,935)	(78)	(92)	(233)	(2,829)
Disposals	–	–	–	–	–	(1,091)	(1,091)
Revaluation	3,242	–	–	–	–	–	3,242
Transfer to investment properties *(Note 18)*	(12,823)	–	–	–	–	–	(12,823)
Exchange difference	–	–	305	–	14	22	341
Closing net book amount	–	56	9,165	193	334	626	10,374
At 31 March 2008							
Cost	–	795	18,566	395	583	888	21,227
Accumulated depreciation	–	(739)	(9,401)	(202)	(249)	(262)	(10,853)
Net book amount	–	56	9,165	193	334	626	10,374

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For the year ended 31 March 2008

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Buildings *HK$'000*
At 1 April 2006	
Cost	–
Valuation	5,548
	5,548
Accumulated depreciation	–
Net book amount	5,548
Year ended 31 March 2007	
Opening net book amount	5,548
Depreciation	(119)
Revaluation	4,363
Closing net book amount	9,792
At 31 March 2007	
Cost	–
Valuation	9,792
	9,792
Accumulated depreciation	–
Net book amount	9,792
Year ended 31 March 2008	
Opening net book amount	9,792
Depreciation	(211)
Revaluation	3,242
Transfer to investment properties *(Note 18)*	(12,823)
Closing net book amount	–
At 31 March 2008	
Cost	–
Valuation	–
	–
Accumulated depreciation	–
Net book amount	–

For the year ended 31 March 2008

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Bank loans (Note 28) were secured by the above buildings with carrying amount of approximately HK$9,792,000 as at 31 March 2007.

18. INVESTMENT PROPERTIES

Group and Company

	2008 *HK$'000*	2007 *HK$'000*
Beginning of the year	–	–
Transfer from property, plant and equipment *(Note 17)*	12,823	–
Transfer from leasehold land and land use rights *(Note 16)*	2,389	–
Fair value gains	1,943	–
End of the year	17,155	–

The fair value of the investment properties at 31 March 2008 was arrived at on the basis of a valuation carried out at that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent professional valuer, on open market value, existing use basis calculated on the net income allowing for reversionary potential.

The Group's interests in investment properties at their net book values are analyzed as follows:

	2008 *HK$'000*	2007 *HK$'000*
In PRC, held on:		
Leases of between 10 to 50 years	17,155	–

Bank loans (Note 28) are secured by the above investment properties with carrying amount of approximately HK$17,155,000 as at 31 March 2008.

For the year ended 31 March 2008

18. INVESTMENT PROPERTIES (continued)

The future aggregate minimum rentals receivables under non-cancellable operating leases are as follows:

	2008 *HK$'000*	2007 *HK$'000*
Not later than 1 year	1,092	–
Later than 1 year and no later than 5 years	1,047	–
	2,139	–

19. PROPERTY UNDER DEVELOPMENT

Group

	Land in the PRC *HK$'000*	Building *HK$'000*
Arising on acquisition of subsidiaries *(Note 33)*	7,987	–
Amortization of interests in land	(134)	–
Capitalization of amortization of interests in land	134	–
Exchange difference	537	–
At 31 March 2008	8,524	–

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20. INTANGIBLE ASSETS

Group

	Goodwill *HK$'000*	Trademarks, licenses and computer software *HK$'000*	Total *HK$'000*
At 1 April 2006 and 31 March 2007			
Cost	–	–	–
Accumulated amortization	–	–	–
Net book amount	–	–	–
Year ended 31 March 2008			
Opening net book amount	–	–	–
Exchange difference	–	9	9
Acquisition of subsidiaries *(Note 33)*	73,803	155	73,958
Additions	–	5	5
Impairment charge	(3,600)	–	(3,600)
Amortization charge	–	(33)	(33)
Closing net book amount	70,203	136	70,339
At 31 March 2008			
Cost	73,803	172	73,975
Accumulated amortization and impairment	(3,600)	(36)	(3,636)
Net book amount	70,203	136	70,339

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment.

On 18 June 2007, the Group completed the acquisition of East Treasure Limited. East Treasure Limited and its subsidiaries are principally engaged in the development and operations of online games in the PRC. The related goodwill arising from the aforesaid acquisition amounted to approximately HK$73,803,000 (Note 33).

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20. INTANGIBLE ASSETS (continued)

The recoverable amount of a 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, and a discount rate of 11.77% which reflects the specific risks relating to the industry and the business segment. Cash flow projections during the budget period for the CGU are based on the expected revenue and expenses during the budget period. Management determined budgeted revenue and expenses based on past performance and its expectations for the market development.

During the year ended 31 March 2008, the Group recognized a goodwill impairment charge of approximately HK$3,600,000 as a result of the above impairment test for goodwill.

21. INVESTMENTS IN SUBSIDIARIES

Company

	2008 *HK$'000*	2007 *HK$'000*
Unlisted investments, at cost	97,531	11,000

The following is a list of the Company's subsidiaries at 31 March 2008:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital	Interest held
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US$1 each	100% (Direct)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in Mainland China	Registered capital of HK$11,000,000	100% (Direct)
Finet Holdings Limited	Hong Kong, limited liability company	Provision of financial information management and technology solutions, internet advertising and investment holding in Hong Kong	68,990,025 ordinary shares of HK$1 each	100% (Indirect)

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21. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital	Interest held
Finet Introducing Broker Limited	Hong Kong, limited liability company	Provision of securities dealing referral services in Hong Kong	1,000,000 ordinary shares of HK$1 each	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and Mainland China and investment holdings	10,000 ordinary shares of HK$1 each	100% (Indirect)
China Game & Digital Entertainment Limited	Cayman Islands, limited liability company	Investment holding	1,000,000 ordinary share of US$0.01 each	85.71% (Direct)
East Treasure Limited	Republic of Seychelles, limited liability company	Investment holding	50,000 ordinary share of US$1 each	85.71% (Indirect)
杭州笑傲數碼科技有限公司 (transliterated as Hangzhou Xiaoao Digital Technology Company Limited)	PRC, wholly foreign owned enterprise	Provision of online game products, computer network products, technology services and technology consultancy services in the PRC	Registered capital of US$5,000,000	85.71% (Indirect)
杭州天暢網絡科技有限公司 (transliterated as Hangzhou Tianchang Network Technology Company Limited)	PRC, limited liability company	Development and operations of online game products in the PRC	Registered capital of RMB12,500,000	85.71% (Indirect)

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21. INVESTMENTS IN SUBSIDIARIES (continued)

Amounts due from and due to subsidiaries

The amounts due from and due to subsidiaries as shown on the Company's balance sheet are unsecured, interest-free and repayable on demand.

22. INVESTMENTS IN ASSOCIATES

Group

	2008 *HK$'000*	2007 *HK$'000*
Beginning of the year	–	–
Arising on disposal of interests in a subsidiary *(Note 34(a))*	198	–
Acquisition of subsidiaries *(Note 33)*	35	–
Share of loss	(153)	–
End of the year	80	–

The following is a list of the Group's associates at 31 March 2008:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital	Interest held
China Capital Management Limited (Formerly shown as "Finet Pride Asset Management Limited")	Hong Kong, limited liability company	Provision of investment advisory services in Hong Kong	1,000,098 ordinary shares of HK$1 each	20%
浙江遂昌凱恩飛石嶺景區有限公司	PRC, limited liability company	Park and hotel operation in the PRC	Registered capital of RMB1,000,000	49%

For the year ended 31 March 2008

22. INVESTMENTS IN ASSOCIATES (continued)

The summarized financial information of the Group's associates is as follows:

Group

	2008 *HK$'000*
Assets	851
Liabilities	117
Revenue	764
Loss	779

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group and Company

	2008 *HK$'000*	2007 *HK$'000*
Beginning of the year	2,165	–
Additions	–	1,665
Fair value gains/(losses) to equity	(1,067)	500
End of the year	1,098	2,165

There were no disposals or impairment provisions on available-for-sale financial assets in the years ended 31 March 2007 and 2008.

Available-for-sale financial assets include the following:

	2008 *HK$'000*	2007 *HK$'000*
Equity securities listed in Japan	1,098	2,165
Market value of listed equity securities	1,098	2,165

Available-for-sale financial assets are denominated in Japanese Yen.

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24. FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2008 HK$'000	2007 HK$'000
Financial assets		
Equity securities listed in Hong Kong	1,050	–
Equity securities listed in the United States	2,006	–
Call options in listed equity securities	–	22
	3,056	22
Market value of listed equity securities	3,056	–
Financial liabilities		
Call options in listed equity securities	–	18

Company

	2008 HK$'000	2007 HK$'000
Financial assets		
Call options in listed equity securities	–	22
Financial liabilities		
Call options in listed equity securities	–	18

The above financial assets and financial liabilities are classified as held for trading.

The call options in listed equity securities purchased by the Company and classified under financial assets at fair value through profit or loss had an exercise period from 3 October 2005 to 2 October 2007. The call options in listed equity securities sold by the Company and classified under financial liabilities at fair value through profit or loss had an exercise period from 3 October 2005 to 22 September 2007. Both call options lapsed during the year ended 31 March 2008

For the year ended 31 March 2008

24. FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Group determined the fair values of the call options by applying the Binomial model which incorporated all factors that market participants would consider in setting a price and was consistent with generally accepted methodologies for pricing financial instruments. In applying valuation techniques, the Group used estimates and assumptions that were consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instruments.

25. ACCOUNTS RECEIVABLE

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2008, the ageing analysis of the accounts receivable was as follows:

Group

	2008 *HK$'000*	**2007** *HK$'000*
0 – 30 days	1,921	1,502
31 – 60 days	648	306
61 – 90 days	873	125
Over 90 days	446	380
	3,888	2,313

As of 31 March 2008, accounts receivable of approximately HK$446,000 (2007: HK$380,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these accounts receivable is as follows:

	2008 *HK$'000*	**2007** *HK$'000*
Over 90 days	446	380

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For the year ended 31 March 2008

25. ACCOUNTS RECEIVABLE (continued)

The carrying amounts of the Group's accounts receivable are denominated in the following currencies:

	2008 *HK$'000*	2007 *HK$'000*
HK dollars	3,467	1,934
US dollars	421	379
	3,888	2,313

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade and other receivables mentioned above. The Group does not hold any collateral as security.

26. CASH AND CASH EQUIVALENTS

	2008 *HK$'000*	2007 *HK$'000*
Group		
Cash at banks and in hand	7,556	37,036
Company		
Cash at banks and in hand	818	19,004

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank balances are deposited with credit worthy banks with no recent history of default.

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$2,425,000 (2007: HK$9,430,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

27. ACCOUNTS PAYABLE

At 31 March 2008, the ageing analysis of the accounts payable was as follows:

Group

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	671	823
31 – 60 days	131	497
61 – 90 days	–	150
Over 90 days	1,153	517
	1,955	1,987

28. BORROWINGS

Group and Company

	2008	2007
	HK$'000	*HK$'000*
Secured bank loans – floating rates	3,452	3,633
The maturity of the bank loans is as follows:		
Within 1 year	174	172
Between 1 and 2 years	280	186
Between 2 and 5 years	916	640
Over 5 years	2,082	2,635
	3,452	3,633
Less: Amount due within one year shown under current liabilities	(174)	(172)
Amount due after one year shown under non-current liabilities	3,278	3,461

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

28. BORROWINGS (continued)

All bank loans were secured by the investment properties of the Group at 31 March 2008 (Notes 18).

The effective interest rates (which are also equal to contracted interest rates) on the Group's floating rate bank loans are the PRC bank's prime lending rates minus 1.25% per annum.

The carrying amounts of the bank loans approximate their fair values, as the impact of discounting is not significant.

The carrying amounts of the bank loans are denominated in Hong Kong dollars.

29. SHARE CAPITAL

	2008		2007	
Ordinary shares of HK$0.01 each	Number of shares	Amount *(HK$'000)*	Number of shares	Amount *(HK$'000)*
Authorized:				
At beginning and end of the year	1,000,000,000	10,000	1,000,000,000	10,000
Issued and fully paid:				
At beginning of the year	527,955,000	5,279	498,000,000	4,980
Issue of shares upon exercise of share options *(Notes (a))*	23,815,000	238	5,755,000	57
Issue of shares *(Note (b))*	46,080,000	461	24,200,000	242
At end of the year	597,850,000	5,978	527,955,000	5,279

Notes:

(a) Share options were exercised by option-holders during the year ended 31 March 2008 to subscribe for a total of 23,815,000 (2007: 5,755,000) shares in the Company by payment of subscription monies of approximately HK$3,747,000 (2007: HK$1,077,000), of which approximately HK$238,000 (2007: HK$57,000) was credited to share capital and the balance of approximately HK$3,509,000 (2007: HK$1,020,000) was credited to the share premium account.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

29. SHARE CAPITAL (continued)

(b) Pursuant to the subscription agreement dated 20 September 2007, the Company issued and allotted a total of 46,080,000 new shares (the “Subscription Shares”) at a subscription price of HK$0.68 per Subscription Share to the subscribers on 8 October 2007 (the “Subscription”) following the completion of a placing agreement for the placing of 46,080,000 existing shares (the “Placing”). The Company raised a net sum of approximately HK$31 million through the Placing and the Subscription and the funds were used as general working capital for media network and future acquisition of the Group. The Subscription Shares were issued pursuant to the general mandate to allot, issue and deal with shares granted to the directors of the Company by resolution of the shareholders passed at the annual general meeting of the Company held on 27 July 2007.

30. SHARE-BASED EMPLOYEE COMPENSATION

The Company adopted a share option scheme (“Pre-IPO Share Option Scheme”) on 23 July 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group.

The Pre-IPO Share Option Scheme terminated on 6 January 2005 being the date immediately preceding the date on which the shares of the Company were listed on GEM. The maximum number of shares issuable under this scheme is limited to 74,076,000 shares. The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK$1 in total.

The provisions of this scheme relating to matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of any grantees or prospective grantees except with the prior sanction of an ordinary resolution of the Company in general meeting. Any alterations to the terms and conditions of this scheme which are of a material nature or any change to the terms of the share options granted prior to such alteration, except where the alterations take effect automatically under the existing terms of this scheme and any change in the authority of the board of directors in relation to any alteration to the terms of this scheme shall be approved by the shareholders of the Company in a general meeting.

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30. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2007:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2006	Exercised during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31 March 2007
Pre-IPO Share Option Scheme:								
Directors								
Yu Gang, George	21 September 2004	HK$0.15	*Note 1*	27,726,000	–	–	–	27,726,000
Au Siu Lun, Allen	21 September 2004	HK$0.15	*Note 1*	3,800,000	(1,140,000)	–	(2,660,000)	–
Sub-total				31,526,000	(1,140,000)	–	(2,660,000)†	27,726,000
Employees	21 September 2004	HK$0.15	*Note 1*	22,240,000	(2,965,000)#	(1,190,000)*	2,660,000	20,745,000
Total				53,766,000	(4,105,000)	(1,190,000)	–	48,471,000

\# The weighted average share price of the Company during period which the share options were exercised was HK0.968 cents.

* The 1,190,000 share options under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

† Mr. Au Siu Lun, Allen retired from office on 31 July 2006. Accordingly, the options held by him were reclassified to the pool of employees.

30. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2008:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2007	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2008
Pre-IPO Share Option Scheme:							
Director							
Yu Gang, George	21 September 2004	HK$0.15	*Note 1*	27,726,000	(15,600,000)	–	12,126,000
Employees	21 September 2004	HK$0.15	*Note 1*	20,745,000	(7,265,000)	(2,365,000)	11,115,000
Total				48,471,000	(22,865,000)	(2,365,000)	23,241,000

The weighted average share price of the Company during the period which the share options were exercised was HK0.717 cents.

* The 2,365,000 share options under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

The Company adopted another share option scheme ("Share Option Scheme") on 16 December 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group. The Share Option Scheme unless otherwise altered or terminated, will remain in force for 10 years from the date of adoption.

The maximum number of shares issuable to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted under this scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue of the Company (the "Scheme Mandate Limit") as at the date of listing of the Company. The Company may seek approval from its shareholders in a general meeting to refresh the Scheme Mandate Limit at any time in accordance with the GEM Listing Rules.

30. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The maximum number of unexercised share options currently permitted to be granted under this scheme and any other share option scheme of the Company is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within a 12-month period, are subject to the shareholders' approval in a general meeting in accordance with the GEM Listing Rules.

The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK$1 in total.

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

For the year ended 31 March 2008

30. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2007:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2006	Granted during the year	Exercise during the year	Lapsed during the year	Outstanding as at 31 March 2007
Share Option Scheme:								
Directors								
Yu Gang, George	6 December 2006	HK$0.668	*Note 3(d)*	–	5,000,000	–	–	5,000,000
Kwan Pun Fong,	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	–	1,000,000
Vincent	6 December 2006	HK$0.668	*Note 3(d)*	–	1,000,000	–	–	1,000,000
Lam Lee G.	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	–	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	–	1,000,000	–	–	1,000,000
Ng Ching Wo	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	(1,000,000)	–
Wu Tak Lung	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	–	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	–	1,000,000	–	–	1,000,000
Brendan McMahon	6 December 2006	HK$0.668	*Note 3(c)*	–	1,000,000	–	–	1,000,000
William Hay	6 December 2006	HK$0.668	*Note 3(b)*	–	1,000,000	–	–	1,000,000
Man Kong Yui, Elton	24 March 2006	HK$0.830	*Note 2(e)*	3,000,000	–	–	(3,000,000)	–
Sub-total				7,000,000	10,000,000	–	(4,000,000)	13,000,000
Employee	5 September 2005	HK$0.280	*Note 2(b)*	3,000,000	–	–	–	3,000,000
Employee	5 September 2005	HK$0.280	*Note 2(c)*	4,300,000	–	(1,290,000)	(3,010,000)	–
Employee	5 September 2005	HK$0.280	*Note 2(d)*	1,200,000	–	(360,000)	(840,000)	–
Employees	6 December 2006	HK$0.668	*Note 3(d)*	–	6,500,000	–	–	6,500,000
Employees	6 December 2006	HK$0.668	*Note 3(a)*	–	4,500,000	–	–	4,500,000
Sub-total				8,500,000	11,000,000	(1,650,000)	(3,850,000)	14,000,000
Total				15,500,000	21,000,000	(1,650,000)#	(7,850,000)*	27,000,000

The weighted average share price of the Company during the period which the share options were exercised was HK0.665 cents.

* The 7,850,000 share options under the Share Options Scheme lapsed upon the resignation of the employees of the Group.

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30. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2008:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2007	Granted during the year	Exercise during the year	Lapsed during the year	Reclassified during the year	Outstanding as at 31 March 2008
Share Option Scheme:									
Directors									
Yu Gang, George	6 December 2006	HK$0.668	*Note 3(d)*	5,000,000	–	–	–	–	5,000,000
Kwan Pun Fong,	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	(600,000)	–	–	400,000
Vincent	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	–	–	–	–	1,000,000
Lam Lee G.	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	–	–	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	–	–	–	–	1,000,000
Wu Tak Lung	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	–	–	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	–	–	–	–	1,000,000
Brendan McMahon	6 December 2006	HK$0.668	*Note 3(c)*	1,000,000	–	–	–	(1,000,000)†	–
William Hay	6 December 2006	HK$0.668	*Note 3(b)*	1,000,000	–	–	–	–	1,000,000
Sub-total				13,000,000	–	(600,000)	–	(1,000,000)	11,400,000
Employee	5 September 2005	HK$0.280	*Note 2(b)*	3,000,000	–	(350,000)	–	–	2,650,000
Employees	6 December 2006	HK$0.668	*Note 3(d)*	6,500,000	–	–	(1,520,000)	–	4,980,000
Employees	6 December 2006	HK$0.668	*Note 3(a)*	4,500,000	–	–	–	–	4,500,000
Employee	6 December 2006	HK$0.668	*Note 3(c)*	–	–	–	–	1,000,000	1,000,000
Sub-total				14,000,000	–	(350,000)	(1,520,000)	1,000,000	13,130,000
Total				27,000,000	–	(950,000)	(1,520,000)	–	24,530,000

\# The weighted average share price of the Company during the period which the share options were exercised was HK0.592 cents.

* The 1,520,000 share options under the Share Options Scheme lapsed upon the resignation of the employees of the Group.

† Mr. Brendan McMahon retired from office on 27 July 2007. Accordingly, the options held by him were reclassified to the pool of employee.

30. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The exercise price in respect of any share options, shall subject to any adjustments in the event of any alteration in the capital structure of the Company whilst any share option remains exercisable or this scheme remains in effect. The exercise of any share option shall be subject to the shareholders in the general meeting approving any necessary increase in the authorized share capital of the Company.

The vesting period of the share options is from the date of grant until the commencement of the exercise period. All share options granted are exercisable within a period of ten years from the date of grant and subject to a vesting period and becoming exercisable in whole or in part as follows:

Note 1:

Date of vesting of the options (that is, the date when the share options became exercisable)	Percentage of share options vested on such dates
7 January 2006	30%
7 January 2007	30%
7 January 2008	40%

Note 2:

Date of vesting of the options (that is, the date when the share options became exercisable)					Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	(e)	
7 January 2006	6 April 2006	3 May 2006	24 June 2006	8 November 2006	30%
7 January 2007	6 April 2007	3 May 2007	24 June 2007	8 November 2007	30%
7 January 2008	6 April 2008	3 May 2008	24 June 2008	8 November 2008	40%

Note 3:

Date of vesting of the options (that is, the date when the share options became exercisable)				Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	
1 January 2007	2 May 2007	5 November 2007	5 December 2007	30%
1 January 2008	2 May 2008	5 November 2008	5 December 2008	30%
1 January 2009	2 May 2009	5 November 2009	5 December 2009	40%

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30. SHARE-BASED EMPLOYEE COMPENSATION (continued)

During the year ended 31 March 2008, employee share-based compensation of approximately HK$2,347,000 (2007: HK$1,834,000) has been included in the consolidated income statement with a corresponding credit to the employee compensation reserve.

At 31 March 2008, the Company had 23,241,000 and 24,530,000 share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme respectively. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 47,771,000 additional ordinary shares of the Company and additional share capital of approximately HK$478,000 and share premium of approximately HK$17,640,000 (before issue expenses).

31. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Notes to the Consolidated Financial Statements

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31. RESERVES (continued)

Company

	Share premium *HK$'000*	Employee compensation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total reserves *HK$'000*
Balance at 1 April 2006	77,296	2,958	2,384	–	(63,431)	19,207
Fair value gains:						
– Buildings *(Note 17)*	–	–	4,363	–	–	4,363
– Available-for-sale financial assets *(Note 23)*	–	–	–	500	–	500
Net income recognized directly in equity	–	–	4,363	500	–	4,863
Loss for the year	–	–	–	–	(2,038)	(2,038)
Total recognized income and expense for the year	–	–	4,363	500	(2,038)	2,825
Issue of shares upon exercise of share options *(Note 29)*	1,020	–	–	–	–	1,020
Issue of shares *(Note 29)*	20,328	–	–	–	–	20,328
Share issue costs	(666)	–	–	–	–	(666)
Employee share-based compensation	–	1,834	–	–	–	1,834
Exercise of share options	308	(308)	–	–	–	–
Vested share options lapsed	–	(94)	–	–	94	–
Balance at 31 March 2007 and 1 April 2007	98,286	4,390	6,747	500	(65,375)	44,548
Fair value gains/(losses):						
– Buildings *(Note 17)*	–	–	3,242	–	–	3,242
– Available-for-sale financial assets *(Note 23)*	–	–	–	(1,067)	–	(1,067)
Net income and expense recognized directly in equity	–	–	3,242	(1,067)	–	2,175
Profit for the year	–	–	–	–	23,646	23,646
Total recognized income and expense for the year	–	–	3,242	(1,067)	23,646	25,821
Issue of shares upon exercise of share options *(Note 29)*	3,509	–	–	–	–	3,509
Issue of shares *(Note 29)*	30,874	–	–	–	–	30,874
Share issue costs	(359)	–	–	–	–	(359)
Employee share-based compensation	–	2,347	–	–	–	2,347
Exercise of share options	1,859	(1,859)	–	–	–	–
Vested share options lapsed	–	(203)	–	–	203	–
Balance at 31 March 2008	134,169	4,675	9,989	(567)	(41,526)	106,740

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31. RESERVES (continued)

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

32. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 31 March 2008, the Group had total future minimum lease payment under non-cancelable operating leases falling due as follows:

Group

	2008 *HK$'000*	2007 *HK$'000*
No later than 1 year	4,024	1,038
Later than 1 year and no later than 5 years	7,478	114
	11,502	1,152

The Company had no significant operating lease commitment as at 31 March 2007 and 2008.

33. BUSINESS COMBINATIONS

On 18 June 2007, the Group acquired the entire issued share capital of East Treasure Limited. East Treasure Limited and its subsidiaries are principally engaged in the development and operations of online games in the PRC. The acquired subsidiaries contributed revenues of approximately HK$843,000 and net loss of approximately HK$15,290,000 to the Group for the period from 18 June 2007 to 31 March 2008.

If the acquisition had occurred on 1 April 2007, the Group's revenue would have been increased by approximately HK$1,849,000 and profit for the year would have been decreased by approximately HK$3,016,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

For the year ended 31 March 2008

33. BUSINESS COMBINATIONS (continued)

Details of net liabilities acquired and goodwill are as follows:

	HK$'000
Purchase consideration:	
– Cash paid	61,880
– Direct cost relating to the acquisition	4,637
Total purchase consideration	66,517
Fair value of net liabilities acquired – shown as below	7,286
Goodwill *(Note 20)*	73,803

The goodwill is attributable to the workforce and the anticipated profitability of the acquired subsidiaries.

The assets and liabilities as of 18 June 2007 arising from the acquisition are as follows:

	Acquiree's carrying amount and fair value *HK$'000*
Property, plant and equipment	3,339
Property under development	7,987
Intangible assets	155
Investment in an associate	35
Prepayments, deposits and other receivables	2,385
Cash and cash equivalents	2,837
Accounts payable	(1,362)
Accruals and other payables	(10,868)
Borrowings	(11,794)
Net liabilities acquired	(7,286)
Purchase consideration settled in cash	66,517
Cash and cash equivalents in subsidiaries acquired	(2,837)
Cash outflow on acquisition	63,680

There were no acquisitions in the year ended 31 March 2007.

For the year ended 31 March 2008

34. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Disposal of interests in Finet Pride Asset Management Limited

During the year ended 31 March 2008, the Group disposed of approximately 70.1% equity interest in Finet Pride Asset Management Limited (named changed to "China Capital Management Limited"), a then 90.1% owned subsidiary, to an independent third party at a cash consideration of approximately HK$3,090,000. As a result of the aforesaid disposal, the Group's interests in Finet Pride Asset Management Limited decreased from 90.1% to 20%, and Finet Pride Asset Management Limited was accounted for as an associate as from that date.

	2008	2007
	HK$'000	*HK$'000*
Attributable net assets disposed of	693	–
Gain on disposal of interests in a subsidiary	2,397	–
	3,090	–
Satisfied by:		
Cash	3,090	–

Analysis of the net cash inflow in respect of the disposal of interests in a subsidiary:

	2008	2007
	HK$'000	*HK$'000*
Cash consideration	3,090	–
Cash and cash equivalents disposed of	(971)	–
Net inflow of cash and cash equivalents in respect of the disposal interests in a subsidiary	2,119	–

Notes to the Consolidated Financial Statements

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34. DISPOSAL OF INTERESTS IN SUBSIDIARIES (continued)

(b) Disposal of interests in China Game & Digital Entertainment Limited

During the year ended 31 March 2008, the Company disposed of approximately 14.29% equity interests in China Game & Digital Entertainment Limited, a then wholly owned subsidiary of the Company, to two investment funds at an aggregate cash consideration of US$5,000,000 (equivalent to approximately HK$39,000,000). As a result of the aforesaid disposal, the Company's interests in China Game & Digital Entertainment Limited decreased from 100% to approximately 85.71% and the Group realized a gain on disposal of interests in China Game & Digital Entertainment Limited of approximately HK$24,573,000.

35. CONTINGENT LIABILITIES

During the year ended 31 March 2008, three libel actions have been brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. The Company's directors believe that the Group has meritorious defense against such claims and accordingly, the directors do not believe that these claims will have any material adverse effect on the Group. Therefore no provisions have been made in the financial statements in respect thereof.

Financial Summary

	2008 *HK$'000*	2007 *HK$'000*	2006 *HK$'000*	2005 *HK$'000*	2004 *HK$'000*
RESULTS					
Revenue	35,829	32,127	29,245	21,714	18,962
Operating profits/(loss)	4,255	(2,332)	(1,501)	171	1,655
Finance cost	(817)	(257)	(160)	–	–
Profit/(Loss) for the year	3,285	(2,589)	(1,661)	171	1,655
Earnings/(Loss) per share					
– Basic (in HK cent)	0.98	(0.50)	(0.34)	0.04	0.40
– Diluted (in HK cent)	0.91	(0.50)	(0.34)	0.04	0.40
ASSETS AND LIABILITIES					
Non-current assets	107,570	19,826	12,340	2,546	2,464
Current assets	21,500	43,577	26,064	25,711	5,098
Current liabilities	11,859	4,705	4,847	1,603	3,503
Non-current liabilities	3,278	3,461	3,635	–	–
Net assets	113,933	55,237	29,922	26,654	4,059