PYXIS GROUP LTD.
瀚智集團有限公司

Stock Code: 516

ANNUAL REPORT

2008

Contents

CORPORATE INFORMATION

Directors

Executive Directors
Mr. Henry Hung CHEN (Chairman)
Miss Wing Yan AU

Independent Non-executive Directors
Mr. Robert Joseph ZULKOSKI
Mr. Chin Yao LIN
Mr. Bernard King Bong LEUNG

Audit Committee

Mr. Robert Joseph ZULKOSKI (Chairman)
Mr. Chin Yao LIN
Mr. Bernard King Bong LEUNG

Company Secretary and Qualified Accountant

Mr. Yu Keung WONG (FCPA, FCPA (Aust.))

Solicitors

Linklaters & Alliance

Auditors

Ernst & Young

Principal Bankers

Chinatrust Commercial Bank, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Morgan Stanley Asia Limited

Registered office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of Business

Suite 2808
28/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Principal share registrars and transfer office

The Bank of Bermuda Limited
6 Front Street
Hamilton HM12
Bermuda

Hong Kong share registrars and transfer office

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

Website

http://www.capitalfp.com.hk/eng/index.jsp?co=516

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I would first like to thank our shareholders and staff for their support during the year.

For the year ended 31 March 2008, the Company and its subsidiaries (the "Group") had a loss attributable to shareholders of approximately HK$9.1 million, reflecting the difficult operating environment of the Group.

Following the disposal of unprofitable businesses in prior financial year, management has focused its resources on identifying new businesses to create long-term value for shareholders. In this regard, the Board has been proactively seeking new investment opportunities and evaluating strategic acquisitions, to prepare the Company for future growth.

Despite difficult market environment in the past few years, the Board is still optimistic about the future of our business. We are currently focusing on new opportunities in communication, media and financial services industries where the Group has significant core competency. Looking forward, we intend to capitalize on such opportunities, and we will seek to improve Group's profits and enhance shareholder value through our investments in this direction.

On behalf of the Company, I would also like to express my sincere thanks to all of our customers, suppliers, and business associates for their continued support. Lastly, I wish to thank our staff for their loyalty and hard work.

Henry Hung CHEN
Chairman

Hong Kong, 4 July 2008

Business Outlook

Following the disposal of Group's unprofitable businesses in prior financial year, the Group shifted its business focus to sectors such as communications, media and financial services where the Group has significant core competency.

With this new business focus, the Group has been actively developing the marketing service rendering in the Greater China region, while at the same time, evaluating potential investment projects that fall within the above-mentioned business areas. While some of these project evaluations are only at their preliminary stages, some have progressed to more advanced stages.

If the Group proceeds with any of these investments, the Group's strategy is to either acquire interest in companies that operate the relevant businesses, or acquire businesses from the relevant companies. The acquisition of these businesses will form the basis for building a major operating business in these areas for the Group. Also, if the Group proceeds with these projects, the Company's current approach is to acquire these investments in stages so as to facilitate an orderly integration of each of these businesses into the Group. Over time, the Group intends to build a portfolio of operating entities and a major business franchise in these business sectors.

However, the Board believes that, under current tough investment environment, the Company should be making prudent management and investment decisions in order to protect shareholder value. It is the intention of the Board to continue such cautious approach in applying the Group's managerial and financial resources in implementing any of the Group's proposed investment projects. To-date, the Group has not entered into any agreement in relation to any potential investment projects at this time.

Looking forward, the Board is still optimistic about the future of our business. The Board is of the view that by focusing on the above business sectors, the Group can best leverage its experience and network, and thus best realize its potential to improve Group's profits and enhance long-term shareholder value.

Financial Resources And Liquidity

The Group principally finances its operations by funding provided by previous share capital subscription & placement, proceeds from previous disposals of businesses, and internally generated cashflows.

As at 31 March 2008, shareholders' funds of the Group amounted to approximately HK$166.9 million. Current assets amounted to approximately HK$167.9 million, of which approximately HK$135.4 million were cash and bank deposits. The Group's current liabilities amounted to approximately HK$1.7 million.

As at 31 March 2008, the Group did not have any bank overdrafts or bank borrowings.

Contingent Liability

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

Staff Remuneration Policy And Share Option Scheme

As at 31 March 2008, the Group maintained a staff team of 11 full time employees. Employees are paid at salaries comparable to market rates, and free medical insurance coverage is provided for permanent staff. The Group continues to investigate the possibility of introducing other benefits that would help retain current experienced staff and attract new employees so that the Company can maintain a capable workforce to meet present and future requirements.

The Company operates a share option scheme ("Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme, the details of which is to be set out in note 20 to the financial statements, was adopted by the Company in previous financial year ended 31 March 2005. No new share option was granted under the Scheme since the Scheme became effective.

DIRECTORS PROFILE

Executive Directors

Mr. Henry Hung CHEN, aged 46, is also the Managing Director of the Company. Mr. CHEN has extensive industry experience in strategy development, marketing and general management, having worked in both consumer goods and financial services industries in U.S. and Asia. Mr. CHEN was previously Marketing Director of The Pillsbury Company where he oversaw business development initiatives in Greater China and Asia; and with Procter & Gamble, PaineWebber and Citibank. Mr. CHEN received his MBA from The Wharton School of University of Pennsylvania and BA cum laude in Applied Mathematics and Economics from Harvard University.

Miss Wing Yan AU, aged 33, is also the authorized representative of the Company. Miss AU is responsible for the treasury functions and strategic planning of the Group. Miss AU joined the Company in June 2000. Miss AU has extensive experience in financial management, having worked in major brokerage houses in Hong Kong as an investment advisor. Miss AU received her Master of Business (Electronic Commerce) from Curtin University of Technology and BA in Business and Commercial Studies from the University of Western Ontario, Canada.

Independent Non-executive Directors

Mr. Robert Joseph ZULKOSKI, aged 47, is also appointed as the Chairman of the Audit Committee of the Company. Mr. Zulkoski graduated from Central Connecticut State University with a Bachelor of Science degree in Accounting; and also received a diploma in real estate from the New York University. Mr. Zulkoski possesses extensive experiences in capital market investment, financial management & analysis, and internal control by holding numerous senior executive positions in various multi-national corporations. Mr. Zulkoski is currently the Managing Director of Oaktree Capital Management Pte. Ltd. (“Oaktree”) Prior to joining Oaktree in 2007, Mr. Zulkoski was founder and Chief Executive Officer of Pangaea Capital Management (“PCM”), a firm acquired by Oaktree in October 2007. Prior to establishing PCM, Mr. Zulkoski was founder and Chief Executive Officer at Colony Capital Asia Pacific (“CCAP”), where he oversaw the expansion of CCAP from a one person, one office start-up to a 150-person, six-office business with US$2 billion of assets under management in five years. Prior to CCAP, Mr. Zulkoski was employed by GE Capital, a wholly-owned subsidiary of the General Electric Company, where he served most recently as Managing Director of Asian operations within the Commercial Real Estate Finance and Services Group. Prior to that, Mr. Zulkoski held several positions at Kidder, Peabody & Co., most recently as a Vice President in the Real Estate Capital Markets Group. He has transacted business in the Asia Pacific region since 1985 and has resided in the region since 1994.

Mr. Chin Yao LIN, aged 43, is a director of Eastlite Industries Limited of Hong Kong and its subsidiaries, and a director of Toa Shoji Company Limited and Toshin Shoji of Japan. Prior to his appointment as director of the Company, Mr. LIN served as a director of the listed company, Singapore Hong Kong Properties Investment Limited, from 1992 to 1997. Mr. LIN currently specializes in various aspects of supply chain alignment in the fast moving consumer goods sector.

Mr. Bernard King Bong LEUNG, aged 45, holds an undergraduate degree in aerospace engineering from the University of Toronto in Canada and a post-graduate mechanical engineering degree from the Massachusetts Institute of Technology in the United States of America. Mr. LEUNG has over 23 years of experience in the construction and engineering industry. He is a director of Krueger Engineering (Asia) Limited.

Commitment To Corporate Governance

Pyxis Group Limited (the "Company") is committed to maintaining a high standard of corporate governance, emphasizing transparency, independence and accountability, in order to promote interests of all shareholders and enhance shareholder value. Company's corporate governance practices are based on principles and code provisions as prescribed in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchanges of Hong Kong Limited ("Main Board Listing Rules"). The Board of Directors ("Board") reviews its corporate governance practices from time to time in order to meet expectations from all interested parties and comply with requirements from relevant regulatory authorities.

The Company has complied with the CG Code except for the following deviations:

CG Code Provision A.2.1 stipulates that the roles of chairman of the Board ("Chairman") and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The Company does not have a separate position of CEO and Mr. Henry Hung CHEN currently holds both position of Chairman and Managing Director ("MD"). The Board believes that vesting the roles of Chairman and MD in the same person provides the Company and its subsidiaries ("Group") with strong and consistent leadership in the development and execution of long-term strategies and enhanced level of operational efficiency.

CG Code Provision B.1.1 stipulates the establishment of a Remuneration Committee. However, the Board considers that setting up of such a Remuneration Committee may not be necessary as the remuneration matters relating to Executive Directors ("ED"s) are discussed and approved by the Board. Over 50% of the Board members are Independent Non-Executive Directors ("INED"s) of the Company.

CG Code Provisions A.4.1 and A.4.2 stipulate that Non-Executive Directors should be appointed for a specific term, subject to re-election, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Currently, none of the Company's existing INEDs is appointed for specific term. However, all the directors (save for the Chairman and the MD) are subject to the retirement provisions under the Company's bye-law, and the Board considers that the Chairman and the MD should not be subject to retirement to ensure the continuity of leadership and stability of growth. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than the CG Code.

The Board

The Board comprises of two EDs and three INEDs, and its composition balances skills and experiences necessary for independent decision making and fulfilling business needs. The Board is responsible for guiding and leading the Company, and is accountable to shareholders. Management and control of the Company business is vested in its Board and the duty of the Board is to create value for Company shareholders.

The Board is bound to manage the Company in a responsible and effective manner. Therefore, all directors, individually and collectively, must ensure that they carry out their duties in good faith and in compliance with the standards of applicable laws and regulations, and act in the best interests of the Company and its shareholders at all times.

EDs are responsible for establishing Company strategic direction, setting Company objectives, and providing leadership so as to ensure availability of resources in the achievement of such objectives. The INEDs are responsible for ensuring a high standard of financial and mandatory reporting the Company is obliged to comply, to provide independent professional opinions to the Board on business issues, and to provide a balance to the Board in order to protect shareholders' interest and overall interests of the Company and the Group. The Company believes that such a structure of the Board is the most suitable for the Group's existing operation and is the most beneficial to shareholders' interest. However, a review of the structure will be done regularly to assess whether any change is needed.

All directors have full and timely access to all relevant information, as well as advice and service of the Company Secretary and independent professionals to ensure Board procedures and all applicable rules and regulations are followed.

The Company has received written confirmation from each INED of his independence pursuant to the requirements of the Main Board Listing Rules. The Company considers all INEDs to be independent in accordance with the independence guidelines set out in the Main Board Listing Rules.

The Board as a whole is responsible for reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of EDs and INEDs, and assessing the independence of INEDs.

Audit Committee

The Audit Committee (the "AC") comprises of the three INEDs, with Mr. Robert Joseph ZULKOSKI as chairman. Terms of reference of the AC are aligned with recommendations as set out in 'A Guide for Effective Audit Committee' issued by the Hong Kong Institute of Certified Public Accountants and code provisions as set out in the CG Code. The AC is responsible for review of Group's financial information and oversight of Group's financial reporting system and internal control procedures. It is also responsible for reviewing interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, the AC has the authority of unrestricted access to personnel, records, external auditors and senior management.

Board And Committee Meetings

The Board and the AC meet regularly, at approximately quarterly intervals mainly to review and approve Group's quarterly management accounts, interim & annual results and related matters. The attendance records are as follows:

	Attendance/ Number of meeting held	
	Board	**Audit Committee**
Executive Directors		
Mr. Henry Hung CHEN	4/4	N/A
Miss Wing Yan AU	4/4	N/A
Non-Executive Independent Directors		
Mr. Robert Joseph ZULKOSKI	4/4	4/4
Mr. Chin Yao LIN	4/4	4/4
Mr. Bernard King Bong LEUNG	4/4	4/4

The Company Secretary and the Qualified Accountant attended all the scheduled meetings to report matters arising from corporate governance, operations, risk management, statutory compliance, internal control, accounting and finance.

Meeting minutes are kept by the Company Secretary. Draft and final versions of meeting minutes are sent to all members of the Board/AC within a reasonable time after the meetings for their comments and records respectively.

Accountability

The directors are responsible for preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group, and operating results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and in conformity with applicable accounting standards. The directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgements and estimates made are prudent and reasonable, with an appropriate consideration to materiality.

Internal Control

The Board has overall responsibility for maintaining sound and effective internal control of the Group. Group's system of internal control includes a defined management structure with limits of authority, to prevent unauthorized transactions, control excessive capital expenditures, safeguard its assets against unauthorized use or disposition, maintain proper accounting records for the provision of accurate and reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable assurance against material misstatement or loss, and oversee the Group's operations to ensure achievement of Group's business objectives. Qualified management personnel of the Company will maintain and monitor internal control system on an on-going basis, and will report internal control situation to the AC and the Board periodically for evaluation.

Auditors' Remuneration

Messrs. Ernst and Young ("E&Y") has been re-appointed as the external auditors of the Company for the year under review at the Annual General Meeting ("AGM") on 21 September 2007. The AC has given its approval on the fee charged by E&Y to the Company. E&Y is also the external auditors of a number of subsidiaries of the Group. For the current year ended 31 March 2008, total auditors' remuneration in relation to statutory audit work of the Group amounted to approximately HK$372,000 (HK$338,000 at Company level and HK$34,000 at subsidiary level). Furthermore, service fees of approximately HK$60,000 were paid for tax and other non-audit services provided by the external auditors for the Group during the year.

The responsibilities of E&Y with respect to financial reporting are set out in the section of 'Independent Auditors' Report' on page 18 to 19.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Main Board Listing Rules. The Company has made specific enquiries to all directors regarding any non-compliance with the Model Code during the current year ended 31 March 2008 and they all confirmed full compliance with the required standards as set out in the Model Code.

Communication With Shareholders

Establishing effective communication with shareholders is always a priority of the Company. The Company aims to provide its shareholders with high standard of disclosure and financial transparency in its interim and annual reports. The Company regards its AGM as an opportunity for direct communication between the Board and its shareholders. All directors, senior managements and external auditors make an effort to attend the AGM to address shareholder queries. All shareholders of the Company are given a minimum of 21 days' notice of the date and venue of AGM. The Company encourages participation of its shareholders at the AGM, and welcomes expression of views or concerns they might have with the Group.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2008.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 13 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's loss for the year ended 31 March 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 71.

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

Summary financial information

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 72. This summary does not form part of the audited financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

Share capital

There were no movements in either the Company's authorised or issued share capital during the year. Details of the Company's share capital are set out in note 19 to the financial statements.

Pre-emptive rights

There are no provisions 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.

Purchase, redemption or sale of listed securities of the Company

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

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 21(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

As at 31 March 2008, the Company had no reserves available for distribution in accordance with the Companies Act 1981 of Bermuda (as amended).

Directors

The directors of the Company during the year were:

Executive directors:

Mr. Henry Hung CHEN *(Chairman)*
Miss Wing Yan AU

Independent non-executive directors:

Mr. Chin Yao LIN
Mr. Bernard King Bong LEUNG
Mr. Robert Joseph ZULKOSKI

In accordance with bye-law 110(A) of the Company, Mr. Chin Yao LIN and Mr. Bernard King Bong LEUNG will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. The remaining directors will continue in office.

The Company has received annual confirmations of independence from Mr. Chin Yao LIN, Mr. Bernard King Bong LEUNG and Mr. Robert Joseph ZULKOSKI, and as at the date of this report, considers them to be independent.

Directors' biographies

Biographical details of the directors of the Company are set out on page 6 of the annual report.

Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Directors' interests and short positions in shares and underlying shares

At 31 March 2008, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of ordinary shares directly beneficially owned	Percentage of the Company's issued share capital
Mr. Chin Yao LIN	3,242,000	0.14
Miss Wing Yan AU	2,000	–

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 March 2008, none of the directors of the Company had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares

At no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option scheme

No share options have been granted under the share option scheme during the year. Details of the Company's share option scheme are set out in note 20 to the financial statements.

Substantial shareholders' interests and short positions in shares and underlying shares

At 31 March 2008, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Coralbells Investments Limited	Directly beneficially owned	1,795,000,000	74.79

Save as disclosed above, as at 31 March 2008, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Mr. Henry Hung CHEN
Chairman

Hong Kong
4 July 2008

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安永

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To the shareholders of Pyxis Group Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Pyxis Group Limited set out on pages 20 to 71, which comprise the consolidated and Company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our 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 this report.

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

ERNST & YOUNG
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Auditors' responsibility (continued)

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

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

Opinion

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

Ernst & Young
Certified Public Accountants

Hong Kong
4 July 2008

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**5,164**	25,144
Cost of services provided		**–**	(10,934)
Gross profit		**5,164**	14,210
Other gains	5	**230**	216
Selling and distribution costs		**–**	(2,258)
Administrative expenses		**(14,447)**	(19,314)
LOSS BEFORE TAX	6	**(9,053)**	(7,146)
Tax	9	**–**	(437)
LOSS FOR THE YEAR		**(9,053)**	(7,583)
Attributable to:			
Equity holders of the Company	10	**(9,053)**	(7,582)
Minority interests		**–**	(1)
		(9,053)	(7,583)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	11	**(0.38 cents)**	(0.32 cents)

CONSOLIDATED BALANCE SHEET

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**756**	35
CURRENT ASSETS			
Trade receivables	14	**–**	783
Prepayments, deposits and other receivables		**965**	1,394
Equity investments at fair value through profit or loss	15	**31,505**	36,694
Pledged time deposits	16	**–**	5,156
Cash and cash equivalents	16	**135,413**	131,914
Total current assets		**167,883**	175,941
CURRENT LIABILITIES			
Trade payables	17	**–**	1,104
Other payables and accruals	18	**1,720**	1,989
Tax payable		**–**	436
Total current liabilities		**1,720**	3,529
NET CURRENT ASSETS		**166,163**	172,412
Net assets		**166,919**	172,447
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	19	**240,000**	240,000
Reserves	21(a)	**(73,094)**	(67,566)
		166,906	172,434
Minority interests		**13**	13
Total equity		**166,919**	172,447

Henry Hung CHEN
Director

Wing Yan AU
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2008

	Attributable to equity holders of the Company								
	Issued capital HK$'000	Share premium account* HK$'000	Contributed surplus* HK$'000 (note 21(a))	Reserve fund*# HK$'000	Exchange fluctuation reserve* HK$'000	Accumulated losses* HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2006	240,000	112,550	29,800	409	496	(202,743)	180,512	14	180,526
Exchange realignment	–	–	–	–	(814)	–	(814)	–	(814)
Write-off of exchange fluctuation reserve of overseas subsidiaries	–	–	–	–	318	–	318	–	318
Total income and expense for the year recognised directly in equity	–	–	–	–	(496)	–	(496)	–	(496)
Loss for the year	–	–	–	–	–	(7,582)	(7,582)	(1)	(7,583)
Total income and expense for the year	–	–	–	–	(496)	(7,582)	(8,078)	(1)	(8,079)
Transfer to reserve fund	–	–	–	1,067	–	(1,067)	–	–	–
At 31 March 2007 and at 1 April 2007	240,000	112,550	29,800	1,476	–	(211,392)	172,434	13	172,447
Exchange realignment	–	–	–	–	3,635	–	3,635	–	3,635
Write-back of exchange fluctuation reserve of overseas subsidiaries	–	–	–	–	(110)	–	(110)	–	(110)
Total income and expense for the year recognised directly in equity	–	–	–	–	3,525	–	3,525	–	3,525
Loss for the year	–	–	–	–	–	(9,053)	(9,053)	–	(9,053)
Total income and expense for the year	–	–	–	–	3,525	(9,053)	(5,528)	–	(5,528)
At 31 March 2008	240,000	112,550	29,800	1,476	3,525	(220,445)	166,906	13	166,919

The reserve fund is a statutory reserve required to be set up by enterprises operating in Taiwan. Pursuant to the relevant laws and regulations in Taiwan, a portion of the profits of the Group's subsidiary which is registered in Taiwan had been transferred to reserve fund, which is restricted as to use.

* These reserve accounts comprise the negative consolidated reserves of HK$73,094,000 (2007: HK$67,566,000) in the consolidated balance sheet.

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(9,053)**	(7,146)
Adjustments for:			
Bank interest income	5	**(5,058)**	(6,203)
Fair value gains on equity investments at fair value through profit or loss, net	5	**(169)**	(212)
Depreciation	6	**86**	249
Write-off of items of property, plant and equipment	6	**18**	543
Write-off/(write-back) of exchange fluctuation reserve of overseas subsidiaries		**(110)**	318
		(14,286)	(12,451)
Decrease in trade receivables		**848**	2,412
Decrease in prepayments, deposits and other receivables		**521**	626
Decrease in equity investments at fair value through profit or loss		**7,969**	7,867
Decrease in trade payables		**(1,198)**	(1,909)
Decrease in other payables and accruals		**(306)**	(439)
Cash used in operations		**(6,452)**	(3,894)
Interest received		**5,058**	6,203
Overseas tax paid		**(475)**	(3,275)
Net cash outflow from operating activities		**(1,869)**	(966)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase/(decrease) in pledged time deposits		**5,595**	(33)
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(20,887)**	–
Purchases of items of property, plant and equipment	12	**(771)**	(3)
Net cash outflow from investing activities		**(16,063)**	(36)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(17,932)**	(1,002)
Cash and cash equivalents at beginning of year		**131,914**	132,883
Effect of foreign exchange rate changes, net		**544**	33
CASH AND CASH EQUIVALENTS AT END OF YEAR		**114,526**	131,914
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	**109,527**	131,914
Non-pledged time deposits with original maturity of less than three months when acquired		**4,999**	–
		114,526	131,914

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	13	**67,688**	26,717
CURRENT ASSETS			
Prepayments, deposits and other receivables		**305**	280
Cash and bank balances	16	**91,306**	129,507
Total current assets		**91,611**	129,787
CURRENT LIABILITIES			
Accruals	18	**554**	596
NET CURRENT ASSETS		**91,057**	129,191
Net assets		**158,745**	155,908
EQUITY			
Issued capital	19	**240,000**	240,000
Reserves	21(b)	**(81,255)**	(84,092)
Total equity		**158,745**	155,908

Henry Hung CHEN	**Wing Yan AU**
Director	*Director*

1. CORPORATE INFORMATION

Pyxis Group Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

During the year, the Group was engaged in investment holding and the provision of marketing services.

In the opinion of the directors, the parent and the ultimate holding company of the Company is Coralbells Investments Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

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

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 25 to the financial statements.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has not issued equity instruments to its employees in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivatives requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group does not have such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(f) HK(IFRIC)-Int 11 *HKFRS 2 – Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently does not have such transactions, the interpretation is unlikely to have any financial impact on the Group.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [4]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKFRS 2 Amendments	Share-based Payment – Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [4]
HKFRS 8	Operating Segments [1]
HK(IFRIC)-Int 12	Service Concession Arrangements [3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [2]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [3]

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

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The revised HKAS 1 *Presentation of Financial Statements* separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group has no such arrangement, the revised standard is unlikely to have any financial impact on the Group.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised HKAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

The amendments to HKAS 32 and HKAS 1 allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. As the Group currently has no such financial instruments, the amendments are unlikely to have any financial impact on the Group.

The amendments to HKFRS 2 restrict the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The changes introduced by the revised HKFRS 3 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits,* on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group or its holding company;

(c) the party is a close member of the family of any individual referred to in (a) or (b); or

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and office equipment	15% to $33^1/_3$%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on these investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis and option pricing models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, as the underlying services have been provided;

(b) securities trading profits or losses, on the transaction dates when the relevant contract notes are exchanged; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Foreign currencies

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. 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 the employees when contributed into the MPF Scheme.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial assets

The Group determines that financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged decline requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in market price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Estimation uncertainty

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

Valuation of financial instruments

The Group valued certain of its financial instruments using a valuation technique based on assumptions that are not supported by observable market prices or rates. Estimating the value of investments requires the Group to make certain estimates and assumptions, further details of which are given in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The amounts of unrecognised tax losses at 31 March 2008 arising in Hong Kong, Mainland China and Taiwan were HK$56,125,000 (2007: HK$52,059,000), HK$723,000 (2007: Nil) and HK$9,743,000 (2007: HK$3,898,000). Further details are contained in note 9 to the financial statements.

4. SEGMENT INFORMATION

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

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the investment holding segment engages in investments in equity investments; and

(b) the marketing service segment engages in the provision of marketing services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. In February 2007, the Group ceased to provide marketing service in Taiwan and switched to Mainland China thereafter.

4. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

	Investment holding		Marketing service		Consolidated	
Group	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**5,164**	6,296	**–**	18,848	**5,164**	25,144
Other gains	**169**	212	**–**	–	**169**	212
Total	**5,333**	6,508	**–**	18,848	**5,333**	25,356
Segment results	**(164)**	(322)	**(7,697)**	(6,393)	**(7,861)**	(6,715)
Unallocated gains					**61**	4
Corporate and other unallocated expenses					**(1,253)**	(435)
Loss before tax					**(9,053)**	(7,146)
Tax					**–**	(437)
Loss for the year					**(9,053)**	(7,583)

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group	Investment holding 2008 HK$'000	Investment holding 2007 HK$'000	Marketing service 2008 HK$'000	Marketing service 2007 HK$'000	Consolidated 2008 HK$'000	Consolidated 2007 HK$'000
Assets and liabilities:						
Segment assets	**138,240**	166,488	**28,306**	7,443	**166,546**	173,931
Corporate and other unallocated assets					**2,093**	2,045
Total assets					**168,639**	175,976
Segment liabilities	**2**	36	**509**	2,331	**511**	2,367
Corporate and other unallocated liabilities					**1,209**	1,162
Total liabilities					**1,720**	3,529
Other segment information:						
Depreciation:						
Amounts allocated to segments	**–**	–	**77**	162	**77**	162
Unallocated amounts					**9**	87
					86	249
Capital expenditure:						
Amounts allocated to segments	**–**	–	**771**	–	**771**	–
Unallocated amounts					**–**	3
					771	3
Write-off of items of property, plant and equipment	**–**	–	**18**	543	**18**	543

4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2008 and 2007.

	Hong Kong		Taiwan		Mainland China		Consolidated	
Group	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Revenue from external customers	**4,736**	6,123	**159**	19,021	**269**	–	**5,164**	25,144
Other gains/(losses)	**(160)**	(193)	**390**	409	**–**	–	**230**	216
	4,576	5,930	**549**	19,430	**269**	–	**5,394**	25,360
Other segment information:								
Segment assets	**114,663**	137,649	**26,197**	38,327	**27,779**	–	**168,639**	175,976
Capital expenditure	**–**	3	**–**	–	**771**	–	**771**	3

5. REVENUE AND OTHER GAINS

Revenue, which is also the Group's turnover, represents marketing service fee income, bank interest income received and receivable, and gain on disposal of equity investments. An analysis of revenue and other gains is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Revenue		
Marketing service fee income	**–**	18,848
Bank interest income	**5,058**	6,203
Gain on disposal of equity investments at fair value through profit or loss	**106**	93
	5,164	25,144
Other gains		
Fair value gains on equity investments at fair value through profit or loss, net	**169**	212
Others	**61**	4
	230	216

6. LOSS BEFORE TAX

The Group's loss before tax is arrived after charging:

	Group	
	2008	2007
	HK$'000	HK$'000
Cost of services provided*	**–**	10,934
Depreciation	**86**	249
Write-off of items of property, plant and equipment	**18**	543
Auditors' remuneration	**372**	406
Employee benefits expense (including directors' remuneration (note 7)):		
Salaries, allowances and benefits in kind	**8,377**	11,225
Pension scheme contributions	**84**	267
	8,461	11,492
Minimum lease payments under operating leases:		
Land and buildings	**1,195**	2,774
Equipment	**25**	37

* Included salaries of HK$297,000 and pension scheme contributions of HK$18,000 disclosed under "Employee benefits expense" during the year ended 31 March 2007.

At 31 March 2008, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2007: Nil).

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**4,903**	3,342
Performance related bonuses	**127**	1,063
Pension scheme contributions	**12**	12
	5,042	4,417

(a) Independent non-executive directors

There were no fees or emoluments payable to the independent non-executive directors during the year (2007: Nil).

7. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008					
Executive directors:					
Mr. Henry Hung CHEN	**–**	**4,396**	**–**	**–**	**4,396**
Miss Wing Yan AU	**–**	**507**	**127**	**12**	**646**
	–	**4,903**	**127**	**12**	**5,042**
2007					
Executive directors:					
Mr. Henry Hung CHEN	–	2,864	595	–	3,459
Miss Wing Yan AU	–	478	468	12	958
	–	3,342	1,063	12	4,417

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2007: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three (2007: three) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,961**	2,632
Performance related bonuses	**142**	483
Pension scheme contributions	**31**	35
	3,134	3,150

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2008	2007
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**2**	2
	3	3

9. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2007: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$'000	HK$'000
Group:		
Current – Elsewhere		
Charge for the year	**–**	437

A reconciliation of the tax credit applicable to loss before tax using the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense for the year is as follows:

Group – 2008

	Hong Kong	**Taiwan**	**Mainland China**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Loss before tax	**(1,203)**	**(6,819)**	**(1,031)**	**(9,053)**
Tax at the statutory tax rates	**(211)**	**(1,705)**	**(285)**	**(2,201)**
Income not subject to tax	**(886)**	**(263)**	**–**	**(1,149)**
Expenses not deductible for tax	**206**	**–**	**–**	**206**
Deferred tax assets related to tax losses carried forward not recognised	**891**	**1,968**	**285**	**3,144**
Tax expense for the year	**–**	**–**	**–**	**–**

9. TAX (continued)

Group – 2007

	Hong Kong HK$'000	Taiwan HK$'000	Total HK$'000
Loss before tax	(313)	(6,833)	(7,146)
Tax at the statutory tax rates	(55)	(1,708)	(1,763)
Income not subject to tax	(1,072)	(7)	(1,079)
Expenses not deductible for tax	68	421	489
Deferred tax assets related to tax losses carried forward not recognised	1,059	1,294	2,353
Tax on prior year unremitted earnings net of current year tax loss	–	437	437
Tax expense for the year	–	437	437

The Group has tax losses arising in Hong Kong of HK$56,125,000 (2007: HK$52,059,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Besides, the Group also has tax losses arising in Taiwan of HK$9,743,000 (2007: HK$3,898,000) and in Mainland China of HK$723,000 (2007: Nil) that are available for the following five years ending 31 March 2013 for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the directors consider it is not probable that future taxable profits will be available against which these tax losses can be utilised.

10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company for the year ended 31 March 2008 includes a profit of HK$2,837,000 (2007: HK$1,482,000) which has been dealt with in the financial statements of the Company (note 21(b)).

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company of HK$9,053,000 (2007: HK$7,582,000), and the weighted average number of 2,400,002,000 (2007: 2,400,002,000) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 March 2008 and 31 March 2007 have not been disclosed as no dilutive events existed during these years.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
31 March 2008			
At 31 March 2007 and at 1 April 2007:			
Cost	286	627	913
Accumulated depreciation	(286)	(592)	(878)
Net carrying amount	–	35	35
At 1 April 2007, net of accumulated depreciation	–	35	35
Additions	551	220	771
Write-off	–	(18)	(18)
Depreciation provided during the year	(57)	(29)	(86)
Exchange realignment	39	15	54
At 31 March 2008, net of accumulated depreciation	533	223	756
At 31 March 2008:			
Cost	878	844	1,722
Accumulated depreciation	(345)	(621)	(966)
Net carrying amount	533	223	756

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
31 March 2007			
At 1 April 2006:			
Cost	590	1,296	1,886
Accumulated depreciation	(283)	(766)	(1,049)
Net carrying amount	307	530	837
At 1 April 2006, net of accumulated depreciation	307	530	837
Additions	–	3	3
Write-off	(204)	(339)	(543)
Depreciation provided during the year	(99)	(150)	(249)
Exchange realignment	(4)	(9)	(13)
At 31 March 2007, net of accumulated depreciation	–	35	35
At 31 March 2007:			
Cost	286	627	913
Accumulated depreciation	(286)	(592)	(878)
Net carrying amount	–	35	35

13. INTERESTS IN SUBSIDIARIES

	Company	
	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**10,150**	10,150
Due from subsidiaries	**65,810**	24,839
	75,960	34,989
Impairment	**(8,272)**	(8,272)
	67,688	26,717

13. INTERESTS IN SUBSIDIARIES (continued)

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2008	2007	**2008**	2007	
Affinity Marketing Group, Inc.*	Cayman Islands/ Hong Kong	US$2,000,000	**–**	–	**100**	100	Investment holding
CRM Marketing Services, Inc.*	Taiwan	NTD99,783,000	**–**	–	**100**	100	Provision of marketing services
Pyxis Management Limited	Hong Kong	HK$2	**–**	–	**100**	100	Provision of consultancy services
Pyxis Frontiers Limited*	British Virgin Islands/ Hong Kong	US$1	**100**	100	**–**	–	Investment holding
Effective Media Inc.*	British Virgin Islands/ Hong Kong	US$1	**–**	–	**100**	–	Investment holding
Effective Marketing Services (Shanghai) Co., Ltd.*^	People's Republic of China ("PRC")/ Mainland China	US$3,500,000	**–**	–	**100**	–	Not yet commenced businesses

* Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

^ Registered as a wholly-foreign-owned enterprise under the PRC law.

13. INTERESTS IN SUBSIDIARIES (continued)

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

14. TRADE RECEIVABLES

In the prior year, the Group's trading terms with its customers were mainly on credit, except for new customers, where payment in advance was normally required. The credit period was generally for a period of one month, extending up to three months for major customers. Each customer had a maximum credit limit. The Group sought to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances were reviewed regularly by senior management. Trade receivables were non-interest-bearing. The carrying amounts of the trade receivables as at 31 March 2007 approximated to their fair values.

An aged analysis of the trade receivables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within 1 month	**–**	626
1 to 2 months	**–**	34
2 to 3 months	**–**	123
	–	783

At 31 March 2007, the trade receivables, that were neither individually nor collectively considered to be impaired, were not past due and related to a large number of diversified customers for whom there was no recent history of default.

15. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2008	2007
	HK$'000	HK$'000
Unlisted equity investments, at fair value	**31,505**	36,694

The above equity investments at 31 March 2008 and 2007 were classified as held for trading.

The fair values of unlisted equity investments at fair value through profit or loss have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated balance sheet, and the related changes in fair values, which are recorded in the consolidated income statement, are reasonable, and that they are the most appropriate values at the balance sheet date.

16. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Time deposits	**25,886**	5,156	**–**	–
Cash and bank balances	**109,527**	131,914	**91,306**	129,507
	135,413	137,070	**91,306**	129,507
Less: Time deposits pledged for bank guarantees	**–**	(5,156)	**–**	–
Cash and cash equivalents	**135,413**	131,914	**91,306**	129,507

As at 31 March 2007, time deposits of HK$5,156,000 were pledged to a bank as security for bank guarantees given by such bank to certain counterparties in relation to the provision of marketing services by the Group to such counterparties.

16. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS (continued)

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$26,668,000 (2007: Nil). The RMB is not freely convertible into other currencies, however under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for periods from three months to one year (2007: one year) and earn interest at the respective short term fixed deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged time deposits approximate to their fair values.

17. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within 1 month	**–**	1,104

In the prior year, the trade payables were non-interest-bearing and were normally settled on 60-day terms. The carrying amounts of the trade payables as at 31 March 2007 approximated to their fair values.

18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**–**	449	**–**	–
Accruals	**1,720**	1,540	**554**	596
	1,720	1,989	**554**	596

The Group's other payables are non-interest-bearing and have an average term of three months. The carrying amounts of the other payables approximate to their fair values.

19. SHARE CAPITAL

	2008	2007
	HK$'000	HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.1 each	**500,000**	500,000
Issued and fully paid:		
2,400,002,000 ordinary shares of HK$0.1 each	**240,000**	240,000

20. SHARE OPTION SCHEME

On 30 September 2004, the Company adopted an option scheme (the "Scheme") which became effective on 28 October 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme included the Company's directors, employees of the Group and other individuals as determined by the directors on the basis of their contribution to the success of the development and growth of the Group. No share options have been granted under the Scheme since the Scheme became effective.

20. SHARE OPTION SCHEME (continued)

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share.

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

21. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 22 of the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange therefor.

(b) Company

	Share premium account	**Contributed surplus**	**Accumulated losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2006	112,550	51,061	(249,185)	(85,574)
Profit for the year	–	–	1,482	1,482
At 31 March 2007 and at 1 April 2007	112,550	51,061	(247,703)	(84,092)
Profit for the year	**–**	**–**	**2,837**	**2,837**
At 31 March 2008	**112,550**	**51,061**	**(244,866)**	**(81,255)**

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange therefor.

Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is distributable to shareholders in certain circumstances.

22. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties, office equipment and staff quarters under operating lease arrangements. Leases for properties and staff quarters are negotiated for terms ranging from one to five years, and those for office equipment for terms of three years.

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

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**614**	230
In the second to fifth years, inclusive	**129**	–
	743	230

At the balance sheet date, the Company had no operating lease commitment (2007: Nil).

23. RELATED PARTY TRANSACTION

(a) Outstanding balances with related parties

Pursuant to Section 161B of the Hong Kong Companies Ordinance, during the year ended 31 March 2008, cash of HK$1,970,000 was advanced to a director, Mr. Henry Hung CHEN, solely for business purposes of the Group, which was also the maximum amount outstanding during the year. The advance was interest-free, unsecured and was fully settled during the year.

(b) Compensation of key management personnel of the Group

All compensation of key management personnel of the Group is included in the directors' remuneration as disclosed in note 7 to the financial statements.

24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2008 **Group**

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Financial assets included in prepayments, deposits and other receivables	–	234	234
Equity investment at fair value through profit or loss	31,505	–	31,505
Cash and cash equivalents	–	135,413	135,413
	31,505	135,647	167,152

The Group does not have any financial liabilities as at 31 March 2008.

24. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: (continued)

2007 **Group**

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Trade receivables	–	783	783
Financial assets included in prepayments, deposits and other receivables	–	901	901
Equity investment at fair value through profit or loss	36,694	–	36,694
Pledged time deposits	–	5,156	5,156
Cash and cash equivalents	–	131,914	131,914
	36,694	138,754	175,448

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	1,104
Financial liabilities included in other payables and accruals	449
	1,553

24. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: (continued)

Financial assets

	Company	
	2008	2007
	Loans and receivables	Loans and receivables
	HK$'000	HK$'000
Due from subsidiaries (note 13)	**65,810**	24,839
Financial assets included in prepayments, deposits and other receivables	**6**	6
Cash and bank balances	**91,306**	129,507
	157,122	154,352

The Company does not have any financial liabilities as at 31 March 2007 and 2008.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than equity investments at fair value through profit or loss held for trading purposes, comprise cash and short term time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are equity price risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as equity investments at fair value through profit or loss (note 15) as at 31 March 2008. The Group's unlisted investments are valued at quoted market prices at the balance sheet date.

The following table demonstrates the sensitivity to every 1% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date.

	Carrying amount of equity investments HK$	Increase/ decrease in loss before tax HK$	Increase/ decrease in equity HK$
2008			
Equity investments at fair value through profit or loss	**31,505**	**315**	**315**
2007			
Equity investments at fair value through profit or loss	36,694	367	367

The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control various trading transactions in a timely and accurate manner.

Foreign currency risk

As at 31 March 2008, in the opinion of the directors, the Group was not expose to significant foreign currency risks because most of the monetary assets and liabilities of the Group's operating entities were denominated in their own functional currencies, which are mainly the United States dollars, the New Taiwan dollars and the RMB. The Group has no specific policy to deal with the foreign currency risk.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, equity investments at fair value through profit or loss and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 14 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking facilities. The Group's policy is to minimise borrowings.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

No maturity profile of the Group's financial liabilities is presented as the Group does not have any financial liabilities as at 31 March 2008.

The maturity profile of the Group's financial liabilities as at 31 March 2007, based on the contracted undiscounted payments, is as follows:

Group

	2007			
	On demand	**Less than 3 months**	**3 to less than 12 months**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	465	639	–	1,104
Other payables	13	–	436	449
	478	639	436	1,553

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 31 March 2007.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a current ratio, which is current assets divided by current liabilities. The Group's policy is to maintain the current ratio all times at a healthy level. The current ratios as at the balance sheet dates were as follows:

	2008	2007
	HK$'000	HK$'000
Trade receivables	**–**	783
Prepayment, deposits and other receivables	**965**	1,394
Equity investments at fair value through profit or loss	**31,505**	36,694
Pledged time deposits	**–**	5,156
Cash and cash equivalents	**135,413**	131,914
Total current assets	**167,883**	175,941
Trade payables	**–**	1,104
Other payables and accruals	**1,720**	1,989
Tax payable	**–**	436
Total current liabilities	**1,720**	3,529
Current ratio	**97.6**	49.9

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 4 July 2008.

FIVE YEAR FINANCIAL SUMMARY

31 March 2008

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below. This summary is not part of the audited financial statements.

	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	**5,164**	25,144	50,030	41,873	5,739
PROFIT/(LOSS) BEFORE TAX	**(9,053)**	(7,146)	6,015	5,776	2,933
Tax	**–**	(437)	(2,350)	(2,873)	(246)
PROFIT/(LOSS) FOR THE YEAR	**(9,053)**	(7,583)	3,665	2,903	2,687
Attributable to:					
Equity holders of the Company	**(9,053)**	(7,582)	3,665	2,902	2,685
Minority interests	**–**	(1)	–	1	2
	(9,053)	(7,583)	3,665	2,903	2,687
ASSETS, LIABILITIES AND MINORITY INTERESTS					
TOTAL ASSETS	**168,639**	175,976	189,411	188,282	175,135
TOTAL LIABILITIES	**(1,720)**	(3,529)	(8,885)	(10,458)	(1,492)
MINORITY INTERESTS	**(13)**	(13)	(14)	(14)	(13)
	166,906	172,434	180,512	177,810	173,630