Annual Report 2007

A-MAX HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

stock code : 959

Table of Contents

Corporate Information

BOARD OF DIRECTORS

Executive

Mr. Cheung Nam Chung, Brian
Mr. Wan Kam Shing, Claude
Mr. Chan Chi Yuen
Mr. Lam Cheok Va, Francis
Ms. Li Wing Sze
Mr. Chen Zhiquan
Mr. Lee Keung Shing

Independent Non-Executive

Mr. Chan Chiu Hung, Alex
Mr. Lee Tsz Hong
Mr. Ng Wai Hung, Raymond

COMPANY SECRETARY

Mr. Lo Wing Ming, Kevin

AUDITOR

CCIF CPA Limited
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue
Causeway Bay, Hong Kong

LEGAL ADVISER

Sidley Austin

STOCK CODE

959

BRANCH SHARE REGISTRAR

Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACES OF BUSINESS

Room 3043A
Diamond Square
3/F Shun Tak Centre
200 Connaught Road Central
Hong Kong

Units 11-12
32/F Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

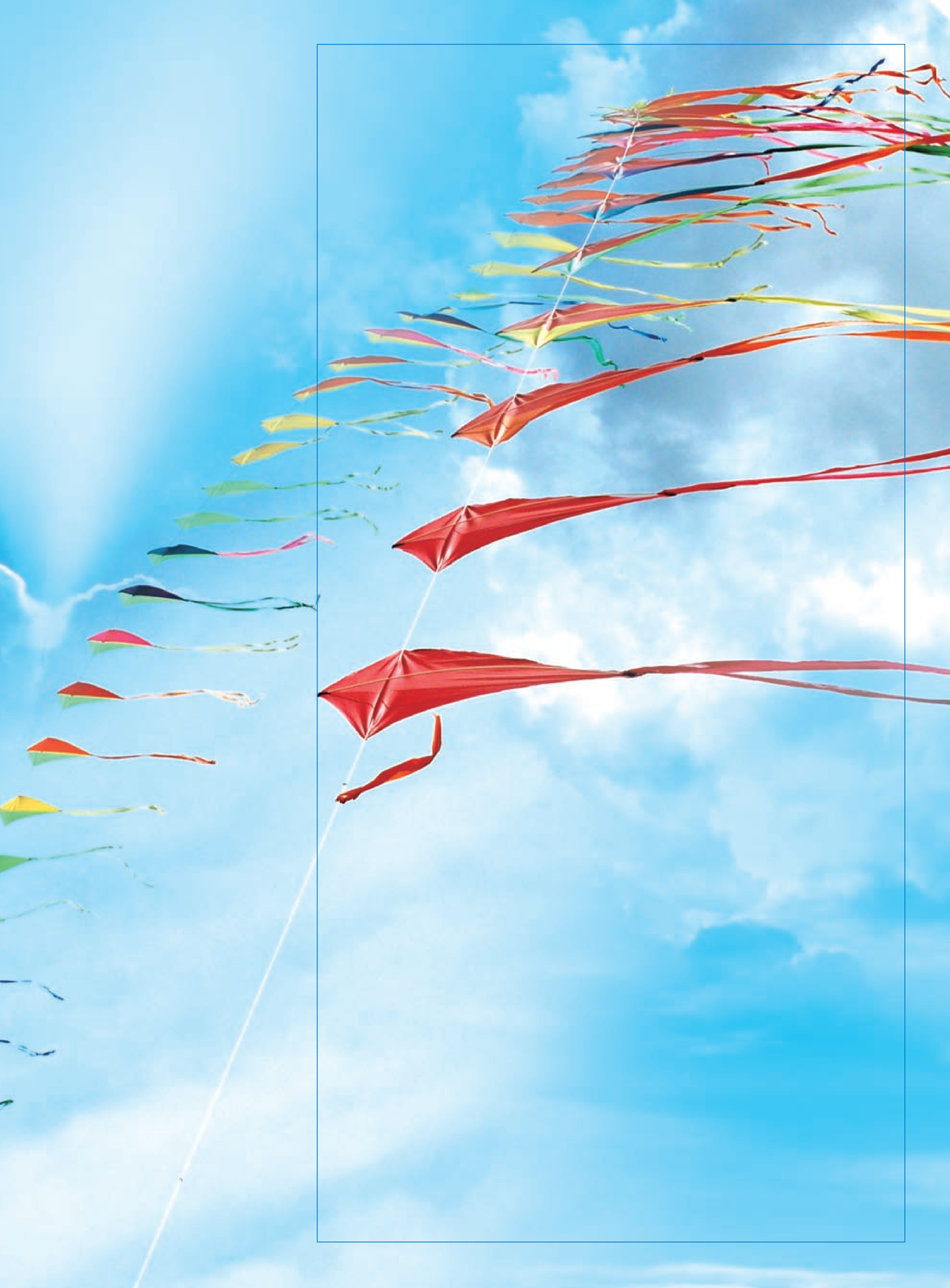
Chairman's Statement

Dear Shareholders,

Following the acquisition of 49.9% in Greek Mythology, the Group was actively participated in the gaming and entertainment business in Macau. In order to capture the opportunities in the fastest growing gaming market there, the Group also expanded its own business in operating high-rolling gaming tables, electronic slot machines and provision of services for electronic gaming entertainment. All these investments represented the Group's remarkable corporate development for the year under review and I am pleased to share my pleasure with all of you.

Cheung Nam Chung, Brian
Chairman

Hong Kong, 30 July 2007



Management Discussion and Analysis

The Directors are pleased to report the annual results of the Group for the year ended 31 March 2007.

FINANCIAL REVIEW

During the year under review, A-Max Holdings Limited (the "Company") and its subsidiaries (together the "Group") posted total turnover (including both continuing and discontinued operations) of approximately HK$65.6 million (2006: HK$81.0 million), a decrease of 19.0% over the previous year resulted mainly from the discontinuation of manufacturing business of consumer products. A net loss of approximately HK$118.7 million (2006: net profit HK$112.9 million) was recorded for the reporting year with contribution from Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology") amounting to HK$120.4 million. The loss for the year was merely due to the accounting expenses of HK$51.9 million non-cash interests on convertible notes and promissory notes, and HK$178.1 million amortisation of intangible assets resulted from the acquisition of 49.9% Greek Mythology. Should these non-cash expenses be excluded, the Group was able to record a net profit of HK$111.3 million for the year. Greek Mythology is an associated company of the Company. During the year ended 31 March 2007, Greek Mythology recorded EBITDA and net profit of HK$322.2 million and HK$241.3 million respectively.

DIVIDEND

The directors of the Company (the "Directors") do not recommend payment of a dividend for the year ended 31 March 2007 (2006: Nil).

BUSINESS REVIEW AND PROSPECTS

Gaming and Entertainment Business

The completion of the acquisition of 49.9% equity interest in Greek Mythology on 28 March 2006 embarked the group's full participation in Macau's gaming and entertainment sector, one of the world's fastest-growing gaming markets.

During the year, Greek Mythology achieved an EBITDA of HK$322.2 million. Despite the figure was below the record of last year, the management considers that it has been well performed as the gaming market of Macau has been changing significantly following the openings of a number of new and international branded casinos.

Focusing on the new operating environment, the Group was actively identifying investment opportunities to broaden its revenue base and market share. One of the milestones was the successful expansion of its operation into the VIP gaming market through engagement in the high-rolling gaming business since March 2007.

Following the significant participation of the major international players of the gaming industry in Macau, the management considers that the VIP gaming market would be one of the major sectors for the future success. In this respect, the group would grasp every opportunity to enrich its VIP gaming business.

For diversification and be a full range operator in the entertainment business, the Group also commenced its operation in electronic slot machines and electronic gaming entertainment.

The management anticipates that the gaming business of the Group will be further expanded and be a major sector of the Group's operations in the coming years.

Manufacturing Business

The manufacturing business reported a 26.2% decrease in turnover (including both continuing and discontinued operations) to HK$59.8 million (2006: HK$81.0 million) after discontinuation of the low-margin consumer products business. The Group intends to focus its manufacturing resources only on the higher-margin LCD products business. During the year under review, in order to increase the financial flexibility of the Group, factory property was disposed for HK$50.0 million, and a profit of approximately HK$14.1 million was recorded accordingly. Subsequent to the year-end, the disposal of the consumer products company also recorded a profit of approximately HK$13.0 million, which will be recorded in the next financial year ended 31 March 2008.

After the introduction of a number of cost saving measures and fading out of those lower-end lower-margin products, the management is pleased to see the turnaround of the manufacturing business, and the operations were able to see improving results. Our investment in new technology and expansion of sales and marketing teams have eventually help the Group obtain significant orders from several US and Japanese customers. The management is confident that the manufacturing operations will become profitable in the coming financial years.

LIQUIDITY AND FINANCIAL RESOURCES

In the reporting year, the Group continued to maintain a stable financial position. The Group had total assets and net assets of approximately HK$2,647.8 million (2006: HK$2,595.7 million) and HK$1,760.0 million (2006: HK$1,778.0 million) respectively as at 31 March 2007. Consolidated shareholders' equity as at the year end was approximately HK$1,760.0 million (2006: HK$1,778.0 million).

The gearing ratio as at 31 March 2007, calculated as a ratio of borrowings to shareholders' funds, was 3.1% (2006: 3.0%). If the promissory notes are included in the calculation, the gearing ratio would be 48.1% (2006: 44.6%).

The Group has sufficient financial resources to cover its operations. As at 31 March 2007, the Group had facilities up to HK$26 million.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2007, the Group employed a total of approximately 270 employees in the PRC and Hong Kong. They were remunerated according to the nature of job and market condition. Other employee benefits available for eligible employees included period-end payment, staff canteen, retirement schemes, share option and medical insurance scheme.

FOREIGN EXCHANGE AND CURRENCY RISKS

Since most of the revenue generated from the sale of products and the payment for purchases of materials, components, equipment and salaries are either made in Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, no use of financial instruments for hedging purposes is considered necessary and the exposure to exchange rate fluctuations is minimal.

CONTINGENT LIABILITIES

As at 31 March 2007, the Group had no significant contingent liabilities.

Directors' Report

The Directors present their report and audited financial statements of the Company and the Group for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries during the year are set out in note 17 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 14 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 20.

The Directors do not recommend the payment of any dividends in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 84.

FIXED ASSETS

Details of the movements of the fixed assets of the Group during the year are set out in note 15 to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2007 are set out in note 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's share capital during the year and details of the Company's share option scheme are set out in notes 26 and 27 to the financial statements respectively.

RESERVES

Details of the movements in the reserves of the Group and the Company are set out in note 26 to the financial statements.

DIRECTORS

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

Executive directors

Mr. Cheung Nam Chung, Brian	(appointed on 18 July 2006)
Mr. Chan King Ming	(resigned on 1 September 2006)
Mr. Wan Kam Shing, Claude	(appointed on 13 June 2007)
Mr. Siu Ting Cheong, Robert	(appointed on 18 July 2006 and resigned on 18 January 2007)
Mr. Chan Chi Yuen	
Mr. Lam Cheok Va, Francis	
Ms. Li Wing Sze	(appointed on 18 July 2006)
Mr. Chan Chi Wan	(appointed on 8 June 2006 and retired on 5 September 2006)
Mr. Chen Zhiquan	(appointed on 8 June 2006)
Mr. Lee Keung Shing	(appointed on 8 June 2006)
Mr. Wong Kin Kwok	(appointed on 8 June 2006 and retired on 5 September 2006)

Independent non-executive directors

Mr. Chan Chiu Hung, Alex	
Mr. Lee Tsz Hong	(appointed on 13 July 2006)
Mr. Ng Wai Hung, Raymond	
Mr. Cham Yiu Keung	(resigned on 13 July 2006)

Mr. Wan Kam Shing, Claude, Mr. Chan Chi Yuen, Mr. Lam Cheok Va, Francis and Mr. Ng Wai Hung, Raymond will retire and, being eligible, offer themselves for re-election at the forth coming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CHEUNG Nam Chung, Brian, aged 63, is the Chairman of the Board. Mr. Cheung holds a diploma in Business Administration from The Chinese University of Hong Kong and a Master of Business Administration degree from the University of East Asia, Macau. Mr. Cheung held senior executive positions in a number of local and foreign banks and served as General Manager in a listed property development/construction & finance consortium in the late 70's. He was Executive Vice President of SBS Financial Corporation in Toronto, Canada during the period from 1989 to 1994 focusing on project finance and fund management. From early 1995, Mr. Cheung joined Liu Chong Hing Bank as Senior Manager until July 2006. An active figure in the social circle, Mr. Cheung has been Director and Advisor of Yan Chai Hospital, President of Peninsula Loins Club and Zone Chairman of Lions International District 303, etc.

Directors' Report

Mr. WAN Kam Shing, Claude, aged 44, is the Deputy Chairman of the Board and Chief Executive Officer of the Company. Mr. Wan holds a bachelor degree of Science from the University of London, and gained his extensive experiences in fund management, money dealing, investment advisory and corporate finance from various investment firms and top tier banks.

Mr. CHAN Chi Yuen, aged 41, holds a bachelor degree with honours in Business Administration and a master of science degree in Corporate Governance and Directorship. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and is an associate member of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practising certified public accountant and has extensive experience in financial management, corporate finance and corporate governance. Mr. Chan is currently an executive director of Kong Sun Holdings Limited and Prosticks International Holdings Limited, a non-executive director of New Times Group Holdings Limited and an independent non-executive director of China Sciences Conservational Power Limited, Hong Kong Health Check and Laboratory Holdings Company Limited, Premium Land Limited and Tak Shun Technology Group Limited, companies whose shares are listed in Hong Kong.

Mr. LAM Cheok Va, Francis, aged 49, is a member of the standing committee of Yunnan Province Committee of the Chinese People's Political Consultative Conference, Vice President of Yunnan Overseas Friendship Association, President of Macau Yunnan Chamber of Commerce. Mr. Lam is also a director of the Charity Funds of the Readers of Macao Daily Journal, a member of Macau Basic Law Promotion Association, Honorary President of Macau Air Cargo Forwarders Association and Honorary President of Macau International Youth Awards Association. Mr. Lam was Vice President and Commissioner of Youth Affairs of Macau Scout Association, President of Lions Club of Macau Peninsula, Zone X Chairman of International Lions Club District 303, a director and Chairman of Compliance Committee of Saipan Garment Manufacturers Association and a director of Saipan Chinese Association. Mr. Lam has been in the business sector for more than 25 years and has ben engaged in the gaming and hotel industries during the past 13 years.

Ms. LI Wing Sze, aged 28, has over 8 years of experience in technologies and administrative management. Ms. Li is mainly responsible for the administrative management and transportation businesses of the Group.

Mr. CHEN Zhiquan, aged 33, is currently engaged in the business of hospitality, and holds interest in a hotel in the People's Republic of China. Mr. Chen is responsible for the business development of the Group.

Mr. LEE Keung Shing, aged 59, has over 10 years of experience in sales and marketing. Mr. Lee is responsible for the business development of the Group.

Independent Non-Executive Directors

Mr. CHAN Chiu Hung, Alex, aged 41, holds a bachelor degree in Business Administration, major in Finance. He has been working with several listed and multinational companies for over 13 years. Mr. Chan is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Certified Public Accountants, The Institure of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He is currently an independent non-executive director of Vitop Bioenergy Holdings Limited and Kong Sun Holdings Limited whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Chan is the chairman of the audit committee and a member of the remuneration committee of the Company.

Mr. LEE Tsz Hong, aged 35, had operated printing business for over 10 years. He is now engaged in the beauty and healthcare businesses. Mr. Lee is also a member of the audit committee and remuneration committee of the Company.

Mr. NG Wai Hung, Raymond, aged 38, had been the general manager of a manufacturing and trading company in Hong Kong. He holds a bachelor degree in Mathematics and Statistics from the University of Western Ontario, Canada. He has more than 10 years of experiences in financial, information technology, and industrial sectors in Canada and Hong Kong. Mr. Ng is also a member of the audit committee of the Company.

Company Secretary

Mr. LO Wing Ming, Kevin, aged 38, is the company secretary and qualified accountant of the Company, and oversees the legal, corporate and compliance matters of the Group. Mr. Lo holds a bachelor degree in Accountancy from the University of Wisconsin-Madison, USA, and had worked in a large international accounting firm in Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia.

DIRECTORS' SERVICE CONTRACTS

No Director who is 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 within one year without payment of compensation, other than statutory obligations.

Directors' Report

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed below, as at 31 March 2007, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Name of Directors	Number of shares held	Percentage of the issued share capital
Mr. Cheung Nam Chung, Brian	300,000	0.003%
Mr. Chan Chiu Hung, Alex	200,000	0.002%

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDER

As at 31 March 2007, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 58.2% (2006: 42.1%) of the total sales for the year and sales to the largest customer included therein accounted for approximately 21.0% (2006: 16.5%).

Purchases from the Group's five largest suppliers accounted for approximately 51.9% (2006: 26.7%) of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 20.8% (2006: 8.5%).

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

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the consolidated income statement for the year are set out in note 11 to the financial statements.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 34 to the financial statements.

CONVERTIBLE NOTES AND PROMISSORY NOTE

Details of the convertible notes issued by the Company and the exercise of the conversion rights under the notes during the year are set out in note 24 to the financial statements. Details of the promissory notes issued by the Company are set out in note 25 to the financial statements.

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

During the year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficiency of public float of the Company's securities as required under the Listing Rules.

AUDITORS

In the past three years, RSM Nelson Wheeler was the auditors of the Group for the year ended 31 March 2005, while CCIF CPA Limited was the auditor of the Group for the years ended 31 March 2006 and 31 March 2007.

CCIF CPA Limited will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of CCIF CPA Limited as auditor of the Group is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cheung Nam Chung, Brian
Chairman

Hong Kong, 30 July 2007

The Board of Directors and management are committed to upholding the Group's obligations to shareholders, and maintaining a high standard of corporate governance practices, from which our shareholders will benefit ultimately. The Group will constantly review its practices and policies and ensure they remain relevant and practical in today's fast changing business environment and expectations.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted, applied and complied with the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2007 with the exception of certain deviation as further explained below:

Code Provision A.4.1 provides that non-executive Directors should be appointed for a specific term, and subject to re-election.

None of the existing independent non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, all independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each independent non-executive Director and has grounds to believe that they are independent of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code Provision.

THE BOARD OF DIRECTORS

The Board currently comprises seven executive Directors and three independent non-executive Directors. The details of the Directors of the Company during the year ended 31 March 2007 and up to the date of this report were set out on pages 9 to 11.

Securities Transactions of Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct for securities transactions by Directors and has adopted written guidelines no less exacting than the Model Code for application to senior management and designated person who might have access to price sensitive information of the Group.

Following enquiries by the Company, all Directors confirm that they have complied with the Model Code for the year ended 31 March 2007.

Roles of Chairman of the Board

The chairman is responsible for the operation of the Board, which is then principally responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored.

The Code Provision A.2.1 stipulates that the roles of chairman of the board and chief executive officer should be separated and should not be performed by the same individual and that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

In order to have a clear segregation of roles, the Board is currently led by the chairman of the Company, while the day-to-day management of the business operation of the Group is currently led by the chief executive officer, other than the chairman, of the Group.

Corporate Governance Report

Board Meetings

The Board will hold at least two regular meetings each year to review and approve the annual and interim results of the Group. In addition, the Board will convene Board meetings when necessary to discuss or approve major matters during the year ended 31 March 2007, including the exercises of convertible notes by holder, placings of new shares, disposal of factory assets as well as acquisitions of slot and high-roller gaming businesses. The Directors are allowed to obtain independent professional advice and service at the Company's expense, in addition to assistances from professionally qualified staff.

The attendance of each Director at Board meetings during the year ended 31 March 2007 is as follows:

Directors		**Attendance**
Executive directors		
Mr. Cheung Nam Chung, Brian	(appointed on 18 July 2006)	14/14
Mr. Chan King Ming	(resigned on 1 September 2006)	1/14
Mr. Siu Ting Cheong, Robert	(appointed on 18 July 2006 and resigned on 18 January 2007)	9/14
Mr. Chan Chi Yuen		7/14
Mr. Lam Cheok Va, Francis		3/14
Ms. Li Wing Sze	(appointed on 18 July 2006)	13/14
Mr. Chan Chi Wan	(appointed on 8 June 2006 and retired on 5 September 2006)	2/14
Mr. Chen Zhiquan	(appointed on 8 June 2006)	3/14
Mr. Lee Keung Shing	(appointed on 8 June 2006)	3/14
Mr. Wong Kin Kwok	(appointed on 8 June 2006 and retired on 5 September 2006)	2/14
Independent non-executive directors		
Mr. Chan Chiu Hung, Alex		2/14
Mr. Lee Tsz Hong	(appointed on 13 July 2006)	2/14
Mr. Ng Wai Hung, Raymond		2/14
Mr. Cham Yiu Keung	(resigned on 13 July 2006)	0/14

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

BOARD COMMITTEES

Two committees, namely, audit committee and remuneration committee, were established under the Board to oversee particular aspects. The board has not established a nomination committee at the moment. For nomination of Directors, the nominee's qualifications, capabilities and potential to make contribution to the Company shall be taken into consideration. However, the Board will continue to review whether there is a need to establish a nomination committee to deal with the nomination. The committees are allowed to obtain independent professional advice and service at the Company's expense.

Audit committee

The audit committee comprises the three independent non-executive Directors. The audit committee established with specific written terms of reference, is mainly responsible for reviewing and providing supervision over the Group's financial reporting process and internal controls. Mr. Chan Chiu Hung, Alex, who has substantial accounting experiences, is chairman of the audit committee.

Two audit committee meetings were held during the year ended 31 March 2007. The attendance of each member is set out as follows:

Members		Attendance
Mr. Chan Chiu Hung, Alex		2/2
Mr. Lee Tsz Hong	(appointed on 13 July 2006)	2/2
Mr. Ng Wai Hung, Raymond		2/2
Mr. Cham Yiu Keung	(resigned on 13 July 2006)	0/2

The chairman of the audit committee will report the findings and recommendations, if any, of the audit committee to the Board after each meeting. The audit committee confirmed there are no matters that need to be brought to the attention of the shareholders.

Remuneration committee

The remuneration committee comprises two independent non-executive Directors, and one executive Director. The remuneration committee established with specific written terms of reference, is principally responsible for reviewing and approving remuneration package for Directors and senior management. No Director or senior management will determine his own remuneration. Mr. Cheung Nam Chung, Brian is chairman of the remuneration committee and is responsible for reporting the meeting results and recommendations of the remuneration committee to the Board.

During the year, the remuneration committee convened one meeting and all members had attended the meeting.

COMMUNICATION WITH SHAREHOLDERS

In addition to publishing annual reports, interim reports, announcements or other public documents, the Board can effectively communicate with shareholders at the annual general meeting or other general meetings. Shareholders are encouraged to attend and participate at the meetings. During the year, the Company had held one annual general meeting at which the Directors was present to answer questions raised by the shareholders. The Company has also engaged public relations firm to establish external communications with shareholders and potential investors. The Company will also hold from time to time press conferences, analyst meetings and investor meetings to enhance communications.

Independent Auditor's Report

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A-MAX HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of A-Max Holdings Limited (the "Company") set out on pages 20 to 83, which comprise the consolidated and company balance sheets as at 31 March 2007, 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.

AUDITOR'S RESPONSIBILITY

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

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

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

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

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 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants

Yau Hok Hung
Practising Certificate Number P04911

Hong Kong, 30 July 2007

Consolidated Income Statement

For the year ended 31 March 2007 *(Expressed in Hong Kong Dollars)*

	Note	2007 HK$'000	2006 HK$'000 (restated)
Continuing operations			
Turnover	3, 14	**65,326**	60,971
Cost of sales		**(57,310)**	(94,368)
Gross profit/(loss)		**8,016**	(33,397)
Other revenue	4	**1,154**	1,912
Gain on disposal of property, plant and equipment		**13**	–
Selling and distribution expenses		**(4,032)**	(2,244)
General and administrative expenses		**(28,434)**	(14,145)
Reduction in provision for other payables		**9,184**	1,600
Loss from operations	5	**(14,099)**	(46,274)
Finance costs	6	**(53,054)**	(1,225)
Excess of fair value of net assets acquired over the cost of acquisition of an associate		**–**	178,800
Share of (loss)/profit of an associate			
Share of operating profit of an associate		**120,402**	3,251
Share of amortisation of intangible asset of an associate		**(178,075)**	(1,949)
		(57,673)	1,302
Gain on disposal of subsidiaries		**14,123**	–
(Loss)/profit before taxation		**(110,703)**	132,603
Income tax	7	**(7)**	–
(Loss)/profit for the year from continuing operations		**(110,710)**	132,603
Discontinued operation			
Loss for the year from discontinued operation	10(a)	**(7,990)**	(19,661)
(Loss)/profit for the year		**(118,700)**	112,942
Attributable to:			
Equity shareholders of the Company	12, 26(a)	**(118,659)**	112,942
Minority interests	26(a)	**(41)**	–
(Loss)/profit for the year	26(a)	**(118,700)**	112,942
(Loss)/earnings per share – basic	13(a)		
From continuing and discontinued operations		**HK(1.63) cents**	HK3.01 cents
From continuing operations		**HK(1.52) cents**	HK3.53 cents
From discontinued operation		**HK(0.11) cents**	HK(0.52) cents
(Loss)/earnings per share – diluted	13(b)		
From continuing and discontinued operations		**N/A**	HK1.52 cents
From continuing operations		**N/A**	HK1.78 cents
From discontinued operation		**N/A**	HK(0.26) cents

The notes on pages 26 to 83 form part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2007 *(Expressed in Hong Kong Dollars)*

	Note	2007 HK$'000	2007 HK$'000	2006 HK$'000	2006 HK$'000
Non-current assets					
Fixed assets	15				
– Property, plant and equipment			**17,876**		58,543
– Interests in leasehold land held for own use under operating leases			**–**		4,539
			17,876		63,082
Intangible assets	16		**67,821**		–
Interest in an associate	18		**2,454,597**		2,512,270
			2,540,294		2,575,352
Current assets					
Inventories	19	**5,540**		9,157	
Trade and other receivables	20	**44,199**		6,470	
Cash and cash equivalents	21	**57,757**		4,726	
		107,496		20,353	
Current liabilities					
Trade and other payables	22	**(42,004)**		(22,239)	
Income tax payable		**(7)**		–	
		(42,011)		(22,239)	
Net current assets/(liabilities)			**65,485**		(1,886)
Total assets less current liabilities			**2,605,779**		2,573,466
Non-current liabilities					
Borrowings	23	**(53,985)**		(52,969)	
Convertible notes	24	**–**		(2,435)	
Promissory notes	25	**(791,878)**		(740,077)	
			(845,863)		(795,481)
NET ASSETS			**1,759,916**		1,777,985
CAPITAL AND RESERVES	26(a)				
Share capital			**11,205**		4,825
Reserves			**1,748,384**		1,773,160
Total equity attributable to equity shareholders of the Company			**1,759,589**		1,777,985
Minority interests			**327**		–
TOTAL EQUITY			**1,759,916**		1,777,985

Approved and authorised for issue by the Board of Directors on 30 July 2007.

Cheung Nam Chung, Brian
Chairman

Wan Kam Shing, Claude
Director

The notes on pages 26 to 83 form part of these financial statements.

Balance Sheet

As at 31 March 2007 *(Expressed in Hong Kong Dollars)*

	Note	2007 HK$'000	2007 HK$'000	2006 HK$'000	2006 HK$'000
Non-current assets					
Fixed assets	15		**3,766**		2,747
Investments in subsidiaries	17		**68,790**		18
Interest in an associate	18		**2,332,479**		2,332,168
			2,405,035		2,334,933
Current assets					
Trade and other receivables	20	**43,978**		353	
Cash and cash equivalents	21	**48,971**		3,585	
		92,949		3,938	
Current liabilities					
Trade and other payables	22	**(72,376)**		(3,099)	
Net current assets			**20,573**		839
Total assets less current liabilities			**2,425,608**		2,335,772
Non-current liabilities					
Borrowings	23	**(10,000)**		(13,900)	
Convertible notes	24	**–**		(2,435)	
Promissory notes	25	**(791,878)**		(740,077)	
			(801,878)		(756,412)
NET ASSETS			**1,623,730**		1,579,360
CAPITAL AND RESERVES	26(b)				
Share capital			**11,205**		4,825
Reserves			**1,612,525**		1,574,535
TOTAL EQUITY			**1,623,730**		1,579,360

Approved and authorised for issue by the Board of Directors on 30 July 2007.

Cheung Nam Chung, Brian
Chairman

Wan Kam Shing, Claude
Director

The notes on pages 26 to 83 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007 *(Expressed in Hong Kong Dollars)*

	2007		2006	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Total equity at 1 April		**1,777,985**		1,352,212
(Loss)/profit for the year		**(118,700)**		112,942
Capital contribution from a minority shareholder of a subsidiary		**368**		–
Movements in equity arising from capital transactions:				
Shares issued under the placing	**100,393**		–	
Shares issued under conversion of convertible notes	**2,488**		1,163	
Shares issued in respect of the acquisition of Greek Mythology	**–**		311,672	
Share issuance expenses	**(2,618)**		(4)	
		100,263		312,831
Total equity at 31 March		**1,759,916**		1,777,985

The notes on pages 26 to 83 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2007 *(Expressed in Hong Kong Dollars)*

	Note	**2007** HK$'000	**2007** HK$'000	2006 HK$'000	2006 HK$'000
Operating activities					
Loss from operations					
– From continuing operations		**(14,099)**		(46,274)	
– From discontinued operation	10(a)	**(6,934)**		(18,819)	
		(21,033)		(65,093)	
Adjustments for:					
Interest income		**(7)**		(7)	
Dividend income from investments		**–**		(311)	
Depreciation of fixed assets		**13,312**		41,042	
Amortisation of land lease premium for property held for own use		**86**		104	
Amortisation of intangible assets		**171**		–	
Impairment loss for trade and other receivables		**276**		754	
Provision for slow-moving and obsolete inventories		**2,206**		2,030	
Foreign exchange loss/(gain)		**1,470**		(21)	
Gain on disposal of fixed assets		**(13)**		–	
Reduction in provision for other payables		**(9,184)**		(2,300)	
Operating loss before changes in working capital		**(12,716)**		(23,802)	
Decrease in inventories		**1,411**		2,732	
(Increase)/decrease in trade and other receivables		**(38,005)**		7,203	
Increase/(decrease) in trade and other payables		**19,765**		(3,787)	
Increase in accrued directors' emoluments		**–**		1,417	
Cash used in operations		**(29,545)**		(16,237)	
Tax paid		**–**		–	

Consolidated Cash Flow Statement

For the year ended 31 March 2007 *(Expressed in Hong Kong Dollars)*

	Note	2007 HK$'000	2007 HK$'000	2006 HK$'000	2006 HK$'000
Net cash used in operating activities			**(29,545)**		(16,237)
Investing activities					
Payments for purchases of property, plant and equipment		**(4,106)**		(5,167)	
Proceeds from sale of subsidiaries	29	**50,000**		–	
Proceeds from sale of fixed assets		**50**		–	
Payments for acquisition of intangible assets		**(67,992)**		–	
Interest received		**7**		7	
Net cash used in investing activities			**(22,041)**		(5,160)
Financing activities					
Proceeds from other new loans		**8,706**		21,421	
Capital contribution from a minority shareholder of a subsidiary		**368**		–	
Proceeds from shares issued under the placing		**100,393**		–	
Payments for share issuance expenses		**(2,618)**		(4)	
Interest paid		**(2,257)**		(1,388)	
Net cash generated from financing activities			**104,592**		20,029
Net increase/(decrease) in cash and cash equivalents			**53,006**		(1,368)
Cash and cash equivalents at 1 April			**4,726**		6,072
Effect of foreign exchange rate changes			**25**		22
Cash and cash equivalents at 31 March	21		**57,757**		4,726

The notes on pages 26 to 83 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2007

1. INFORMATION OF REPORTING ENTITY

A-Max Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Group is principally engaged in manufacturing and trading of LCD and LCD modules (together "LCD products") and gaming operations. The Group's manufacturing and trading of electronic consumer products ("LCD consumer products") was discontinued during the year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies applied in these financial statements and has no significant impact on the results or the financial position of the Group and the Company for current and previous accounting periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 38).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 37.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

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

Notes to the Financial Statements

For the year ended 31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries and minority interests *(Continued)*

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

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale.

(d) Associate

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in the associate recognised for the year (see notes 2(e) and (j)).

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, its interest in the associate is stated at cost less impairment losses (see note 2(j)), unless it is classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(j)). In respect of the associate, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

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

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(j)):

– buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(h)); and

– other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Notes to the Financial Statements

For the year ended 31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment *(Continued)*

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

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

–	Leasehold improvements	Over the shorter of the lease terms or 5 years
–	Plant and machinery	5 years
–	Furniture and equipment	5 years
–	Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets (other than goodwill)

Intangible assets that acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Gaming operation rights	14 years

Both period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(j)).

Notes to the Financial Statements

For the year ended 31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of assets

(i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– pre-paid interests in leasehold land classified as being held under an operating lease;

– intangible assets; and

– investments in subsidiaries and associate.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements

For the year ended 31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fee payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Notes to the Financial Statements

For the year ended 31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

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

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

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income tax *(Continued)*

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions and contingent liabilities

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

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

Notes to the Financial Statements

For the year ended 31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Gaming operations

Revenue from gaming operations, representing the net gaming wins, is recognised when the relevant services have been rendered and is measured at the entitlement of economic inflow of the Group from the business.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income recognised as it accrues using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(u) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Notes to the Financial Statements

For the year ended 31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Discontinued operations *(Continued)*

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(w) Related parties

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Segment reporting

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

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2007

3. TURNOVER

An analysis of the Group's turnover is as follows:

	2007 HK$'000	2006 HK$'000
Continuing operations:		
Sales of LCD products	**59,580**	60,971
Revenue from gaming operations	**1,131**	–
Revenue from sales of travel packages	**4,615**	–
	65,326	60,971
Discontinued operation (note 10):		
Sales of LCD consumer products	**260**	20,064
	65,586	81,035

4. OTHER REVENUE

An analysis of the Group's other revenue is as follows:

	2007 HK$'000	2006 HK$'000
Continuing operations:		
Interest income from banks	**6**	4
Dividend income from unlisted equity securities	**–**	311
Rental income	**944**	526
Refund of export tax paid	**174**	1,020
Sundry income	**30**	51
	1,154	1,912
Discontinued operation (note 10):		
Interest income from banks	**1**	3
Sundry income	**185**	7
	186	10
	1,340	1,922

5. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting):

	2007 HK$'000	2006 HK$'000
(a) Staff costs (including directors' remuneration):		
Continuing operations:		
Contributions to defined contribution retirement plans	**253**	226
Salaries, wages and other benefits	**13,859**	15,478
	14,112	15,704
Discontinued operation (note 10):		
Contributions to defined contribution retirement plans	**6**	88
Salaries, wages and other benefits	**63**	6,808
	69	6,896
	14,181	22,600
(b) Other items:		
Continuing operations:		
Amortisation of land lease premium	**86**	104
Depreciation of property, plant and equipment	**7,484**	33,344
Amortisation of intangible assets	**171**	–
Impairment loss on trade and other receivables	**271**	450
Provision for slow-moving and obsolete inventories	**2,206**	530
Gain on disposal of property, plant and equipment	**(13)**	–
Net foreign exchange loss	**1,353**	353
Auditors' remuneration	**500**	300
Operating lease rentals:		
– property rentals	**405**	635
– hire of equipment	**6**	–
Cost of inventories	**57,310**	94,368
Discontinued operation (note 10):		
Depreciation of property, plant and equipment	**5,828**	7,698
Impairment loss on trade and other receivables	**5**	304
Provision for slow-moving and obsolete inventories	**–**	1,500
Net foreign exchange loss	**948**	42
Operating lease rentals in respect of premises	**–**	480
Cost of inventories	**391**	26,572

Notes to the Financial Statements

For the year ended 31 March 2007

6. FINANCE COSTS

	2007 HK$'000	2006 HK$'000
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	**1,201**	546
Interest on convertible notes	**52**	112
Interest on promissory notes	**51,801**	567
	53,054	1,225
Discontinued operation (note 10):		
Interest on borrowings wholly repayable within five years	**1,056**	842
	54,110	2,067

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Income tax in the consolidated income statement represents

	2007 HK$'000	2006 HK$'000
Current tax – Hong Kong profits tax		
Provision for the year	**7**	–

The provision for Hong Kong profits tax for the year ended 31 March 2007 is calculated at 17.5% of the estimated assessable profits for the year.

No provision for overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the year ended 31 March 2007.

No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the year ended 31 March 2006.

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(a) Continuing operations *(Continued)*

(ii) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rate:

	2007 **HK$'000**	2006 HK$'000
(Loss)/profit before taxation	**(110,703)**	132,603
Notional tax on (loss)/profit before taxation, calculated at the tax rate of 17.5%	**(19,373)**	23,206
Tax effect of expenses that are not deductible in determining taxable profit	**26,927**	6,400
Tax effect of income that are not assessable in determining taxable profit	**(10,819)**	(32,071)
Tax effect of net deferred tax assets not recognised	**3,272**	2,465
Actual tax expense	**7**	–

(b) Discontinued operation (note 10)

(i) No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the discontinued operation have no estimated assessable profits during the years ended 31 March 2007 and 2006.

(ii) Reconciliation between tax expense and accounting loss at applicable tax rate:

	2007 **HK$'000**	2006 HK$'000
Loss before taxation	**(7,990)**	(19,661)
Notional tax on loss before taxation, calculated at the tax rate of 17.5%	**(1,398)**	(3,441)
Tax effect of expenses that are not deductible in determining taxable profit	**282**	1,100
Tax effect of income that are not assessable in determining taxable profit	**–**	(13)
Tax effect of net deferred tax assets not recognised	**1,116**	2,354
Actual tax expense	**–**	–

Notes to the Financial Statements

For the year ended 31 March 2007

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(c) Deferred taxation not recognised

There was no material unprovided deferred taxation. The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$91.0 million (2006: HK$75.3 million) at 31 March 2007 as it is not probable that future taxable profits against which tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

8. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows

For the year ended 31 March 2007

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors				
Mr. Cheung Nam Chung, Brian (Note 4)	–	507	9	516
Mr. Lam Cheok Va, Francis (Note 1)	–	240	–	240
Mr. Chan Chi Yuen (Note 1)	–	570	12	582
Ms. Li Wing Sze (Note 4)	–	190	8	198
Mr. Chen Zhiquan (Note 3)	–	78	–	78
Mr. Lee Keung Shing (Note 3)	–	78	–	78
Mr. Chan King Ming (Note 10)	–	420	5	425
Mr. Chan Chi Wan (Note 7)	–	23	–	23
Mr. Wong Kin Kwok (Note 7)	–	23	1	24
Mr. Siu Ting Cheong, Robert (Note 8)	–	600	7	607
Independent non-executive directors				
Mr. Chan Chiu Hung, Alex (Note 2)	96	–	–	96
Mr. Lee Tsz Hong (Note 5)	69	–	–	69
Mr. Ng Wai Hung, Raymond	96	–	–	96
Mr. Cham Yiu Leung (Note 6)	27	–	–	27
	288	2,729	42	3,059

8. DIRECTORS' REMUNERATION *(Continued)*

For the year ended 31 March 2006

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors				
Mr. Chan King Ming (Note 10)	–	871	8	879
Mr. Lam Cheok Va, Francis (Note 1)	–	145	–	145
Mr. Chan Chi Yuen (Note 1)	–	435	8	443
Ms. Ng Wai Fong, Wendy (Note 9)	–	478	5	483
Ms. Leung Kwai Hing (Note 9)	–	477	5	482
Ms. Kam Shuk Ling (Note 9)	–	477	5	482
Mr. Lam Yiu Man, Lewis (Note 9)	–	388	5	393
Ms. Ching Mei Yee (Note 9)	–	140	5	145
Independent non-executive directors				
Mr. Chan Chiu Hung, Alex (Note 2)	44	–	–	44
Mr. Ng Wai Hung, Raymond	91	–	–	91
Mr. Cham Yiu Leung (Note 6)	58	–	–	58
Mr. Wong Chi Keung (Note 9)	48	–	–	48
Mr. Yuen Xiaoxin (Note 9)	30	–	–	30
	271	3,411	41	3,723

There were no amounts paid during the years ended 31 March 2007 and 2006 to the directors in connection with their retirement from employment with the Group, or an inducement to join. Other than Ms. Ng Wai Fong, Ms. Leung Kwai Hing and Ms. Kam Shuk Ling agreed to waive their remuneration of approximately HK$3,062,000, HK$3,061,000 and HK$3,061,000, respectively, in respect of the period up to 24 August 2005 (date of their retirement) during the year ended 31 March 2007, there was no arrangement under which a director of the Company waived or agreed to waive any remuneration during the years ended 31 March 2007 and 2006.

Notes to the Financial Statements

For the year ended 31 March 2007

8. DIRECTORS' REMUNERATION *(Continued)*

Notes:

1. Appointed on 24 August 2005.
2. Appointed on 17 October 2005.
3. Appointed on 8 June 2006.
4. Appointed on 18 July 2006.
5. Appointed on 13 July 2006.
6. Appointed on 24 August 2005 and resigned on 13 July 2006.
7. Appointed on 8 June 2006 and retired on 5 September 2006.
8. Appointed on 18 July 2006 and resigned on 18 January 2007.
9. Retired on 24 August 2005.
10. Resigned on 1 September 2006.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2006: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other one (2006: two) individual is as follows:

	2007 HK$'000	2006 HK$'000
Salaries and other emoluments	**678**	1,250
Retirement scheme contributions	**–**	19
	678	1,269

The emoluments of the one (2006: two) individual with the highest emoluments are within the following band:

	2007 Number of individuals	2006 Number of individuals
HK$		
Nil – 1,000,000	**1**	2

No emolument was paid during the years ended 31 March 2007 and 2006 by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

10. DISCONTINUED OPERATION

The Group's manufacturing and trading of LCD consumer products was discontinued during the year.

(a) The results of the discontinued operation for the years ended 31 March 2007 and 2006 were as follows:

	Note	**2007 HK$'000**	2006 HK$'000
Turnover	3, 14	**260**	20,064
Cost of sales		**(391)**	(26,572)
Gross loss		**(131)**	(6,508)
Other revenue	4	**186**	10
Selling and distribution expenses		**(2)**	(1,033)
General and administrative expenses		**(6,987)**	(11,988)
Reduction in provision for other payables		**–**	700
Loss from operations	5	**(6,934)**	(18,819)
Finance costs	6	**(1,056)**	(842)
Loss before taxation		**(7,990)**	(19,661)
Income tax	7	**–**	–
Loss for the year		**(7,990)**	(19,661)

(b) The net cash flows of the discontinued operation for the years ended 31 March 2007 and 2006 were as follows:

	2007 HK$'000	2006 HK$'000
Net cash outflow from operating activities	**(472)**	(9,848)
Net cash inflow/(outflow) from investing activities	**1**	(1,473)
Net cash inflow from financing activities	**38**	9,690
Net cash outflow incurred by the discontinued operation	**(433)**	(1,631)

Notes to the Financial Statements

For the year ended 31 March 2007

11. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong 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 with employees when contributed into the MPF Scheme.

In addition to the participation in the MPF Scheme, the Group is required to contribute to a defined contribution retirement scheme for its employees in the People's Republic of China (the "PRC") based on the applicable basis and rates with the relevant government regulations.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

The total costs charged to the consolidated income statement of approximately HK$259,000 (2006: HK$314,000) represent contributions payable to the retirement benefit schemes in Hong Kong and the PRC by the Group for the year at rates specified in the rules of the relevant schemes.

12. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of approximately HK$55,893,000 (2006: HK$6,504,000) which has been dealt with in the financial statements of the Company.

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows:

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company

	2007 **HK$'000**	2006 HK$'000
Continuing operations	**(110,669)**	132,603
Discontinued operation (Note 10)	**(7,990)**	(19,661)
	(118,659)	112,942

13. (LOSS)/EARNINGS PER SHARE *(Continued)*

(a) Basic (loss)/earnings per share *(Continued)*

(ii) Weighted average number of ordinary shares

	2007 **'000**	2006 '000
Issued ordinary shares at 1 April	**1,810,813**	2,664,838
Effect of convertible notes exercised	**5,165,139**	1,073,928
Effect of shares issued under the placing	**313,891**	–
Effect of new shares issued in respect of the acquisition of an associate	**–**	11,778
Weighted average number of ordinary shares at 31 March	**7,289,843**	3,750,544

(b) Diluted (loss)/earnings per share

The diluted loss per share for the year ended 31 March 2007 is not presented as the Company's potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss per share from continuing operations.

The calculation of diluted (loss)/earnings per share for the year ended 31 March 2006 is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares, calculated as follows:

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company (diluted)

		2006	
	Continuing operations HK$'000	Discontinued operation HK$'000	Total HK$'000
(Loss)/profit attributable to ordinary equity shareholders	132,603	(19,661)	112,942
After tax effect of effective interest on liability component of convertible notes	112	–	112
(Loss)/profit attributable to ordinary equity shareholders (diluted)	132,715	(19,661)	113,054

Notes to the Financial Statements

For the year ended 31 March 2007

13. (LOSS)/EARNINGS PER SHARE *(Continued)*

(b) Diluted (loss)/earnings per share *(Continued)*

(ii) Weighted average number of ordinary shares (diluted)

	2006 '000
Weighted average number of ordinary shares at 31 March	3,750,544
Effect of conversion of convertible notes	3,685,373
Weighted average number of ordinary shares (diluted) at 31 March	7,435,917

14. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Continuing operations:

LCD products segment: the manufacturing and sales of LCD and LCD modules.

Gaming and entertainment segment: the promotion, client development, co-ordination and operation of gaming business.

Discontinued operation:

LCD consumer products segment: the manufacturing and sales of calculators and other electronic products.

14. SEGMENT REPORTING *(Continued)*

(a) Business segments *(Continued)*

For the year ended 31 March 2007

	Continuing operations			Discontinued operation		
	LCD products HK$'000	Gaming and entertainment HK$'000	Sub-total HK$'000	LCD consumer products HK$'000	Inter-segment eliminations HK$'000	Total HK$'000
Revenue						
Revenue from external customers	59,580	5,746	65,326	260	–	65,586
Inter-segment revenue*	3	–	3	–	(3)	–
Total	59,583	5,746	65,329	260	(3)	65,586
Results						
Segment results	(16,090)	1,934	(14,156)	(6,565)	–	(20,721)
Unallocated operating income and expenses			(9,127)	(369)		(9,496)
Reduction in provision for other payables			9,184	–		9,184
Loss from operations			(14,099)	(6,934)		(21,033)
Finance costs			(53,054)	(1,056)		(54,110)
Share of loss of the associate	–	(57,673)	(57,673)	–		(57,673)
Gain on disposal of subsidiaries			14,123	–		14,123
Taxation			(7)	–		(7)
Loss for the year			(110,710)	(7,990)		(118,700)

Notes to the Financial Statements

For the year ended 31 March 2007

14. SEGMENT REPORTING *(Continued)*

(a) Business segments *(Continued)*

For the year ended 31 March 2006

	Continuing operations			Discontinued operation		
	LCD products HK$'000	Gaming and entertainment HK$'000	Sub-total HK$'000	LCD consumer products HK$'000	Inter-segment eliminations HK$'000	Total HK$'000
Revenue						
Revenue from external customers	60,971	–	60,971	20,064	–	81,035
Inter-segment revenue*	1,234	–	1,234	214	(1,448)	–
Total	62,205	–	62,205	20,278	(1,448)	81,035
Results						
Segment results	(42,505)	311	(42,194)	(19,528)	(125)	(61,847)
Unallocated operating income and expenses			(5,680)	9	125	(5,546)
Reduction in provision for other payables			1,600	700		2,300
Loss from operations			(46,274)	(18,819)		(65,093)
Finance costs			(1,225)	(842)		(2,067)
Excess of fair value of net assets acquired over the cost of acquisition of an associate	–	178,800	178,800	–		178,800
Share of profit of the associate	–	1,302	1,302	–		1,302
Profit/(loss) for the year			132,603	(19,661)		112,942

* Inter-segment revenue is charged based on terms mutually agreed between the segments.

14. SEGMENT REPORTING *(Continued)*

(a) Business segments *(Continued)*

As at 31 March 2007

	Continuing operations			Discontinued operation	
	LCD products HK$'000	Gaming and entertainment HK$'000	Sub-total HK$'000	LCD consumer products HK$'000	Total HK$'000
Assets					
Segment assets	17,346	110,964	128,310	10,775	139,085
Interest in an associate		2,454,597			2,454,597
Unallocated assets					54,108
Total assets					2,647,790
Liabilities					
Segment liabilities	19,900	105	20,005	1,313	21,318
Unallocated liabilities					866,556
Total liabilities					887,874
Other segment information:					
Capital expenditure incurred during the year	653	69,825	70,478	–	
Depreciation and amortisation for the year	6,320	685	7,005	5,828	

Notes to the Financial Statements

For the year ended 31 March 2007

14. SEGMENT REPORTING *(Continued)*

(a) Business segments *(Continued)*

As at 31 March 2006

	Continuing operations			Discontinued operation	
	LCD products HK$'000	Gaming and entertainment HK$'000	Sub-total HK$'000	LCD consumer products HK$'000	Total HK$'000
Assets					
Segment assets	39,729	–	39,729	37,020	76,749
Interest in an associate		2,512,270			2,512,270
Unallocated assets					6,686
Total assets					2,595,705
Liabilities					
Segment liabilities	24,068	809	24,877	–	24,877
Unallocated liabilities					792,843
Total liabilities					817,720
Other segment information:					
Capital expenditure incurred during the year	690	1,051,182	1,051,872	1,488	
Depreciation and amortisation for the year	30,118	–	30,118	10,787	

14. SEGMENT REPORTING *(Continued)*

(b) Geographical segments

In presenting information on the basis of the geographical segment, segment revenue is based on the geographical location of the customers. Segment assets and capital expenditure are based on the geographical location of the assets.

For the year ended 31 March 2007

	Hong Kong HK$'000	Macau HK$'000	The PRC (excluding Hong Kong and Macau) HK$'000	Japan HK$'000	South Korea HK$'000	Others HK$'000	Total HK$'000
Segment revenue							
Revenue from external customers	38,588	1,131	5,805	3,280	13,861	2,661	65,326
Attributable to discontinued operation	–	–	260	–	–	–	260
Revenue from Continuing operations	38,588	1,131	6,065	3,280	13,861	2,661	65,586
Segment assets							
– Continuing operations	18,049	2,562,584	2,273	–	–	–	2,582,906
– Discontinued operation	1,069	–	9,707	–	–	–	10,776
	19,118	2,562,584	11,980	–	–	–	2,593,682
– Unallocated assets							54,108
							2,647,790
Segment capital expenditure							
– Continuing operations	2,068	67,992	418	–	–	–	70,478
– Discontinued operation	–	–	–	–	–	–	–
	2,068	67,992	418	–	–	–	70,478
– Unallocated							1,620
							72,098

Notes to the Financial Statements

For the year ended 31 March 2007

14. SEGMENT REPORTING *(Continued)*

(b) Geographical segments *(Continued)*

For the year ended 31 March 2006

	Hong Kong HK$'000	Macau HK$'000	The PRC (excluding Hong Kong and Macau) HK$'000	Japan HK$'000	South Korea HK$'000	Others HK$'000	Total HK$'000
Segment revenue							
Revenue from continuing operations	28,288	–	13,434	2,838	14,041	2,370	60,971
Revenue from discontinued operation	12,715	–	1,979	4,842	–	528	20,064
	41,003	–	15,413	7,680	14,041	2,898	81,035
Segment assets							
– Continuing operations	15,411	2,512,270	24,318	–	–	–	2,551,999
– Discontinued operation	2,172	–	34,848	–	–	–	37,020
	17,583	2,512,270	59,166	–	–	–	2,589,019
– Unallocated assets							6,686
							2,595,705
Segment capital expenditure							
– Continuing operations	278	1,051,182	412	–	–	–	1,051,872
– Discontinued operation	28	–	1,460	–	–	–	1,488
	306	1,051,182	1,872	–	–	–	1,053,360
– Unallocated							2,989
							1,056,349

15. FIXED ASSETS

(a) The Group

	Buildings for own use carried at cost HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Other fixed assets HK$'000	Sub-total HK$'000	Interests in leasehold land held for own use under operating leases HK$'000	Total fixed assets HK$'000
Cost:							
At 1 April 2005	45,986	22,466	113,651	42,440	224,543	5,232	229,775
Additions	–	2,138	921	2,108	5,167	–	5,167
At 31 March 2006	45,986	24,604	114,572	44,548	229,710	5,232	234,942
At 1 April 2006	45,986	24,604	114,572	44,548	229,710	5,232	234,942
Additions	–	1,096	121	2,889	4,106	–	4,106
Disposal	–	–	(250)	(41)	(291)	–	(291)
Disposal of subsidiaries	(45,986)	(21,169)	–	–	(67,155)	(5,232)	(72,387)
At 31 March 2007	**–**	**4,531**	**114,443**	**47,396**	**166,370**	**–**	**166,370**
Accumulation amortisation and depreciation:							
At 1 April 2005	11,036	16,152	72,540	30,397	130,125	589	130,714
Charge for the year	1,840	4,844	25,424	8,934	41,042	104	41,146
At 31 March 2006	12,876	20,996	97,964	39,331	171,167	693	171,860
At 1 April 2006	12,876	20,996	97,964	39,331	171,167	693	171,860
Charge for the year	1,686	2,003	6,661	2,962	13,312	86	13,398
Written back on disposals	–	–	(250)	(4)	(254)	–	(254)
Disposal of subsidiaries	(14,562)	(21,169)	–	–	(35,731)	(779)	(36,510)
At 31 March 2007	**–**	**1,830**	**104,375**	**42,289**	**148,494**	**–**	**148,494**
Net book value:							
At 31 March 2007	**–**	**2,701**	**10,068**	**5,107**	**17,876**	**–**	**17,876**
At 31 March 2006	33,110	3,608	16,608	5,217	58,543	4,539	63,082

Notes to the Financial Statements

For the year ended 31 March 2007

15. FIXED ASSETS *(Continued)*

(b) The Company

	Leasehold improvements HK$'000	Other fixed assets HK$'000	Total fixed assets HK$'000
Cost:			
Additions, at 31 March 2006 and 1 April 2006	2,115	873	2,988
Additions	–	1,621	1,621
Disposals	–	(41)	(41)
At 31 March 2007	2,115	2,453	4,568
Accumulated amortisation and depreciation:			
Charge for the year, at 31 March 2006 and at 1 April 2006	143	98	241
Charge for the year	142	423	565
Written back on disposal	–	(4)	(4)
At 31 March 2007	285	517	802
Net book value:			
At 31 March 2007	1,830	1,936	3,766
At 31 March 2006	1,972	775	2,747

(c) As at 31 March 2006, the Group's leasehold land and buildings were situated in the PRC and held under medium term leases.

16. INTANGIBLE ASSETS

	The Group HK$'000
Cost:	
Additions and at 31 March 2007	67,992
Accumulated amortisation:	
Charge for the year and at 31 March 2007	171
Net book value:	
At 31 March 2007	67,821

The intangible assets represent the operating rights of 5 gaming tables in the high roller area of and 204 electronic slot machines in the Greek Mythology Casino (see note 18) in Macau.

The amortisation charge for the year is included in "general and administrative expenses" in the consolidated income statement.

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2007 HK$'000	2006 HK$'000
Unlisted shares, at cost	**68,790**	18

Notes to the Financial Statements

For the year ended 31 March 2007

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries at 31 March 2007 were as follows:

Name	Place of incorporation and operation	Particulars of paid-up capital/ registered capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
GMC Management Limited	Hong Kong	HK$10,000	100%	100%	–	Provision of administrative support to group companies
Hong Kong Macau Express Limited	Hong Kong	HK$750,000	51%	51%	–	Sales of travel packages
Gold Faith Development Limited	The British Virgin Islands ("BVI")	US$50,000	100%	100%	–	Gaming and entertainment business
Jadepower Limited	BVI	US$1,000	100%	100%	–	Gaming and entertainment business
Profit Goal Holdings Limited	BVI	US$1,000	100%	100%	–	Investment holding
Thousand Ocean Investments Limited	BVI	US$1,000	100%	100%	–	Gaming and entertainment business
A-Max Kepo Display Limited	Hong Kong	HK$100	100%	–	100%	Sales of LCD and LCD modules
A-Max Global Products Limited	Hong Kong	HK$100	100%	–	100%	Inactive
A-Max Kepo Limited	BVI	US$100	100%	–	100%	Not yet commenced business
Chesford Group Limited	BVI	US$100	100%	–	100%	Not yet commenced business

18. INTEREST IN AN ASSOCIATE

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted shares, at cost	**–**	–	**2,332,479**	2,332,168
Share of net assets	**2,454,597**	2,512,270	**–**	–
	2,454,597	2,512,270	**2,332,479**	2,332,168

(a) Particulars of the associate at 31 March 2007 were as follows:

Name of associate	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Principal activities
Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology")	Macau	2,412 ordinary shares of MOP $1,000 each	49.9%	49.9%	Gaming and entertainment business

Greek Mythology manages a casino operated under the gaming concession of Sociedade de Jogos de Macau, S.A. in the New Century Hotel (the "Greek Mythology Casino") in Macau.

(b) Summary financial information on the associate

	At 31 March 2007			Year ended 31 March 2007			
	Assets	Liabilities	Equity	Revenues	Operating profit	Amortisation of intangible asset	Net profit
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
100 per cent	5,622,319	703,286	4,919,033	385,193	241,287	(356,864)	(115,577)
Group's effective interest	2,805,537	350,940	2,454,597	192,211	120,402	(178,075)	(57,673)

Notes to the Financial Statements

For the year ended 31 March 2007

18. INTEREST IN AN ASSOCIATE *(Continued)*

(b) Summary financial information on the associate *(Continued)*

	At 31 March 2006			Year ended 31 March 2006			
	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Operating profit HK$'000	Amortisation of intangible asset HK$'000	Net profit HK$'000
100 per cent	5,653,150	618,540	5,034,610	8,524	6,515	(3,906)	2,609
Group's effective interest	2,820,922	308,652	2,512,270	4,253	3,251	(1,949)	1,302

(c) Acquisition of Greek Mythology

	2006 HK$'000
Purchase consideration	
Issue of promissory note	
Face value of promissory note (note 25)	1,454,722
Reduction of face value to fair value	(715,212)
Fair value of promissory note	739,510
Issue of new shares (note 26(c)(iii))	601,850
	1,341,360
Shortfall in market price of shares issued	(290,178)
Fair value of consideration for additional 30% interest in Greek Mythology	1,051,182
Cost of investment for 19.9% interest in Greek Mythology acquired in the financial year 2005	1,280,986
Total acquisition cost of 49.9% interest in Greek Mythology	2,332,168
Fair value of net assets acquired, as detailed below	2,510,968
Excess of fair value of net assets acquired over the cost of acquisition of an associate	178,800

18. INTEREST IN AN ASSOCIATE *(Continued)*

(c) Acquisition of Greek Mythology *(Continued)*

On 28 March 2006, the Group completed the acquisition of a further 30% equity interest in Greek Mythology with part of the consideration being settled by the allotment and issue of 1,074,732,630 new shares of HK$0.001 each by the Company at an issue price of HK$0.56 each. HKFRS 3 "Business Combinations" requires the fair value of the share consideration for accounting purposes to be determined at the date that significant influence over its management (including participation in the financial and operating policy decisions) becomes effective. At the completion date of acquisition, the market price of the shares of the Company was HK$0.29. Accordingly, the fair value of the consideration shares for this purpose was approximately HK$311,672,000.

The assets and liabilities arising from the acquisition are as follows:

	2006	
	Carrying amount of the associate HK$'000	Fair value HK$'000
Property, plant and equipment	504,018	504,018
Intangible asset (note)	–	5,000,000
Debtors and prepayments	95,402	95,402
Cash and cash equivalents	98,710	98,710
Creditors and accruals	(66,129)	(66,129)
Borrowings	(600,000)	(600,000)
Net assets	32,001	5,032,001
49.9% of net assets acquired		2,510,968

Note: The intangible asset represents the rights for the management of the Greek Mythology Casino.

Notes to the Financial Statements

For the year ended 31 March 2007

19. INVENTORIES

	The Group	
	2007	2006
	HK$'000	HK$'000
Raw materials, at cost	**4,854**	7,268
Work in progress, at cost	**1,960**	1,734
Finished goods, at cost	**2,962**	2,185
	9,776	11,187
Less: Provision for slow-moving and obsolete inventories	**(4,236)**	(2,030)
	5,540	9,157

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Due from subsidiaries	**–**	–	**43,780**	–
Trade receivables				
– related company	**573**	–	**–**	–
– others	**8,028**	5,889	**–**	–
	8,601	5,889	**–**	–
Rental and other deposits	**620**	63	**193**	13
Dividend receivable	**–**	311	**–**	311
Due from the associate	**1,161**	–	**–**	–
Prepayments, deposits and other receivables	**33,817**	207	**5**	29
	44,199	6,470	**43,978**	353

The amounts due from subsidiaries and associate are unsecured, non-interest bearing and have no fixed terms of repayment.

All of the trade and other receivables, apart from rental and other deposits, are expected to be recovered within one year.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

The ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) as of the balance sheet date is as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
Within 1 month	**5,382**	3,310
1 to 2 months	**1,394**	1,507
2 to 3 months	**427**	550
More than 3 months	**1,398**	522
	8,601	5,889

The Group's credit policy is set out in note 28(a).

Included in trade and other receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	2006	**2007**	2006
	'000	'000	**'000**	'000
United States Dollars	**US$654**	US$54	**–**	–
Renminbi	**RMB293**	RMB225	**–**	–

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank	**51,532**	4,699	**48,970**	3,580
Cash in hand	**6,225**	27	**1**	5
	57,757	4,726	**48,971**	3,585

Notes to the Financial Statements

For the year ended 31 March 2007

21. CASH AND CASH EQUIVALENTS *(Continued)*

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	2006	**2007**	2006
	'000	'000	**'000**	'000
United States Dollars	**US$26**	US$15	**–**	–
Renminbi	**RMB140**	RMB654	**–**	–

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**16,317**	15,293	**–**	–
Payable for acquisition of intangible assets	**20,000**	–	**20,000**	–
Accruals and other payables	**5,687**	6,946	**679**	2,645
Amounts due to subsidiaries	**–**	–	**51,697**	454
	42,004	22,239	**72,376**	3,099

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

All of the trade and other payables are expected to be settled within one year.

The ageing analysis of trade payables as of the balance sheet date is as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
Within 1 month	**4,233**	4,762
After 1 month but within 2 months	**5,015**	4,106
After 2 months but within 3 months	**1,594**	1,940
After 3 months	**5,475**	4,485
	16,317	15,293

22. TRADE AND OTHER PAYABLES *(Continued)*

Included in trade and other payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	2006	**2007**	2006
	'000	'000	**'000**	'000
Renminbi	**RMB7,761**	RMB9,803	**–**	–

23. BORROWINGS

		The Group		The Company	
		2007	2006	**2007**	2006
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other loans – unsecured	(a)	**53,985**	43,785	**10,000**	10,000
Amounts due to ex-directors	(b)	**–**	9,184	**–**	3,900
		53,985	52,969	**10,000**	13,900

Notes:

(a) Other loans represent unsecured loans from unrelated parties, which bear interest ranging from 3.5% to 8.5% (2006: 3.5% to 6%) per annum and are not repayable within the next twelve months.

(b) The amounts due to ex-directors, which represented emoluments due to ex-directors, were unsecured and non-interest bearing. The amounts were waived in full during the year.

Included in non-current borrowings are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2007	2006	**2007**	2006
	'000	'000	**'000**	'000
Renminbi	**RMB30,595**	RMB26,750	**–**	–

Notes to the Financial Statements

For the year ended 31 March 2007

24. CONVERTIBLE NOTES

	The Group and the Company	
	2007	2006
	HK$'000	HK$'000
At 31 March	**–**	2,435

Note:

Pursuant to a subscription agreement dated 20 February 2004, the Company issued the convertible notes in the aggregate amount of HK$14.6 million (comprising 73 notes with a face value of HK$200,000 each) to Firstcom Technology Limited to raise working capital for the repayment of certain term loans due to lenders and for the general working capital of the Group. The convertible notes bear interest at 1.5% per annum and can be converted into new ordinary shares during the period from 31 March 2004 to 30 March 2009 at the conversion ratio of 5% of the then issued share capital of the Company at the time of conversion for each note in the face value of HK$200,000. The shares so converted will rank pari passu in all respect with all other ordinary shares in issue on the date of allotment.

The convertible notes that are not converted into ordinary shares will be redeemed at face value on 30 March 2009. The notes bear effective interest at 6.41% per annum and are unsecured.

During the year ended 31 March 2007, the noteholders converted the convertible notes with a total face value of HK$2,800,000 (2006: HK$1,400,000) into 5,207,030,659 (2006: 1,084,856,676) new ordinary shares of HK$0.001 each. All of the convertible notes had been converted into the Company's new ordinary shares during the year ended 31 March 2007.

25. PROMISSORY NOTES

On 28 March 2006, the Company issued promissory notes with the aggregate face values of approximately HK$1,454,722,000 as part of the consideration for the acquisition of the associate (note 18(c)).

The promissory notes are unsecured, non-interest bearing and repayable on the tenth year of the date of issue of the promissory notes.

Interest expense on promissory notes is calculated using the effective interest method by applying the effective interest rate of 7% per annum to the fair value of the promissory notes.

26. CAPITAL AND RESERVES

(a) The Group

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2005	2,665	1,419,437	(22,470)	872	(117)	(48,175)	1,352,212	–	1,352,212
Shares issued under conversion of convertible notes (notes 26(c)(ii))	1,085	369	–	(291)	–	–	1,163	–	1,163
Share issued in respect of the acquisition of Greek Mythology (note 26(c)(iii))	1,075	310,597	–	–	–	–	311,672	–	311,672
Share issuance expenses	–	(4)	–	–	–	–	(4)	–	(4)
Profit for the year	–	–	–	–	–	112,942	112,942	–	112,942
At 31 March 2006	4,825	1,730,399	(22,470)	581	(117)	64,767	1,777,985	–	1,777,985
At 1 April 2006	4,825	1,730,399	(22,470)	581	(117)	64,767	1,777,985	–	1,777,985
Shares issued under the placing (note 26(c)(i))	1,173	99,220	–	–	–	–	100,393	–	100,393
Shares issued under conversion of convertible notes (notes 26(c)(ii))	5,207	(2,138)	–	(581)	–	–	2,488	–	2,488
Share issuance expenses	–	(2,618)	–	–	–	–	(2,618)	–	(2,618)
Capital contributions from a minority shareholder of a subsidiary	–	–	–	–	–	–	–	368	368
Loss for the year	–	–	–	–	–	(118,659)	(118,659)	(41)	(118,700)
At 31 March 2007	11,205	1,824,863	(22,470)	–	(117)	(53,892)	1,759,589	327	1,759,916

Notes to the Financial Statements

For the year ended 31 March 2007

26. CAPITAL AND RESERVES *(Continued)*

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2005	2,665	1,419,437	105,026	872	(254,967)	1,273,033
Shares issued under conversion of convertible notes (notes 26(c)(ii))	1,085	369	–	(291)	–	1,163
Share issued in respect of Greek Mythology (note 26(c)(iii))	1,075	310,597	–	–	–	311,672
Share issuance expenses	–	(4)	–	–	–	(4)
Loss for the year	–	–	–	–	(6,504)	(6,504)
At 31 March 2006	4,825	1,730,399	105,026	581	(261,471)	1,579,360
At 1 April 2006	4,825	1,730,399	105,026	581	(261,471)	1,579,360
Shares issued under the placing (note 26(c)(i))	1,173	99,220	–	–	–	100,393
Shares issued under conversion of convertible notes (notes 26(c)(ii))	5,207	(2,138)	–	(581)	–	2,488
Share issuance expenses	–	(2,618)	–	–	–	(2,618)
Loss for the year	–	–	–	–	(55,893)	(55,893)
At 31 March 2007	11,205	1,824,863	105,026	–	(317,364)	1,623,730

(c) Share capital

	2007 Number of shares '000	**2007** HK$'000	2006 Number of shares '000	2006 HK$'000
Authorised:				
40,000,000,000 ordinary shares of HK$0.001 each	**40,000,000**	**40,000**	40,000,000	40,000

26. CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

	Note	2007 Number of shares '000	2007 HK$'000	2006 Number of shares '000	2006 HK$'000
Ordinary shares, issued and fully paid:					
At 1 April		**4,824,427**	**4,825**	2,664,838	2,665
Shares issued under the placing	(i)	**1,172,824**	**1,173**	–	–
Shares issued under conversion of the convertible notes	(ii)	**5,207,031**	**5,207**	1,084,857	1,085
Shares issued for the acquisition of Greek Mythology	(iii)	**–**	**–**	1,074,732	1,075
At 31 March		**11,204,282**	**11,205**	4,824,427	4,825

Notes:

(i) Shares issued under the placing

During the year ended 31 March 2007, the Company issued 1,172,824,310 new ordinary shares of HK$0.001 each pursuant to a placing agreement entered into with a placing agent on 10 October 2006 at a placing price of HK$0.0856 per share to finance the Company's investments and strengthen the Group's working capital.

(ii) Conversion of the convertible notes

During the year ended 31 March 2007, 5,207,030,659 (2006: 1,084,856,676) new ordinary shares of HK$0.001 each were issued pursuant to the conversion of HK$2,800,000 (2006: HK$1,400,000) convertible notes at an average conversion price of approximately HK0.05 cents (2006: HK0.13 cents) per share.

The share capital and share premium accounts of the Company have been increased by approximately HK$5,207,000 (2006: HK$1,085,000) and decreased by HK$2,138,000 (2006: increased by approximately HK$369,000) respectively following the conversion. An amount of approximately HK$581,000 (2006: HK$291,000) has been transferred from the capital reserve to the share premium account in accordance with the policy set out in note 2(l).

(iii) Acquisition of the associate

During the year ended 31 March 2006, the Company issued 1,074,732,630 new ordinary shares of HK$0.001 each at the issue price of HK$0.56 per share as part of the consideration for the acquisition of a 30% equity interest in Greek Mythology, the associate of the Company (see note 18(c)).

Notes to the Financial Statements

For the year ended 31 March 2007

26. CAPITAL AND RESERVES *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus

The contributed surplus of the Company represents the differences between the consolidated shareholders' funds of subsidiaries at the date on which they were acquired by the Company and the nominal amount of the share capital of the Company issued under the corporate reorganisation and capitalisation in paying up 1,000,000 nil paid shares. Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders.

(iii) Special reserve

The special reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition pursuant to the corporate reorganisation and capitalisation in paying up 1,000,000 nil paid shares prior to the listing of the Company's shares.

(iv) Capital reserve

The capital reserve represents the value of the unexercised equity component of convertible notes issued by the Company recognized in accordance with the accounting policy adopted for convertible notes in note 2(l).

(e) Distributable reserves

As at 31 March 2007, in the opinion of the directors of the Company, the reserves of the Company available for distribution to shareholders amounted to approximately HK$1,612,525,000 (2006: HK$1,573,954,000) subject to the restrictions stated above.

27. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted on 12 August 2002 with a purpose to recognise the contribution of certain employees, directors, executive or officers, suppliers, consultants and agents of the Group to the growth of the Group.

Under the terms of the Share Option Scheme, the board of directors may, at its discretion, grant options to employees, directors, executives or officers of the Group, and any suppliers, consultants or agents who have provided services to the Group at a price not less than the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the offer date or the nominal value of the shares, whichever is the higher.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme will not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one participant will not exceed 30% of the maximum number of shares in issues from time to time. At the date of report, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme must not exceed 4,959,000 shares, represents 10% of the shares in issue as at 18 June 2003, the date of the special general meeting approving the refreshment of the 10% limit on the grant of options.

A nominal consideration of HK$1 is payable within 30 days from the offer date for each lot of share option granted. An option may be exercised in accordance with the terms of the Share Option Scheme during a period to be notified by the board of directors. Each grantee is entitled to exercise the options at any time after the expiry of one year from the date of the grant of the options, and in each case, not later than 10 years from the date of the grant of the options.

The Share option Scheme is valid for a period of 10 years commencing from 12 August 2002. No share options under the Share Option Scheme were granted up to 31 March 2007.

28. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Notes to the Financial Statements

For the year ended 31 March 2007

28. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 30 days to 60 days from the date of billing. Normally, the Group does not obtain collateral from customers. At the balance sheet date, the Group has a certain concentration of credit risk as 40% (2006: 16%) and 71% (2006: 48%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

Cash and cash equivalents are normally placed with licensed banks that have a credit rating better than the Group. Given their high credit ratings, management does not expect any licensed bank to fail to meet its obligations.

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

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major loan lenders to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The interest rates and terms of repayment of the convertible notes, promissory note and other borrowings of the Group are disclosed in notes 24, 25 and 23, respectively. The Group does not expect any changes in interest rates which might materially affect the Group's result of operations.

(d) Foreign currency risk

The Group is exposed to foreign currency risk through certain trade and other receivables, bank deposits, trade and other payables and other loans that are denominated in the United States Dollars (USD) and/or Renminbi (RMB).

As the Hong Kong Dollars (HKD) is pegged to the USD, the Group does not expect any significant movements in the USD/HKD exchange rate. However, certain of the Group's borrowings are denominated in RMB, any appreciation or depreciation of HKD against RMB will affect the Group's financial position and reflect in the Group's income statement and/or exchange reserve.

28. FINANCIAL INSTRUMENTS *(Continued)*

(d) Foreign currency risk *(Continued)*

The Group's foreign operations do not undertake significant transactions in a currency other than their respective functional currencies. Funds are retained by the foreign operations for use within the respective operations. Based on this, management considers the foreign exchange exposure to be low.

(e) Fair values

The fair values of all financial assets and liabilities are not materially different from their carrying amounts.

The following methods and assumptions were used to estimate the fair value for each class of the Group's financial instruments.

(i) The carrying values of the Group's current financial assets and liabilities are estimated to approximate to their fair values based on the nature or short-term maturity of these instruments.

(ii) The carrying value of the Group's non-current financial liabilities are estimated to approximate their fair values based on a discounted cash flow approach using interest rates available to the Group for similar indebtedness.

29. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of two subsidiaries at the consideration of HK$50,000,000. The net assets of these subsidiaries at the date of disposal were as follows:

Net assets disposed of at the date of disposal:

	HK$'000
Property, plant and equipment	31,424
Interest in leasehold land for own use under operating leases	4,453
Net assets disposed	35,877
Total consideration	50,000
Gain on disposal	14,123
Total consideration satisfied by cash	50,000

Notes to the Financial Statements

For the year ended 31 March 2007

30. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2007, convertible notes of HK$2,800,000 (2006: HK$1,400,000) was converted into 5,207,030,659 (2006: 1,084,856,676) ordinary shares of HK$0.001 each (notes 24 and 26(c)(ii)).

(b) During the year ended 31 March 2006, the Company acquired a 30% equity interest in Greek Mythology at a total consideration, before expenses, of approximately HK$2,056,572,000 which was satisfied by the issuance of a promissory note (see note 25) and the issuance of the Company's 1,074,732,000 new ordinary shares of HK$0.001 each at an issue price of HK$0.56 each.

31. BANKING FACILITIES

As at 31 March 2007, the Group had unsecured banking facilities totalling HK$6 million (2006: HK$6 million) in which no amount was utilised (2006: Nil).

32. COMMITMENTS

As at 31 March 2007, the Group had the following commitments:

(a) Operating lease commitments

At 31 March 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**1,863**	–
In the second to fifth years	**698**	–
	2,561	–

32. COMMITMENTS *(Continued)*

(b) Other commitments

Pursuant to a contract entered into between one of the Company's subsidiaries and an independent party in the PRC whereby the Group's factory is located, the Group is committed to pay to the independent party an annual management fee in respect of the land use right until the year of 2048. An analysis of the management fee commitment is as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**–**	1,289
In the second to fifth years	**–**	5,619
After five years	**–**	77,530
	–	84,438

Save as disclosed above, the Group and the Company did not have any other significant capital or financial commitments as at 31 March 2007 and 2006.

33. CONTINGENT LIABILITIES

At 31 March 2007, the Group and the Company did not have any significant contingent liabilities.

At 31 March 2006, there were contingent liabilities in respect of guarantees given by the Company to the third parties to the extent of approximately HK$25,937,000 in respect of term loans borrowed from these third parties to the Company's subsidiaries. The term loans were utilised by the subsidiaries of the Company. Save as disclosed above, the Group and the Company did not have any significant contingent liabilities as at 31 March 2006.

34. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Remuneration for key management personnel is the amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9. Total remuneration is included in "staff costs" (see note 5(a)).

(b) During the year ended 31 March 2007, the Company acquired an intangible asset in respect of the operating rights of slot machines in the Greek Mythology Casino in Macau from an associate of the Company at a consideration of HK$48,000,000.

Notes to the Financial Statements

For the year ended 31 March 2007

34. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) During the year ended 31 March 2007, the Company acquired an intangible asset in respect of the operating rights of 5 gaming tables in the high roller area of the Greek Mythology Casino in Macau from a director of the Company's subsidiary at a consideration of HK$20,000,000.

(d) Other related party transactions

Particulars of significant transactions between the Group and the following related parties are as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
Purchases of ferry tickets from Hong Kong North West Express Limited, a related company in which a director of the Company's subsidiary has controlling interest	**1,777**	–
Rental expense charged by Hong Kong North West Express Limited	**39**	–
Rental expense charged by Superfaith Corporation Limited, a related company in which the director of the Company's subsidiary has controlling interest	**180**	–
Management fee charged by Remarkable Management Limited, a related company in which the director of the Company's subsidiary has controlling interest	**379**	–
Commission income received and receivable from the associate of the Company	**490**	–
Purchases of casino packages from the associate of the Company	**501**	–
Consultancy fee charged by the director of the Company's subsidiary	**100**	–
Consultancy fee charged by E-Mirage Holdings Limited, a related company in which a director of the Company has controlling interest	**507**	–
Consultancy fee charged by a spouse of the ex-director of the Company	**–**	120

34. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(d) Other related party transactions *(Continued)*

The directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms and in the ordinary course of business.

35. NON-ADJUSTING POST BALANCE SHEET EVENTS

(a) On 28 June 2007, Profit Goal Holdings Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party to dispose of 100% equity interest in A-Max Global Products Limited, a wholly-owned subsidiary of the Company, at a consideration of HK$1, resulting in a gain of approximately HK$13 million.

(b) On 22 May 2007, the Company entered into the rights assignment agreement with a director of the Company's subsidiary pursuant to which Thousand Ocean Investments Limited, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire the operation rights of 5 additional gaming tables in the high roller gaming area of the Greek Mythology Casino within the New Century Hotel in Macau at a consideration of HK$20 million. Upon the completion of acquisition, the number of high roller gaming tables operated by the Group will increase to 10. However, due to the delay of operation schedule of these 5 additional tables, the transaction was subsequently terminated on 18 July 2007.

Thousand Ocean Investments Limited is principally engaged in the promotion, sales and marketing, client development, coordination and operation of the existing 5 tables at the high roller gaming area in the Greek Mythology Casino.

(c) Subsequent to the balance sheet date in June and July 2007, AMA International Sociedade Unipessoal Limitada ("AMA"), a company incorporated in Macau in which the Company owns a 80% equity interest, has entered into 10 conditional gaming intermediary agreements (the "Gaming Intermediary Agreements") with a number of the gaming intermediaries, the independent third parties.

Pursuant to each gaming intermediary agreement, the relevant gaming intermediaries will introduce and bring players to play at casinos in Macau designated by AMA. The owners of such casinos will pay commissions to AMA for the amount of non-negotiable chips being exchanged. AMA in turn will pay commission to these gaming intermediaries calculated at the agreed percentages under the relevant Gaming Intermediary Agreements (which are with reference to the market practice) of the amount of non-negotiable chips being exchanged. AMA will be benefited from earning the difference between the commissions received from casinos and the commissions paid to gaming intermediaries.

AMA plans to operate a minimum of 100 gaming tables at all times. The directors of the Company are considering various fund raising methods to meet the necessary operating capital.

Up to the date of these consolidated financial statements, these transactions have not yet been completed.

Notes to the Financial Statements

For the year ended 31 March 2007

36. COMPARATIVE FIGURES

Certain comparative figures have been re-classified due to compliance with the disclosure requirements of HKFRS 5 "Non-current assets held for sale and discontinued operations".

37. ACCOUNTING ESTIMATES AND JUDGEMENTS

The method, estimates and judgements the management use in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. Certain critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation and amortisation of fixed assets

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The management reviews annually the useful life of an asset and its residual value, if any. Interests in leasehold land held for own use under operating leases are amortised on a straight-line basis over the shorter of the estimated useful lives of the leased assets and the lease term. Both the period and methods of amortisation are reviewed annually. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(b) Amortisation of intangible assets

Amortisation of intangible assets is calculated to write off the cost of items of intangible assets using the straight-line method over their estimated useful lives unless such lives are indefinite. The Group reviews the estimated useful lives of intangible assets annually in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives are based on the estimate period over which future economic benefits will be received by the Group and taking into account any unexpected adverse changes in circumstances or events. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Valuation of inventories

Inventories are stated at the lower of cost and net realisable value at the balance sheet date. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. In addition, the management performs an inventory review on a product-by-product basis at each year end date and assess the need for write down of inventories.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Impairments

If circumstances indicate that the carrying value of fixed and intangible assets may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of Assets". The carrying amounts of fixed and intangible assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amount is reduced to recoverable amount. The recoverable amount of fixed and intangible assets is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group's asset are not available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sale volume, selling price and amount of operating costs. The management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the management's regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual customer.

Any increase or decrease in the above impairment losses would affect the net profit in future years.

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2007

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosure in the financial statements:

		Effective for accounting periods beginning on or after
HKFRS 7	Financial instruments: disclosures	1 January 2007
Amendment to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007

Five-year Financial Summary

RESULTS

	Year ended 31 March				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER	**65,586**	81,035	101,144	92,830	10,226
(LOSS)/PROFIT BEFORE TAXATION	**(118,693)**	112,942	(46,147)	(10,631)	321,658
INCOME TAX	**(7)**	–	–	–	–
(LOSS)/PROFIT FOR THE YEAR	**(118,700)**	112,942	(46,147)	(10,631)	321,658

ASSETS AND LIABILITIES

	At 31 March				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**2,647,790**	2,595,705	1,414,154	202,989	156,554
TOTAL LIABILITIES	**(887,874)**	(817,720)	(61,942)	(66,355)	(42,055)
SHAREHOLDERS' FUNDS	**1,759,916**	1,777,985	1,352,212	136,634	114,499