Annual Report 2008

Visions of Style and Success

A-MAX 奧瑪仕 Holdings Limited

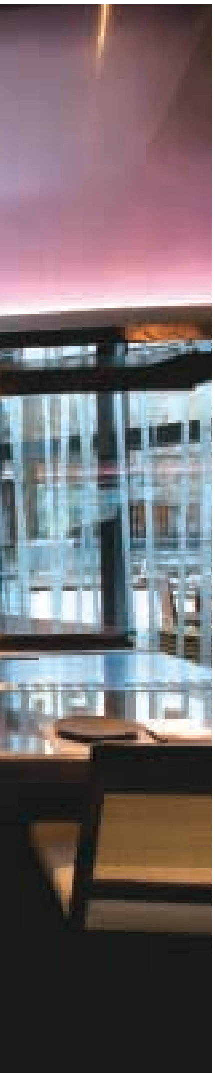
A-MAX Holdings Limited

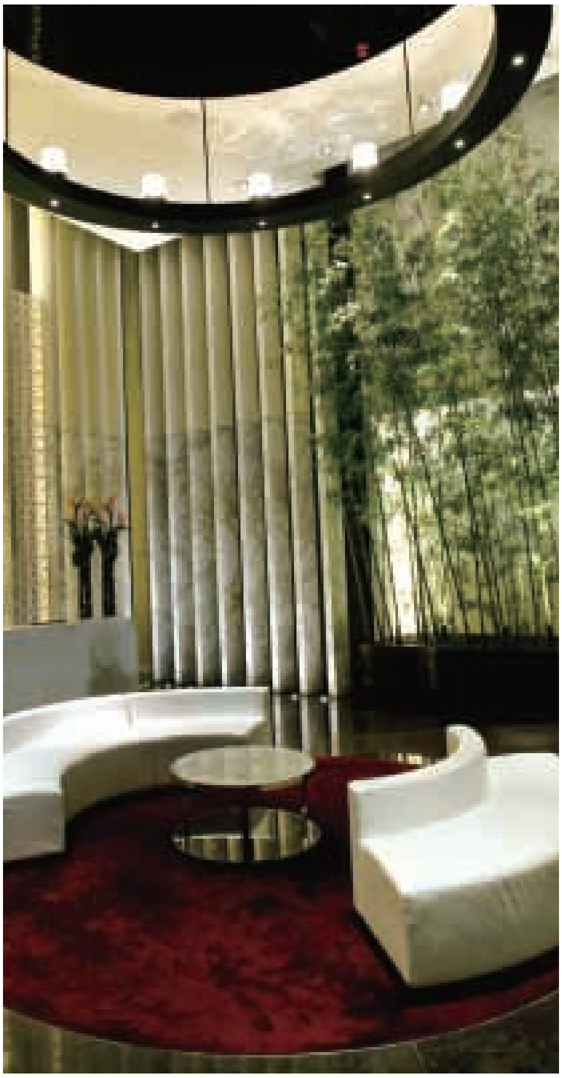
(To be renamed as "Amax Entertainment Holdings Limited")

(Incorporated in Bermuda with limited liability)

(Stock Code: 0959)


CROWN
CROWN





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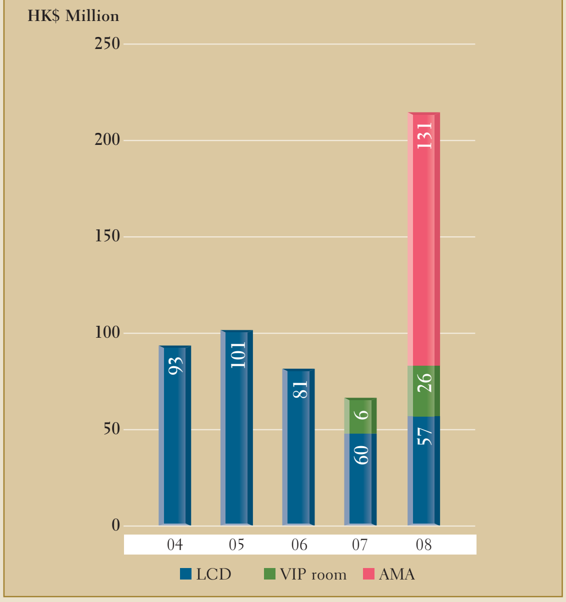
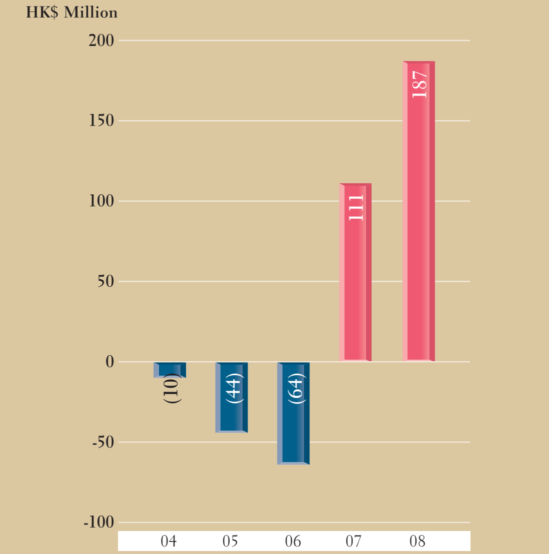
BOARD OF DIRECTORS	**Executive** Mr. Cheung Nam Chung, Brian *(Chairman)* Mr. Chan Ying Tat, Ted *(Chief Executive Officer)* (Appointed on 15 December 2007) Mr. Chan Chi Yuen *(Chief Financial Officer)* Mr. Lam Cheok Va, Francis Ms. Li Wing Sze Mr. Wan Kam Shing, Claude (Appointed on 13 June 2007 and resigned on 27 September 2007) Mr. Chen Zhiquan (Resigned on 15 December 2007) Mr. Lee Keung Shing (Resigned on 15 December 2007) **Independent Non-Executive** Mr. Chan Chiu Hung, Alex Mr. Lee Tsz Hong Mr. Ng Wai Hung, Raymond
COMPANY SECRETARY	Mr. Chan Chi Yuen (Appointed on 17 September 2007) Mr. Lo Wing Ming, Kevin (Resigned on 17 September 2007)
AUDITORS	CCIF CPA Limited Certified Public Accountants 20th Floor Sunning Plaza 10 Hysan Avenue Causeway Bay, Hong Kong
LEGAL ADVISER	Michael Li & Co. 14th Floor Printing House 6 Duddell Street Central, Hong Kong
STOCK CODE	959
BRANCH SHARE REGISTRAR	Tricor Secretaries Limited 26th Floor Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
REGISTERED OFFICE	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
PRINCIPAL PLACE OF BUSINESS	2701 Vicwood Plaza 199 Des Voeux Road Central Hong Kong

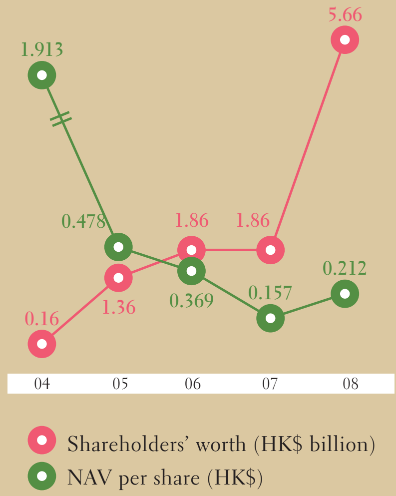
TURNOVER



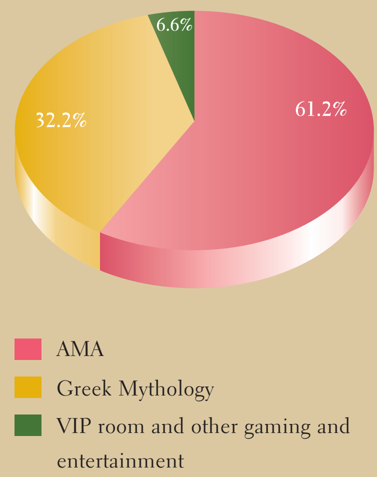
OPERATING PROFIT/(LOSS)



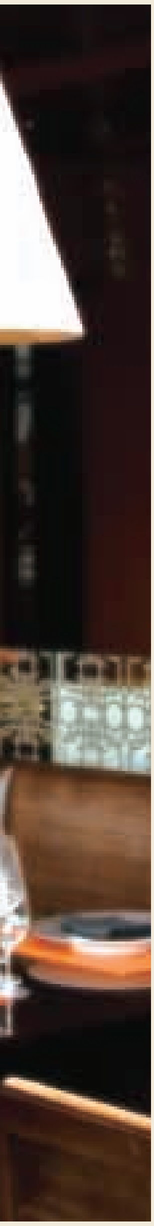
SHAREHOLDERS' WORTH/ NAV PER SHARE



2008 OPERATING PROFIT BY BUSINESS



Experience the Glamour & the Lifestyle



Through our strategic partner, AMA is acknowledged for having market leading VIP facilities.

"A-Max has become an active participant and market leader in the rapid growing Macau gaming industry. A-Max has been transformed from a company that was largely known by local investors to one that has a significant diversified worldwide shareholder base."

Dear Shareholders,

In fiscal 2008 A-Max Holdings Limited ("A-Max") successfully positioned itself as an integral aspect of the rapidly growing gaming and entertainment market in Macau. In addition to the contribution from our 49.9% interest in Macau's Greek Mythology casino, in December 2007 A-Max raised over HK$1.95 billion to fund our transition into the gaming promotion business through an indirect 80% interest in AMA International Limited. Resulting from the successful placement, A-Max has been transformed from a well known local company to one that has a significant diversified worldwide based shareholders.

VIP play remains the fastest growing segment of the robust Macau gaming market and since initiating our unique approach to the gaming intermediary business through the aggregation of junket operators in late 2007, A-Max has established itself as the market standard in the gaming and promotion business. We are very pleased at A-Max's success in quickly and effectively transitioning its operations to become an active participant and market leader in the rapidly growing Macau gaming industry.

To reflect A-Max's engagement in gaming and the related entertainment business in Macau and pursuant to a special resolution passed by the shareholders of the Company at a special general meeting held on 12 June 2008, the name of the Company will be changed to "Amax Entertainment Holdings Limited". The registration process in Bermuda was completed on 25 June 2008. Subject to the registration with the Hong Kong Companies Registry and procedures with The Stock Exchange of Hong Kong Limited, our new identity will shortly be launched.

Looking ahead, despite the turmoil in the global financial markets, I believe that Macau will maintain its position as the leading leisure and gaming destination in Asia and worldwide. I am also confident that A-Max will build upon its well established platform to continue delivering strong monthly chip volume to its major partner. With that strong base, A-Max may also expand into other Asian countries in the future as we advance our ongoing goal to improve our shareholder value.

I am pleased to witness the success and achievement of A-Max in fiscal 2008 and would like to express my heartfelt thanks to my fellow directors, our management team and staff for their dedication and hard work during the year ended 31 March 2008. Moreover, I would also like to take this opportunity to thank our shareholders and business partners for their continuous support.

Cheung Nam Chung, Brian
Chairman

Hong Kong, 25 July 2008

"AMA has achieved amazing rolling chip volume of more than HK$139 billion for first 3 and a half months' operation. A-Max as a market leader in the junket aggregation business allows our shareholders to benefit directly from the rapidly growing VIP market."

When I joined A-Max in mid-December 2007 it coincided with a significant change in our business strategy. We completed a share placement in which we generated net proceeds of approximately HK$1.95 billion to deploy as working capital as we entered the junket aggregation business in Macau through an indirect 80% interest in AMA International Limited ("AMA"). Later that month we commenced our junket aggregation business with immediate and continued success, transforming A-Max from a company that was largely known solely by local investors to one that currently has a significantly diversified worldwide shareholder base.

The junket aggregation business is particularly exciting in terms of the value it can deliver to our shareholders as it focuses on the rapidly growing VIP market. As an illustration of the growth trajectory of the Macau market and the integral role VIP play represents, total Macau gaming revenues rose by 67% from the first quarter of 2007 to the first quarter of 2008 and VIP play as a percentage of those revenues rose from 65% to 70%. The fast paced growth of the VIP segment in Macau is the result of deregulation in the market several years ago that has led to an increase in the number of casinos in the market with each new property widely recognized for its high level of gaming and non-gaming offerings. The added competition for VIP players as a result of these new casinos positions gaming intermediaries such as A-Max very favorably at this time.

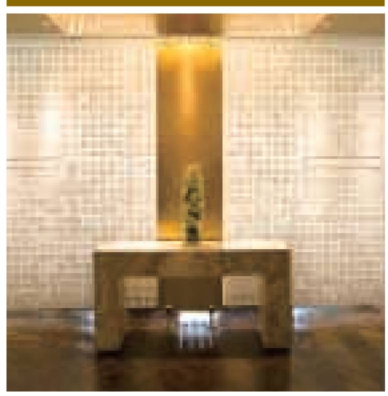
We achieved rolling chip volume of approximately HK$16 billion in the first two weeks of our operation in the junket aggregation business in mid-December 2007, and since effecting this new business model we have achieved aggregate rolling chip volume of more than HK$139 billion for the period ended 31 March 2008, or consistently over HK$40 billion per month. Our business model allows us to generate healthy margins and strong cash flows based on these rolling chip volumes.

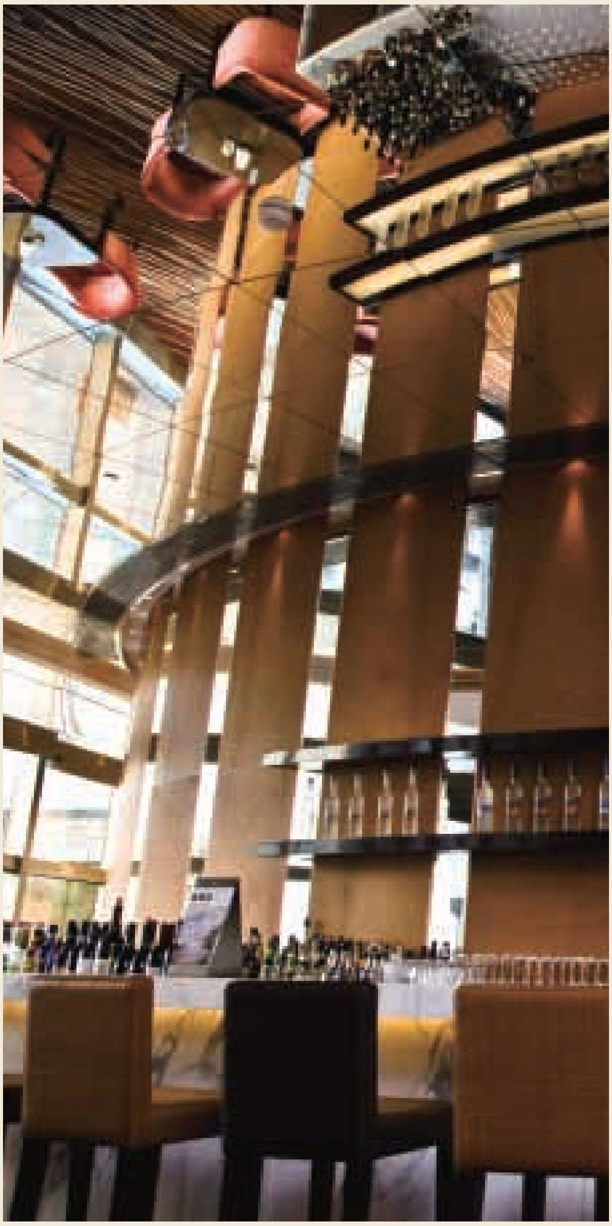
Participating as a market leader in the junket aggregation business allows A-Max shareholders to benefit directly from the rapidly growing VIP market. A-Max is well positioned to further solidify our role as the leading VIP junket aggregator. We aggregate all of the junket operations we have contracted for at one property in Macau, the Crown Macau. This casino is acknowledged for having market leading VIP facilities and represents the ideal strategic partner. We have consistently achieved very high monthly rolling chip volumes in relation to the available supply of VIP tables at the Crown Macau and are pleased that AMA has begun to service additional tables at this casino that were recently allocated to VIP play.

While there are some challenges ahead related to recently initiated governmental policies and the potential 1.25% commission cap, we remain very optimistic for the VIP sector given the proven growth in this segment and the fact that operators continue to rely heavily on VIP revenues as current market infrastructure is not yet ready for mass market customers. With our ability to provide liquidity to our junket partners and a casino that offers some of the finest VIP services in the Macau market, we expect to extend the success we have achieved in the initial roll-out of our new junket aggregation business model going forward.

Chan Ying Tat, Ted
Chief Executive Officer

Hong Kong, 25 July 2008





Indulge yourself in Luxury and Sophistication

AMA's players comprised approximately 20% of the Macau's VIP rolling chip volume in the first quarter of 2008.

SIGNIFICANT EVENTS AND DEVELOPMENT

Macau has become the world's top gaming destination in terms of gaming revenue. During the first quarter of 2008, its overall gross gaming revenues rose by a staggering 62% on a year-on-year basis, within which approximately 70% was attributable to VIP gaming which has driven this boom.

The deregulation of the gaming industry has resulted in six gaming license holders competing against each other as well as a much larger supply of gaming infrastructure and facilities. As far as the license holders are concerned, the industry landscape is no longer an oligopoly – it is outright competition. Against this backdrop, intermediaries such as junket operators or junkets have enjoyed much more bargaining power than ever before, particularly in the VIP segment where the junket intermediation service is practically indispensable. Over the last year, this has resulted in a massive shift of the economic split favoring gaming intermediaries.

To capitalize on the opportunities arising from this new paradigm, the Group has undergone a transformational change by its recent foray into the highly profitable junket aggregation business in Macau through AMA. The business model of AMA is different to those of other junket operators in Macau. Instead of dealing directly with junkets and/or gaming customers, AMA aggregates the business of the largest junket operators and deals directly with Crown Macau Casino.

By capturing a sizeable share of the market, the new junket aggregation business completely transforms the Group's earnings profile and allows it to directly benefit from the fast-growing Macau VIP gaming market. Our first few months of operation in the junket aggregation business strongly indicated that we are on track to realize significant value from this highly lucrative business model. The Group expects strong profitability growth going forward.

FINANCIAL REVIEW

- *Net asset value per share of the Company has been increased significantly by 35% from last year's HK$0.157 per share to HK$0.212 per share as at 31 March 2008 and equivalent to HK$2.12 as of the date of this report resulting from the completion of the share consolidation of 10 old shares into 1 new share.*

- *Total revenue for the year increased by 224% from last year's HK$66 million to HK$214 million for the year ended 31 March 2008.*

- *Operating profit from continuing gaming and entertainment business has grown 56% from last year's HK$116 million to HK$181 million for the year ended 31 March 2008.*

- *Net loss for the year amounted to HK$1.3 billion as a result of the one-time non-operational non-cash impairment of the intangible assets of Greek Mythology of HK$1.4 billion.*

During the year under review, the Group was engaged in two business streams: (i) Gaming and Entertainment Business, and (ii) LCD Manufacturing Business. To capitalize on the fast-growing Macau gaming market, the Group will focus on the highly profitable gaming and entertainment business in the years to come.

An analysis of the Group's results for the year is as follows:

	2008 HK$ Million	2007 HK$ Million
Continuing operations		
– Junket aggregation	131	–
– VIP room management and other gaming and entertainment business	14	2
– Share of operating profit from Greek Mythology	69	120
	214	122
Less: Corporate operating expenses	(33)	(6)
Operating profit from continuing operations	181	116
Non-operating expenses		
– Finance cost	(56)	(52)
– Share of amortisation and impairment of intangible assets of Greek Mythology	(1,386)	(178)
– Amortisation and impairment of intangible assets of VIP room management and other gaming business	(37)	–
	(1,479)	(230)
Loss from continuing operations	(1,298)	(114)
Discontinued operations		
– Operating loss	(9)	(19)
– Gain on disposal of subsidiaries	15	14
	6	(5)
Loss before taxation	(1,292)	(119)

The Group posted total revenue of HK$214 million (including contributions from its continuing gaming and entertainment business of HK$157 million (2007: HK$6 million) and discontinued LCD manufacturing business of HK$57 million (2007: HK$60 million)), a 224% increase from total revenue of HK$66 million in the prior year. This increase was primarily due to contributions from our entrance into the gaming intermediary business in December 2007 through our 80% indirect interest in AMA. The Company expects its 2009 operating results to benefit significantly from the first full year's contribution from its position as a leading driver of VIP rolling chip volumes in the fast growing Macau market.

Loss for the year ended 31 March 2008 amounted to HK$1,292 million as compared to a loss of HK$119 million over the same period in the prior year. The loss was largely attributable to various non-cash and non-operational impairment charges associated with the intangible assets arising from the acquisition of Greek Mythology. Excluding these one time non-cash and non-operating impairment charges, the Group recorded an operating profit of HK$181 million from the continuing gaming and entertainment business for the year ended 31 March 2008, representing an approximately 56% increase over operating profit of HK$116 million in the prior year.

BUSINESS REVIEW AND PROSPECTS

Gaming and Entertainment Business

Junket Aggregation Business

Our junket aggregation business has achieved rolling chip volume of more than HK$139 billion and operating profit of HK$131 million in its first three and half months of operation. The growth of VIP gaming revenues in Macau has outpaced most expectations as this market now generates more gaming revenues than the Las Vegas Strip and Atlantic City markets combined. This growth validates our approach to the Macau market in which the Company is predominantly focused on the VIP high-rolling segment through our arrangements with AMA.

Having successfully aggregated a number of junkets into our operations, the Company deploys its working capital into the Macau market to foster VIP growth at the Crown Macau. In exchange for providing this platform and liquidity to the contracted junket operators, the Company generates a modest margin of around 15 basis points. This margin ensures the Company, its junket partners and our casino partner each enjoys appropriate returns. While market commission rates are fluid at this time due to potential changes in the regulatory structure, we fully expect to continue working with our casino and junket partners to maintain this mutually beneficial relationship.

VIP Room Management

VIP room management of high roller tables is different from traditional mass gaming tables. High roller gaming areas usually offer special programs to ensure luxury accommodation for their best customers. Also, high rollers can enjoy higher table limits on games, allowing them to place larger wagers.

During the year under review, the Group entered into an agreement to manage a VIP room in the Greek Mythology Casino via a profit sharing arrangement. The Group is responsible for the promotion, sales and advertising, client development, coordination and operation of the high roller gaming area in the Greek Mythology Casino.

The VIP room recorded a total revenue of HK$123 million and the gross contribution of the VIP room to the Group amounted to HK$18 million during the year ended 31 March 2008. After deducting of other operating expenses of HK$7 million in aggregate, the Group achieved a net profit of HK$11 million from the VIP room management.

The Group also earned HK$3 million from electronic gaming and slot machines operations.

Going forward, the Group intends to explore additional similar arrangements with other casinos.

Greek Mythology Casino

The Group manages the Greek Mythology Casino in Macau via its 49.9% ownership of Greek Mythology. The Greek Mythology Casino has approximately 100 mass market tables, 16 VIP tables and 200 slot machines. Greek Mythology is accounted for as an associated company of the Group.

During the year under review, Greek Mythology recorded gross revenue of HK$263 million (2007: HK$385 million), representing a decrease of approximately 31.7% over the prior year period. Net operating profit and the Group's share of the profit was HK$138 million (2007: HK$241 million) and HK$69 million (2007: HK$120 million), respectively for the year ended 31 March 2008.

The operating results of Greek Mythology Casino were impacted by new competitive supply that has entered the Macau market, its unfavorable location relative to these new casinos and the property's relatively small size. The Greek Mythology Casino continues to focus on serving the niche mass market opportunity for players from the neighborhood cities. The casino will continue to launch effective marketing strategies to strengthen its profitability in the years to come.

LCD Manufacturing Business

During fiscal 2008, the LCD manufacturing business recorded a turnover of HK$57 million (2007: HK$60 million), representing a decrease of 5.5% over fiscal 2007. The operating loss of this business segment was substantially reduced from HK$19 million in fiscal 2007 to HK$9 million in fiscal 2008 and was due to the phasing out of the low-margin LCD products and the Group's decision to further scale down the LCD manufacturing business.

During the year, the consumer products business division, which ceased operation in last year, was disposed of in June 2007, resulting with an accounting gain of approximately HK$15 million.

As far as the Group's overall strategy is concerned, the manufacturing business is a legacy business and the Group will continue to downscale this segment and discontinue its operation in order to more fully devote the Group's resources to the expanding and rewarding gaming business.

DIVIDEND

The directors of the Company (the "Directors") do not recommend payment of any dividend in respect of year ended 31 March 2008 (2007: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent treasury policy. The Group finances its business operations and investments with internal resources, cash revenues generated from operating activities and equity fund raising activities.

During the year, the Group continued to maintain a stable financial position. As at 31 March 2008, the Group had total assets and net assets of approximately HK$6,588 million (2007: HK$2,648 million) and HK$5,644 million (2007: HK$1,760 million) respectively which were financed by shareholders' funds of HK$5,644 million (2007: HK$1,760 million), current liabilities of HK$93 million (2007: HK$86 million) and non-current liabilities of HK$852 million (2007: HK$802 million), including promissory notes with present value of approximately HK$847 million (2007: HK$792 million) which are repayable in March 2016 at a face value of approximately HK$1,455 million.

As at 31 March 2008, the Group's gearing ratio, calculated as a ratio of total borrowings to shareholders' funds, and current ratio, calculated as current assets over current liabilities, was 15.1% (2007: 45.6%) and 3.24 (2007: 1.40), respectively. Both the gearing ratio and the current ratio were significantly improved as the Company successfully raised approximately HK$1.95 billion by the placement of 15,384,615,000 new shares in December 2007.

During the year ended 31 March 2008, the Group recorded a net cash outflow of HK$22 million (2007: outflow of HK$30 million) from its operating activities. As of 31 March 2008, the Group had cash and cash equivalents of HK$91 million (2007: HK$56 million).

The Group has sufficient financial resources to meet its operation requirements and future development.

CAPITAL STRUCTURE

The Company entered into a placing agreement with CLSA Limited on 17 October 2007. The placement was completed on 13 December 2007 and a total of 15,384,615,000 new shares of HK$0.001 each of the Company were allotted and issued at a placing price of HK$0.13 each. The net proceeds from the placement, after deducting the commission and all relevant fees and expenses, amounted to approximately HK$1.95 billion had been applied as the loan granted to Ace High for its onward lending to AMA to finance AMA's operation of the junket aggregation business.

As at 31 March 2008, the Company had a total of 26,588,897,285 shares of HK$0.001 each in issue.

Pursuant to a resolution passed by the board of directors (the "Board") of the Company on 11 February 2008, the Board proposed a consolidation (the "Share Consolidation") of every 10 issued and unissued shares of HK$0.001 each in the capital of the Company into 1 consolidated share of HK$0.01 each. The proposed Share Consolidation was approved by the shareholders of the Company at a special general meeting held on 7 April 2008.

FOREIGN EXCHANGE AND CURRENCY RISKS

It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The Group's principal businesses are conducted and recorded in Hong Kong dollars and Macau Patacas. As the impact from foreign exchange exposure is minimal, no hedging against foreign currency exposure is necessary.

SIGNIFICANT INVESTMENT, ACQUISITIONS AND DISPOSALS

LCD Manufacturing Business

On 28 June 2007, Profit Goal Holdings Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party to dispose of 100% equity interest in A-Max Global Products Limited, an indirect subsidiary of the Company which has been dormant since 2007 at a nominal consideration of HK$1, resulting in a gain of approximately HK$15.5 million.

In view of the current development of the Group's business and in order to devote the Group's resources into the expanding and rewarding gaming business, the Board has resolved to further downscale its operation in the LCD manufacturing business. As a consequence, the assets, liabilities and results of the LCD manufacturing business has been classified as "Disposal group held for sale" in the financial statements.

Junket Aggregation Business

On 23 August 2007, the Company entered into a conditional loan agreement with Ace High whereby the Company will provide a term loan facility of up to HK$3 billion to Ace High which in turn will on-lend the same amount to AMA, a holder of a junket license to carry out the junket business in Macau. The loan facility was subsequently reduced to HK$2 billion. AMA's business is to aggregate the business of different junket collaborators and deal directly with Crown Macau Casino to receive commissions.

Pursuant to the loan agreement, the Company shall have the right, at its absolute discretion to capitalize (the "Capitalization") HK$50,000,000 of the principal amount of the loan for an allotment and issue of such number of new shares of Ace High representing 99.99% of the enlarged issued share capital of Ace High on a fully diluted basis. The Company will, by virtue of a series of profit transfer agreements, be entitled to 80% of the profits generated by AMA.

On 11 February 2008, the Company served a Capitalization notice to Ace High pursuant to the loan agreement. The Capitalization was approved by the shareholders of the Company at a special general meeting held on 12 June 2008.

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2008, the Group employed a total of approximately 240 (2007: 270) employees in Hong Kong, Macau and mainland China. The Group is aware of the importance of human resources and always endeavors to retain competent and talented staff with competitive remuneration packages within the general framework of the Group's salary and bonus system, which is determined according to their duties, work experience, performance and the prevailing market practices. The Group has also participated in an approved Mandatory Provident Fund ("MPF") scheme (or similar scheme) for eligible employees and provides them with a medical scheme. Employees are also rewarded by a share option scheme based on the performance of the Group and individual employees. During the year, 404,000,000 share options were granted to certain directors and employees at an exercise price of HK$0.0736 per share and the equity settled share based payments expenses amounted to approximately HK$14,468,000, of which approximately HK$6,872,000 has been accounted for in the financial statements.

INVESTOR RELATIONS

The Group believes that maintaining active communication and operational transparency is vital to building good investor relations. During the year, the Group set up an investor relations team with connection points in Hong Kong, Macau and the United States and actively participated in investor conferences organized by well known investment banks and regularly met with analysts and institutional investors. The Group will continue to actively enhance communication with shareholders and investors to foster investor relations.

Good corporate governance has always been recognized as vital to the Company's success and sustained development. The Board and management are committed to upholding the Company's obligations to shareholders, and maintaining a high standard of corporate governance practices from which our shareholders will ultimately benefit. The Company will constantly review its practices and policies to ensure they remain relevant and practical in today's fast changing business environment.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules sets out the principles of good corporate governance (the "Principles") and two levels of corporate governance practices:

(a) code provisions (the "Code Provisions") which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices (the "Recommended Best Practices") for guidance only, which listed issuers are encouraged to comply with or give considered reasons for deviation.

The Company has applied the Principles and the Code Provisions as set out in the CG Code and complied with all the Code Provisions throughout the year ended 31 March 2008 with the exception of certain deviation as further explained below. The Company also put in place certain Recommended Best Practices as set out in the CG Code.

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

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

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code, and acknowledges the important role of its Board in providing effective leadership and direction to the Company's business, and ensuring transparency and accountability of the Company's operations.

THE BOARD

Responsibilities

The Board provides leadership, approves policies, strategies and plans, and oversees their implementation to further the healthy growth of the Company, in the interests of its shareholders. The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making a request to the Board.

The day-to-day management, administration and operation of the Company is delegated to the Executive Director/Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the above mentioned officers. The Board has the full support of the senior management to discharge its responsibilities.

Roles of Chairman and Chief Executive Officer

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

The Company fully supports the division of responsibility between the Chairman and the CEO to ensure a balance of power and authority. The positions of the Chairman and CEO are held by Mr. Cheung Nam Chung, Brian and Mr. Chan Ying Tat, Ted. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings. The Chairman is also principally responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored.

The CEO focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. He is also responsible for developing strategic plans and formulating the company practices and procedures, business objectives, and risk assessment for the Board's approval.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises five executive Directors and three independent non-executive Directors. The details of the Directors of the Company during the year ended 31 March 2008 and up to the date of this report are set out on pages 26 to 28.

The Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications in accounting or related financial management expertise.

The Company has received written annual confirmation of independence from each independent non-executive Director pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of Directors. The term of office for each of the executive Directors and independent non-executive Directors is the period up to his/her retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws. In accordance with the Company's Bye-laws, any Director so appointed by the Board shall hold office only until the next following annual general meeting ("AGM") and shall then be eligible for re-election at that meeting. At each AGM, one-third of the Directors for the time being shall retire from office by rotation.

Training for Directors

In case there is any newly appointed Director, he/she will be provided an induction so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and the relevant regulatory requirements. There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

Board Meetings

The Board will hold at least four regular meetings each year at approximate quarterly intervals to review and approve the financial and operating performance, and consider the overall strategies and policies of the Company. In addition, the Board will convene Board meetings when necessary to discuss or approve major matters during the year.

The attendance of each Director at Board meetings during the year ended 31 March 2008 is as follows:

Directors		Attendance
Executive directors		
Mr. Cheung Nam Chung, Brian		54/56
Mr. Chan Ying Tat, Ted	(appointed on 15 December 2007)	25/28
Mr. Chan Chi Yuen		50/56
Mr. Lam Cheok Va, Francis		44/56
Ms. Li Wing Sze		41/56
Mr. Wan Kam Shing, Claude	(appointed on 13 June 2007 and resigned on 27 September 2007)	6/11
Mr. Chen Zhiquan	(resigned on 15 December 2007)	7/27
Mr. Lee Keung Shing	(resigned on 15 December 2007)	7/27
Independent non-executive directors		
Mr. Chan Chiu Hung, Alex		36/56
Mr. Lee Tsz Hong		13/56
Mr. Ng Wai Hung, Raymond		36/56

Annual meeting schedules and draft agendas of each meeting are normally made available to Directors in advance. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary. The Company Secretary is responsible for keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

BOARD COMMITTEES

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

Audit Committee

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

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer, internal auditor or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, reappointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

Two audit committee meetings were held during the year ended 31 March 2008. The attendance of each member is set out as follows:

Members	Attendance
Mr. Chan Chiu Hung, Alex	2/2
Mr. Lee Tsz Hong	2/2
Mr. Ng Wai Hung, Raymond	2/2

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

Remuneration Committee

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

The main duties of the Audit Committee include the following:

(a) determining the specific remuneration packages of all executive Directors and senior management;

(b) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(c) reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(d) consulting with the Chairman where to position the Company relative to comparable companies in terms of remuneration level and board composition.

Four remuneration committee meetings were held during the year ended 31 March 2008. The attendance of each member is set out as follows:

Members	Attendance
Mr. Cheung Nam Chung, Brian	4/4
Mr. Chan Chiu Hung, Alex	4/4
Mr. Lee Tsz Hong	2/4

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Following enquiries by the Company, all Directors confirm that they have complied with the Model Code for the year ended 31 March 2008.

AUDITORS' REMUNERATION

During the year ended 31 March 2008, the remuneration paid and payable to the auditors of the Company, CCIF CPA Limited, for provision of the Group's statutory audit and other non-audit services were approximately HK$600,000 and HK$290,000 respectively.

INTERNAL CONTROL

The Board, recognizing its overall responsibility in ensuring the system of internal controls of the Company and for reviewing its effectiveness, is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Company. Procedures have been designed for safeguarding assets against unauthorized use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable law, rules and regulations. The procedures provide a reasonable but not absolute assurance and prevention of material untrue statements or losses, as well as prevention of the interruption of the Company's management system and monitoring of risks existing in the course of arriving at the Company's objectives. The management of the Company has conducted a review on the Company's internal control and risk management system for the year ended 31 March 2008. A report with findings and recommendations will be submitted to the Board to improve and strengthen its control in order to enhance the corporate governance and safeguard the interests of its shareholders.

COMMUNICATION WITH SHAREHOLDERS

The Code requires the Company to have a dialogue with shareholders and it is the responsibility of the Board as a whole to ensure that satisfactory dialogue takes place. The primary communication channel between the Company and its shareholders is through the publication of its interim and annual reports. The Company's Registrars serve the shareholders with respect to all share registration matters. The Company's annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Company and management are available to answer shareholders' questions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors. Details of the poll voting procedures and rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the annual report. The circular also includes details of the procedures and the timetable of proposing appropriate candidates to stand for election as Directors at annual general meetings, and relevant details of proposed resolutions, including biographies of each candidate standing for re-election and whether such candidates are considered to be independent.

The Directors present their report and audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2008.

CHANGE OF COMPANY NAME

Pursuant to a resolution passed by the shareholders of the Company at a special general meeting held on 12 June 2008, the name of the Company will be changed to "Amax Entertainment Holdings Limited". The registration process in Bermuda was completed on 25 June 2008. Subject to the registration with the Hong Kong Companies Registry and procedures with The Stock Exchange of Hong Kong Limited, the new name of the Company will shortly be adopted.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

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

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2008 are set out in the consolidated income statement on page 35.

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

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 115.

FIXED ASSETS

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

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2008 are set out in note 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

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

RESERVES

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

DISTRIBUTABLE RESERVES

As at 31 March 2008, in the opinion of the Directors of the Company, the reserves of the Company available for distribution to shareholders amounted to approximately HK$2,324,935,000 (2007: HK$1,612,525,000).

DIRECTORS

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

Executive directors

Mr. Cheung Nam Chung, Brian	
Mr. Chan Ying Tat, Ted	(appointed on 15 December 2007)
Mr. Chan Chi Yuen	
Mr. Lam Cheok Va, Francis	
Ms. Li Wing Sze	
Mr. Wan Kam Shing, Claude	(appointed on 13 June 2007 and resigned on 27 September 2007)
Mr. Chen Zhiquan	(resigned on 15 December 2007)
Mr. Lee Keung Shing	(resigned on 15 December 2007)

Independent non-executive directors

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

Mr. Chan Ying Tat, Ted, Ms. Li Wing Sze, Mr. Lee Tsz Hong and Mr. Ng Wai Hung will retire at the forthcoming annual general meeting in accordance with the Bye-laws of the Company. Mr. Chan Ying Tat, Ted and Ms. Li Wing Sze, being eligible, will offer themselves for re-election at the annual general meeting. The Board has been informed by Mr. Lee Tsz Hong and Mr. Ng Wai Hung, Raymond that each of themselves will not offer for re-election as Director at the annual general meeting. The Board also proposes the appointment of Mr. Kou Hoi In, Attorney Patajo-Kapunan, Lorna and Mr. Hau Chi Kit, Aaron as independent non-executive Directors at the annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CHEUNG Nam Chung, Brian, aged 64, is the Chairman of the Board. Mr. Cheung holds a diploma in Business Administration from The Chinese University of Hong Kong and a Master of Business Administration degree from the University of East Asia, Macau. Mr. Cheung held senior executive positions in a number of local and foreign banks and served as General Manager in a listed property development/construction and finance consortium in the late 70's. He was Executive Vice President of SBS Financial Corporation in Toronto, Canada during the period from 1989 to 1994 focusing on project finance and fund management. From early 1995, Mr. Cheung joined Liu Chong Hing Bank as Senior Manager until July 2006. An active figure in the social circle, Mr. Cheung has been Director and Advisor of Yan Chai Hospital, President of Peninsula Lions Club and Zone Chairman of Lions International District 303, etc.

Mr. CHAN Ying Tat, Ted, aged 36, graduated with a bachelor's degree in business administration from the Chinese University of Hong Kong and with a master's degree in financial management from the University of London, the United Kingdom. Mr. Chan is the Chief Executive Officer of the Group and is one of the few Chinese executives that have been active in the Macau gaming industry over the last five years. Prior to his joining with the Company, Mr. Chan was most recently Head of Special Projects in the Chairman & CEO's office at Melco PBL Entertainment (Macau) Limited ("MPEL"). In this position he led initiatives aimed at strengthening MPEL's opportunities in the entertainment sector and building relationships with the local government and junket partners to address the growing opportunities in Macau and other Asian countries. Prior to that Mr. Chan was the Chief Executive Officer of Mocha Clubs, a division of MPEL, and Macau's most successful gaming machine operation with seven facilities and approximately 1,100 gaming machines.

Mr. CHAN Chi Yuen, aged 42, is the Chief Financial Officer and the Company Secretary of the Group. Mr. Chan holds a bachelor degree with honours in Business Administration and a master of science degree in Corporate Governance and Directorship. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and is an associate member of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practising certified public accountant and has extensive experience in financial management, corporate finance and corporate governance. Mr. Chan is currently an executive director/independent non-executive director of some other companies whose shares are listed in Hong Kong.

Mr. LAM Cheok Va, Francis, aged 50, is a member of the standing committee of Yunnan Province Committee of the Chinese People's Political Consultative Conference, Vice President of Yunnan Overseas Friendship Association, Vice President of Yunnan Overseas Economic Cooperation Promotion Association and President of Macau Yunnan Chamber of Commerce. Mr. Lam is also a director of the Charity Funds of the Readers of Macao Daily Journal, a member of Macau Basic Law Promotion Association, Honorary President of Macau Air Cargo Forwarders Association and Honorary President of Macau International Youth Awards Association. Mr. Lam was Vice President and Commissioner of Youth Affairs of Macau Scout Association, President of Lions Club of Macau Peninsula, Zone X Chairman of International Lions Club District 303, a director and Chairman of Compliance Committee of Saipan Garment Manufacturers Association and a director of Saipan Chinese Association. Mr. Lam has been in the business sector for more than 25 years and has been engaged in the gaming and hotel industries during the past 14 years. Mr. Lam is responsible for the development of the Group's business.

Ms. LI Wing Sze, aged 29, has over 9 years of experience in technologies and administrative management in Macau gaming industry. Being one of the few lady gaming executives in Macau, she has witnessed the change of gaming operational landscape during the last five years. Ms. Li is mainly responsible for the overseeing of the local gaming operational matters of the Group.

Mr. WAN Kam Shing, Claude, aged 45, was the ex-Chief Executive Officer of the Company. Mr. Wan holds a bachelor degree of Science from the University of London and gained his extensive experiences in fund management, money dealing, investment advisory and corporate finance from various investment firms and top tier banks. Mr. Wan resigned as a Director of the Company on 27 September 2007.

Mr. CHEN Zhiquan, aged 34, is currently engaged in the business of hospitality, and holds interest in a hotel in the People's Republic of China. Mr. Chen is responsible for the business development of the Group. Mr. Chen resigned as a Director of the Company on 15 December 2007.

Mr. LEE Keung Shing, aged 60, has over 11 years of experience in sales and marketing. Mr. Lee is responsible for the business development of the Group. Mr. Lee resigned as a Director of the Company on 15 December 2007.

Independent Non-Executive Directors

Mr. CHAN Chiu Hung, Alex, aged 42, holds a bachelor degree in Business Administration, major in Finance. He has been working with several listed and multinational companies for over 14 years. Mr. Chan is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He is currently an independent non-executive director of Kong Sun Holdings Limited whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Chan is the chairman of the audit committee and a member of the remuneration committee of the Company.

Mr. LEE Tsz Hong, aged 36, had operated printing business for over 11 years. He is now engaged in the beauty and healthcare businesses. Mr. Lee is also a member of the audit committee and remuneration committee of the Company.

Mr. NG Wai Hung, Raymond, aged 39, had been the general manager of a manufacturing and trading company in Hong Kong. He holds a bachelor degree in Mathematics and Statistics from the University of Western Ontario, Canada. He has more than 11 years of experiences in financial, information technology, and industrial sectors in Canada and Hong Kong. Mr. Ng is also a member of the audit committee of the Company.

Proposed Independent Non-Executive Directors

Mr. Kou Hoi In, aged 55, holds a bachelor degree in business administration. Mr. Kou is a member of the 10th and 11th National Congress of the People's Republic of China, a member of the Legislative Assembly of the Macau Special Administrative Region ("Macau Legislative Assembly") and the 2nd Secretary of the executive committee of the Macau Legislative Assembly. Mr. Kou has been involved in various community service. He is the Vice Director General of Macau Chamber of Commerce; Vice President of Macau Neighbor Association; President of Macau Neighbor's Welfare Association; Vice Director General of the Charity Funds from the Readers of Macau Daily Journal and Vice Director General of Macau Basic Law Promotion Association.

Attorney Patajo-Kapunan, Lorna, aged 56, has been an active law practitioner in the Philippines for many years. She is a graduate from the University of the Philippines, College of Law and also majored in AB Political Science. Attorney Patajo-Kapunan has a number of professional involvements throughout her legal career. The most recent ones include Founding President, Intellectual Property Alumni Association (IPAA); Councilor, Asean Patent Attorneys Association (APAA); Chairman, Copyright Committee (APAA); Regional President, Asean Intellectual Property Association (ASEAN IP); Director, Licensing Executive Society of the Philippines (LES); Chairman, Women Business Council of the Philippines and Chairman, National Issues Committee, Management Association of the Philippines. Attorney Patajo-Kapunan is Senior Partner of Kapunan Lotilla Flores Garcia & Castillo and her fields of practice include Corporate, Franchising, Mergers and Acquisitions, Litigation, Intellectual Property and Family Laws.

Attorney Patajo-Kapunan was a director of Value Convergence Holdings Limited, a company listed in Hong Kong during the period from November 2000 to February 2008 and is currently a director of Elixir Gaming Technologies (EGT) Corporation , a company listed in the United States and Philippine Communication & Satellite Corp., a company listed in the Philippines.

Mr. HAU Chi Kit, Aaron, aged 36, was educated in England, USA and Hong Kong. During the period from 2002 to 2008, Mr. Hau practiced as a barrister-at-law in Hong Kong. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. Mr. Hau is a solicitor in private practice.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Cheung Nam Chung, Brian, Mr. Chan Ying Tat, Ted, Mr. Chan Chi Yuen, Mr. Lam Cheok Va, Francis and Ms. Li Wing Sze has a service contract with the Company which may be terminated by either party by written notice of not less than three months.

Save as disclosed above, no Director who is proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable within one year without payment of compensation, other than statutory obligations.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, none of the directors, the management shareholders of the Company and their respective associates had any interest in a business which causes or may cause a significant competition with the business of the Company and any other conflicts of interest which any such person has or may have with the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at 31 March 2008, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Name of Directors	Number of shares of the Company	Underlying shares of the Company (Note)	Total	Approximate percentage of shareholding
Mr. Cheung Nam Chung, Brian	300,000	45,000,000	45,300,000	0.17%
Mr. Chan Ying Tat, Ted	76,930,000	90,000,000	166,930,000	0.63%
Mr. Chan Chi Yuen	10,000,000	45,000,000	55,000,000	0.21%
Mr. Lam Cheok Va, Francis	–	10,000,000	10,000,000	0.04%
Ms. Li Wing Sze	–	55,000,000	55,000,000	0.21%
Mr. Chan Chiu Hung, Alex	200,000	–	200,000	–

Note: Balance represents share options granted by the Company to each of the Directors on 28 January 2008 pursuant to the share options scheme of Company. Each of these share options conferring a right to subscribe for one share of HK$0.001 each of the Company at a price of HK$0.0736, exercisable for a period of 10 years from date of grant.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures" above, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the year under review.

SUBSTANTIAL SHAREHOLDER

As at 31 March 2008, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, the following person or companies had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Company.

Name of shareholder	Number of shares of the Company	Approximate percentage of shareholding
Janus Capital Group, Inc.	4,225,185,000	15.89%

MAJOR CONTRIBUTORS/CUSTOMERS AND SERVICE PROVIDERS/SUPPLIERS

Continuing operation – Gaming and entertainment segment

During the year, revenue from the Group's five largest contributors accounted for approximately 98% (2007: 20%) of the total revenue for the year and revenue from the largest contributors included therein accounted for approximately 83% (2007: 18%).

Amount paid to the Group's five largest services providers accounted for approximately 100% (2007: 100%) of the total cost of services provided for the year and amount paid to the largest supplier included therein accounted for approximately 88% (2007: 100%).

Discontinued operation – LCD products segment and LCD consumer products segment

During the year, revenue from the Group's five largest customers accounted for approximately 81% (2007: 68%) of the total revenue for the year and revenue from the largest customers included therein accounted for approximately 39% (2007: 29%).

Purchases from the Group's five largest suppliers accounted for approximately 52% (2007: 45%) of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 22% (2007: 18%).

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

RETIREMENT BENEFIT SCHEMES

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

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 33 to the financial statements.

PROMISSORY NOTE

Details of the promissory notes issued by the Company are set out in note 25 to the financial statements.

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

RSM Nelson Wheeler was the auditors of the Group for the year ended 31 March 2005, while CCIF CPA Limited was the auditors of the Group for the years ended 31 March 2006, 2007 and 2008.

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

On behalf of the Board

Cheung Nam Chung, Brian
Chairman

Hong Kong, 25 July 2008

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A-MAX HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of A-Max Holdings Limited (the "Company") set out on pages 35 to 114, 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.

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 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.

CCIF CPA Limited
Certified Public Accountants

Yau Hok Hung
Practising Certificate Number P04911

Hong Kong, 25 July 2008

	Note	2008 HK$'000	2007 HK$'000 (restated)
Continuing operations:			
Turnover	4, 14	**157,319**	5,746
Cost of sales		**(1,742)**	(2,278)
Gross profit		**155,577**	3,468
Other revenue	4	**1,093**	3
Selling and distribution expenses		**(2,088)**	–
General and administrative expenses		**(45,312)**	(11,162)
Loss on disposal of fixed assets		**(2,469)**	(37)
Impairment of intangible assets	16	**(32,183)**	–
Reduction in provision for other payables		**–**	3,900
Profit/(loss) from operations	5	**74,618**	(3,828)
Finance costs	6	**(55,743)**	(52,028)
Share of loss of an associate	18		
Share of operating profit		**68,841**	120,402
Share of impairment and amortisation of the intangible asset		**(1,385,730)**	(178,075)
		(1,316,889)	(57,673)
Loss before taxation from continuing operations		**(1,298,014)**	(113,529)
Income tax	7	**7**	(7)
Loss for the year from continuing operations		**(1,298,007)**	(113,536)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	10(a)	**6,307**	(5,164)
Loss for the year		**(1,291,700)**	(118,700)
Attributable to:			
Equity shareholders of the company	12, 26(a)	**(1,291,426)**	(118,659)
Minority interests	26(a)	**(274)**	(41)
Loss for the year	26(a)	**(1,291,700)**	(118,700)
(Loss)/earnings per share – basic	13(a)		
From continuing and discontinued operations		**HK(8.16) cents**	HK(1.63) cents
From continuing operations		**HK(8.20) cents**	HK(1.56) cents
From discontinued operations		**HK0.04 cents**	HK(0.07) cents

The notes on pages 42 to 114 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2008 (Expressed in Hong Kong Dollars)

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000 (restated)	2007 HK$'000 (restated)
Non-current assets					
Fixed assets	15				
– Investment properties			4,112		–
– Other property, plant and equipment			5,900		4,914
			10,012		4,914
Intangible assets	16		30,407		67,821
Interest in an associate	18		1,137,708		2,454,597
Other financial assets	19		5,109,650		–
			6,287,777		2,527,332
Current assets					
Trade and other receivables	20	194,346		35,899	
Cash and cash equivalents	21	91,013		56,438	
		285,359		92,337	
Assets of disposal groups classified as held for sale	22	15,737		28,121	
		301,096		120,458	
Current liabilities					
Trade and other payables	23	(41,404)		(20,792)	
Borrowings	24	(5,000)		–	
Income tax payable		–		(7)	
		(46,404)		(20,799)	
Liabilities directly associated with assets of disposal groups classified as held for sale	22	(46,506)		(65,197)	
		(92,910)		(85,996)	
Net current assets			208,186		34,462
Total assets less current liabilities			6,495,963		2,561,794
Non-current liabilities					
Borrowings	24	(5,000)		(10,000)	
Promissory note	25	(847,305)		(791,878)	
			(852,305)		(801,878)
NET ASSETS			5,643,658		1,759,916

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000 (restated)	2007 HK$'000 (restated)
CAPITAL AND RESERVES	26(a)				
Share capital			26,589		11,205
Reserves			5,647,456		1,785,131
Amounts recognised directly in equity relating to disposal groups classified as held for sale			(30,440)		(36,747)
Total equity attributable to equity shareholders of the Company			5,643,605		1,759,589
Minority interests			53		327
TOTAL EQUITY			5,643,658		1,759,916

Approved and authorised for issue by the Board of Directors on 25 July 2008.

Chan Ying Tat, Ted
Chief Executive Officer

Chan Chi Yuen
Chief Financial Officer

The notes on pages 42 to 114 form part of these financial statements.

BALANCE SHEET

As at 31 March 2008 (Expressed in Hong Kong Dollars)

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000	2007 HK$'000
Non-current assets					
Fixed assets	15				
– Investment properties			4,112		–
– Other property, plant and equipment			5,437		3,766
			9,549		3,766
Investments in subsidiaries	17		68,798		68,790
Interest in an associate	18		1,137,700		2,332,479
Other financial assets	19		1,900,000		–
			3,116,047		2,405,035
Current assets					
Trade and other receivables	20	66,802		43,978	
Cash and cash equivalents	21	43,908		48,971	
		110,710		92,949	
Current liabilities					
Trade and other payables	23	(11,056)		(72,376)	
Borrowings	24	(5,000)		–	
		(16,056)		(72,376)	
Net current assets			94,654		20,573
Total assets less current liabilities			3,210,701		2,425,608
Non-current liabilities					
Borrowings	24	(5,000)		(10,000)	
Promissory note	25	(847,305)		(791,878)	
			(852,305)		(801,878)
NET ASSETS			2,358,396		1,623,730
CAPITAL AND RESERVES	26(b)				
Share capital			26,589		11,205
Reserves			2,331,807		1,612,525
TOTAL EQUITY			2,358,396		1,623,730

Approved and authorised for issue by the Board of Directors on 25 July 2008.

Chan Ying Tat, Ted
Chief Executive Officer

Chan Chi Yuen
Chief Financial Officer

The notes on pages 42 to 114 form part of these financial statements.

For the year ended 31 March 2008 (Expressed in Hong Kong Dollars)

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000	2007 HK$'000
Total equity at 1 April			1,759,916		1,777,985
Net income recognised directly in equity:					
Change in fair value of available-for-sale financial assets	26(a)	3,209,650		–	
Loss for the year	26(a)	(1,291,700)		(118,700)	
Total recognised income and expense for the year			1,917,950		(118,700)
Attributable to:					
Equity shareholders of the Company		1,918,224		(118,659)	
Minority interests		(274)		(41)	
		1,917,950		118,700	
Capital contribution from a minority shareholder of a subsidiary			–		368
Movements in equity arising from capital transactions:					
Shares issued under the placing	26(a)	2,000,000		100,393	
Shares issued under conversion of convertible notes	26(a)	–		2,488	
Share issuance expenses	26(a)	(41,080)		(2,618)	
Equity settled share-based transactions	26(a)	6,872		–	
			1,965,792		100,263
Total equity at 31 March			5,643,658		1,759,916

The notes on pages 42 to 114 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008 (Expressed in Hong Kong Dollars)

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000	2007 HK$'000
Operating activities					
Profit/(Loss) from operations					
– From continuing operations		74,618		(3,828)	
– From discontinued operations	10(a)	(7,271)		(17,205)	
		67,347		(21,033)	
Adjustments for:					
Interest income		(967)		(7)	
Depreciation of fixed assets		4,133		13,312	
Amortisation of land lease premium for property held for own use		–		86	
Amortisation of intangible assets		5,231		171	
Impairment loss for intangible assets		32,183		–	
Loss/(gain) on disposal of fixed assets		2,469		(13)	
Impairment loss for trade and other receivables		–		276	
Provision for slow-moving and obsolete inventories		–		2,206	
Equity-settled share-based payment expenses		6,872		–	
Foreign exchange loss		2,290		1,470	
Reduction in provision for other payables		–		(9,184)	
Operating profit/(loss) before changes in working capital		119,558		(12,716)	
Decrease in inventories		1,415		1,411	
Increase in trade and other receivables		(158,257)		(38,005)	
Decrease in trade and other payables		15,669		19,765	

For the year ended 31 March 2008 (Expressed in Hong Kong Dollars)

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000	2007 HK$'000
Net cash used in operating activities			(21,615)		(29,545)
Investing activities					
Payments for purchase of investment properties		(4,112)		–	
Payments for purchases of other property, plant and equipment		(4,639)		(4,106)	
Net cash (outflow)/inflow in respect of disposal of subsidiaries	29	(105)		50,000	
Proceeds from sale of fixed assets		–		50	
Payments for acquisition of intangible assets		–		(67,992)	
Increase in available-for-sale financial asset		(1,900,000)		–	
Interest received		967		7	
Net cash used in investing activities			(1,907,889)		(22,041)
Financing activities					
Proceeds from new other loans		6,486		8,706	
Capital contribution from a minority shareholder of a subsidiary		–		368	
Proceeds from shares issued under placing		2,000,000		100,393	
Payment for share issuance expenses		(41,080)		(2,618)	
Interest paid		–		(2,257)	
Net cash generated from financing activities			1,965,406		104,592
Net increase in cash and cash equivalents			35,902		53,006
Cash and cash equivalents at 1 April	21		57,757		4,726
Effect of foreign exchange rate changes			14		25
Cash and cash equivalents at 31 March	21		93,673		57,757

The notes on pages 42 to 114 form part of these financial statements.

1. INFORMATION OF THE COMPANY

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

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding and gaming operations, respectively. The Group's manufacturing and trading of LCD and LCD modules (together "LCD products") (2007: electronic consumer products ("LCD consumer products")) was discontinued during the year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 2(g)); and

– financial instruments classified as available-for-sale (see note 1(f)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(x)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 35.

(c) Subsidiaries and minority interests

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

(d) Associate

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

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

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

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

In the Company's balance sheet, its interest in the associate is stated at cost less impairment losses (see note 2(l)), unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(x)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

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

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

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

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

(f) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. Available-for-sale financial assets are initially at cost, which is their transaction price. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity in the fair value reserve. Income from these financial assets is recognised in accordance with the policy set out in note 2(u)(iv). When these financial assets are derecognised or impaired (see note 2(l)), the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u)(iii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(j).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment

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

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

– other items of plant and equipment.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Intangible assets (other than goodwill)

Intangible assets that the acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see not 2(l)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

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

– Rights for VIP gaming and slot machine operations 14 years

Both the period and method of amortisation are reviewed annually.

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

(j) Leased assets

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

(i) Classification of assets leased to the Group

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

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(g)); and

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

(ii) Operating lease charges

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

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(k) Trade and other receivables

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

(l) Impairment of assets

(i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect ton the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(i) Impairment of financial assets (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

– For available-for-sale financial assets, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(i) Impairment of financial assets (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

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

– property, plant and equipment;

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

– intangible assets; and

– investments in subsidiaries and associate (except for those classified as held for sale (or included in a disposal group that is classified as held for sale)) (see note 2(x)).

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

– Recognition of impairment losses

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

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(m) Inventories

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Convertible notes

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

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

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

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

(o) Interest-bearing borrowings

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

(p) Trade and other payables

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

(q) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Employee benefits

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

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

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitles to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

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

(iii) Termination benefits

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

(s) Income tax

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Income tax *(Continued)*

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Income tax *(Continued)*

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

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

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

  - the same taxable entity; or

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

(t) Provisions and contingent liabilities

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

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

(u) Revenue recognition

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

(i) Revenue from VIP gaming, LIVE Baccarat system and slot machine operations

Revenue from VIP gaming, LIVE Baccarat system and slot machine operations, including a share of the net gaming wins, is recognised when the relevant services have been rendered and is measured at the entitlement of economic inflow of the Group from the business.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Revenue recognition *(Continued)*

(ii) Sale of goods

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

(iii) Rental income from operating leases

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

(iv) Income from investments

Income from unlisted investments is recognised when the Group's right to receive payment is established.

(v) Interest income

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

(v) Translation of foreign currencies

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Borrowing costs

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

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

(x) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the group and the company are concerned are deferred tax assets, financial assets which already carried at fair value recognised in profit or loss and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Non-current assets held for sale and discontinued operations *(Continued)*

(ii) Discontinued operations (Continued)

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

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

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

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

(y) Related parties

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Segment reporting

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and the Interpretations that are first effective or available for early adoption for current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, "Financial instruments: Disclosures" and the amendment to HKAS 1, "Presentation of financial statements: Capital disclosures", there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, "Financial instruments: Disclosure and presentation". These disclosures are provided throughout these financial statements, in particular in note 28.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 26(f).

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 36).

4. TURNOVER AND OTHER REVENUE

(a) An analysis of the Group's turnover and revenue is as follows:

	2008 HK$'000	2007 HK$'000
Continuing operations:		
Revenue from gaming operations		
– junket aggregation business (see note (i) below)	131,340	–
– VIP gaming operation (see note (ii) below)	18,195	–
– LIVE Baccarat system operation (see note (iii) below)	1,640	1,028
– slot machine operation (see note (iv) below)	1,884	103
	153,059	1,131
Revenue from sales of travel packages	4,260	4,615
	157,319	5,746
Discontinued operations (note 10):		
Sales of LCD products	56,511	59,580
Sales of LCD consumer products	–	260
	56,511	59,840
	213,830	65,586

Notes:

(i) Junket aggregation business

The Group, through Ace High Group Limited ("Ace High"), is engaged in financing the business of AMA International Limited ("AMA"), a company incorporated in Macau and which is the holder of a license issued by the Gaming Inspection and Coordination Bureau of the Macau Government to develop the activity of promotion of games of chance and other casino games. AMA's business is to aggregate the business of different junket collaborators and deal directly with Crown Macau Casino to receive commissions (the "junket aggregation business"). The Group receives 80% of the profits generated from the junket aggregation business, which was started on 15 December 2007, in accordance with the First Profit Transfer Agreement (see note 19(b) below) and the Second Profit Transfer Agreement (see note 19(b) below).

4. TURNOVER AND OTHER REVENUE *(Continued)*

(a) *(Continued)*

Notes: *(Continued)*

(i) Junket aggregation business *(Continued)*

The revenue and expenses related to the junket aggregation business are summarised as follows:

	Period from 15/12/2007 (date of commencement of business) to 31/3/2008 HK$'000
Commission from Crown Macau	1,877,420
Income from other promotion services	21,933
Other income	5
	1,899,358
Operating expenses	
Special gaming tax and funds to the Macau Government	(13,981)
Direct cost of promotion services	(26,779)
Commission to sub-junkets	(1,688,010)
Staff cost	(4,197)
Administrative expenses and others	(2,216)
	(1,735,183)
Contribution from junket aggregation business	164,175
Net entitlement of a shareholder of AMA	(32,835)
Net contribution attributable to the Group	131,340

4. TURNOVER AND OTHER REVENUE *(Continued)*

(a) *(Continued)*

Notes: *(Continued)*

(ii) VIP gaming operation

During the year, Thousand Ocean Investments Limited, a wholly-owned subsidiary of the Company, started to engage in the operation of the high rolling gaming area (the "VIP room") in the Greek Mythology Casino reserved exclusively for high-wagering patrons so as to provide promotional services to Sociedade de Jogos de Macau, S.A. ("SJM") in consideration of commission or other forms of remuneration including a share of net gaming wins from the VIP room, chip commissions, fees and allowances.

The revenue and expenses related to VIP gaming operation are summarised as follows:

	2008 HK$'000
Share of net gaming wins	43,300
Chip commissions	61,321
Fees and allowances	18,536
	123,157
Less: Special gaming tax and funds to the Macau Government	(852)
Commission to collaborators	(91,441)
	(92,293)
Contribution from VIP gaming operation	30,864
Shared by Greek Mythology Casino	(12,669)
Net contribution attributable to the Group	18,195

(iii) LIVE Baccarat system operation

Gold Faith Development Limited, a wholly-owned subsidiary of the Company, is engaged in the provision of technical consultancy services in respect of electronic LIVE Baccarat system to an independent third party in consideration of a share of net gaming wins from the operation of LIVE Baccarat system.

(iv) Slot machine operation

Jadepower Limited, a wholly-owned subsidiary of the Company, is engaged in the operation of 204 electronic slot machines in the Greek Mythology Casino and is entitled to a certain percentage of net gaming wins from the operation of 204 electronic slot machines in the Greek Mythology Casino.

4. TURNOVER AND OTHER REVENUE *(Continued)*

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

	2008 HK$'000	2007 HK$'000
Continuing operations:		
Interest income from banks (see note below)	964	–
Rental income	120	–
Sundry income	9	3
	1,093	3
Discontinued operations (note 10):		
Interest income from banks (see note below)	2	7
Refund of export tax paid	–	174
Rental income	–	944
Sundry income	68	212
	70	1,337
	1,163	1,340

Note:

Total interest income on financial assets not at fair value through profit or loss is as follows:

	2008	2007
Interest income from banks:		
– continuing operations	964	–
– discontinued operations	2	7
	966	7

5. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is arrived at after charging:

	2008 HK$'000	2007 HK$'000
(a) Staff costs:		
Continuing operations:		
Contributions to defined contribution retirement plans	243	98
Equity-settled share-based payment expenses (note 27)	6,872	–
Salaries, wages and other benefits	15,137	3,957
	22,252	4,055
Discontinued operations (note 10):		
Contributions to defined contribution retirement plans	148	161
Salaries, wages and other benefits	8,539	9,965
	8,687	10,126
	30,939	14,181
(b) Other items:		
Continuing operations:		
Depreciation of property, plant and equipment	926	1,250
Amortisation of intangible assets	5,231	171
Forfeiture of rental deposits	2,881	–
Loss on disposal of fixed assets	2,469	37
Auditors' remuneration		
– audit services	600	500
– other services	290	–
Operating lease rentals:		
– property rentals	1,335	279
– hire of equipment	–	6
Discontinued operations (note 10):		
Depreciation of property, plant and equipment	3,207	12,062
Amortisation of land lease premium	–	86
Gain on disposal of property, plant and equipment	–	(50)
Provision for slow-moving and obsolete inventories	–	2,206
Net foreign exchange loss	2,613	2,301
Operating lease rental in respect of premises	1,914	126
Cost of inventories	45,935	57,701

6. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	316	175
Interest on convertible notes	–	52
Interest on promissory note	55,427	51,801
	55,743	52,028
Discontinued operations (note 10):		
Interest on borrowings wholly repayable within five years	1,935	2,082
Total interest expense on financial liabilities not at fair value through profit or loss	57,678	54,110

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Continuing operations

(i) Income tax in the consolidated income statement represents:

	2008 HK$'000	2007 HK$'000
Current tax – Hong Kong profits tax		
Provision for the year	–	7
Over-provision in prior year	(7)	–
	(7)	7

No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the year ended 31 March 2008.

The provision for Hong Kong profits tax for the year ended 31 March 2007 was calculated at 17.5% of the estimated assessable profits for the year. No provision for overseas income tax has been made as the companies comprising the continuing operations have no estimated assessable profits for the year ended 31 March 2007.

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

(a) Continuing operations *(Continued)*

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

	2008 HK$'000	2007 HK$'000
Loss before taxation	(1,298,014)	(113,529)
Notional tax on loss before taxation, calculated at the tax rate of 17.5%	(227,152)	(19,867)
Tax effect of expenses that are not deductible in determining taxable profit	276,033	19,638
Tax effect of income that are not assessable in determining taxable profit	(54,596)	(980)
Tax effect of net deferred tax assets not recognised	5,724	1,216
Tax effect of prior years' unrecognised tax losses utilised this year	(9)	–
Over-provision in prior year	(7)	–
Actual tax expense	(7)	7

(b) Discontinued operations (note 10)

(i) No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the discontinued operations have no estimated assessable profits during the years ended 31 March 2008 and 2007.

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

	2008 HK$'000	2007 HK$'000
Profit/(loss) before taxation	6,307	(5,164)
Notional tax on profit/(loss) before taxation, calculated at the tax rate of 17.5%	1,104	(904)
Tax effect of expenses that are not deductible in determining taxable profit	781	7,571
Tax effect of income that are not assessable in determining taxable profit	(2,851)	(9,839)
Tax effect of net deferred tax assets not recognised	966	3,172
Actual tax expense	–	–

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

(c) There was no material unprovided deferred taxation. The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$89.2 million (2007: HK$91.0 million) at 31 March 2008 as it is not probable that future taxable profits against which tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

8. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

For the year ended 31 March 2008

	Note	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Share-based payments (note (j) below) HK$'000	Total HK$'000
Executive directors								
Mr. Cheung Nam Chung, Brian	(b)	–	1,844	800	48	2,692	765	3,457
Mr. Chan Ying Tat, Ted	(c)	–	887	1,490	48	2,425	1,531	3,956
Mr. Chan Chi Yuen		–	1,119	800	39	1,958	765	2,723
Mr. Lam Cheok Va, Francis		–	296	400	10	706	170	876
Ms. Li Wing Sze	(b)	–	400	400	23	823	936	1,759
Mr. Wan Kam Shing, Claude	(g)	–	513	–	4	517	–	517
Mr. Chen Zhiquan	(e)	68	–	–	–	68	–	68
Mr. Lee Keung Shing	(e)	68	–	–	–	68	–	68
Independent non-executive directors								
Mr. Chan Chiu Hung, Alex		96	–	–	–	96	–	96
Mr. Lee Tsz Hong	(a)	96	–	–	–	96	–	96
Mr. Ng Wai Hung, Raymond		96	–	–	–	96	–	96
		424	5,059	3,890	172	9,545	4,167	13,712

8. DIRECTORS' REMUNERATION *(Continued)*

For the year ended 31 March 2007

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

There were no amounts paid during the years ended 31 March 2008 and 2007 to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which the above directors of the Company waived or agreed to waive any remuneration during the years ended 31 March 2008 and 2007.

8. DIRECTORS' REMUNERATION *(Continued)*

Notes:

(a) Appointed on 13 July 2006.

(b) Appointed on 18 July 2006.

(c) Appointed on 15 December 2007

(d) Appointed on 8 June 2006 and retired on 5 September 2006.

(e) Appointed on 8 June 2006 and resigned on 15 December 2007.

(f) Appointed on 18 July 2006 and resigned on 18 January 2007.

(g) Appointed on 13 June 2007 and resigned on 27 September 2007

(h) Resigned on 13 July 2006.

(i) Resigned on 1 September 2006.

(j) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 27.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2007: four) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other one (2007: one) individual is as follows:

	2008 HK$'000	2007 HK$'000
Salaries and other emoluments	241	678
Share-based payments	1,463	–
Retirement scheme contributions	4	–
Discretionary bonuses	30	–
	1,738	678

The emoluments of the one (2007: one) individual with the highest emoluments are within the following band:

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

No emoluments was paid during the years ended 31 March 2008 and 2007 by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

10. DISCONTINUED OPERATIONS

The Group's manufacturing and trading of LCD consumer products and LCD products were discontinued following (i) the disposal of the Group's entire interests in A-Max Global Products Limited to an independent third party resulting in a net gain on disposal of approximately HK$15,513,000 in the year ended 31 March 2008 (see note 29(a)), (ii) the disposal of Keview Technology (BVI) Limited and Dongguan Kepo Electronics Limited resulting in a net gain of approximately HK$14,123,000 in the year ended 31 March 2007 (see note 29(b)), and (iii) the proposed disposal of three subsidiaries, Profit Goal Holdings Limited, A-Max Kepo Display Limited and A-Max Kepo Limited (see note 22).

(a) The results of the discontinued operations for the years ended 31 March 2008 and 2007 were as follows:

	Note	2008 HK$'000	2007 HK$'000
Turnover	4, 14	56,511	59,840
Cost of sales		(45,702)	(55,423)
Gross profit		10,809	4,417
Other revenue	4	70	1,337
Selling and distribution expenses		(5,308)	(4,034)
General and administrative expenses		(12,842)	(24,259)
Gain on disposal of property, plant and equipment		–	50
Reduction in provision for other payables		–	5,284
Loss from operations	5	(7,271)	(17,205)
Finance costs	6	(1,935)	(2,082)
Gain on disposal of subsidiaries	29	15,513	14,123
Profit/(loss) before taxation		6,307	(5,164)
Income tax	7	–	–
Profit/(loss) for the year		6,307	(5,164)

10. DISCONTINUED OPERATIONS *(Continued)*

(b) The net cash flows of the discontinued operations for the years ended 31 March 2008 and 2007 were as follows:

	2008 HK$'000	2007 HK$'000
Net cash outflow from operating activities	(4,889)	(7,119)
Net cash outflow from investing activities	(256)	(597)
Net cash inflow from financing activities	6,486	7,894
Net cash inflow incurred by the discontinued operation	1,341	178

11. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a certain percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with employees when contributed into the MPF Scheme.

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

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

The total costs charged to the consolidated income statement of approximately HK$391,000 (2007: HK$259,000) represent contributions payable to the retirement benefit schemes in Hong Kong and the PRC by the Group for the year at rates specified in the rules of the relevant schemes.

12. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of approximately HK$1,284,116,000 (2007: HK$55,893,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2008 HK$'000	2007 HK$'000
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	(1,284,116)	(55,893)
Dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	52,990	–
Company's loss for the year (note 26(b))	(1,231,126)	(55,893)

13. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

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

	2008 HK$'000	2007 HK$'000
Continuing operations	(1,297,733)	(113,495)
Discontinued operations	6,307	(5,164)
	(1,291,426)	(118,659)

(ii) Weighted average number of ordinary shares

	2008 '000	2007 '000
Issued ordinary shares at 1 April	11,204,282	4,824,427
Effect of convertible notes exercised	–	1,909,529
Effect of shares issued under the placing	4,623,792	555,887
Weighted average number of ordinary shares at 31 March	15,828,074	7,289,843

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

(b) Diluted (loss)/earnings per share

The diluted loss per share for the years ended 31 March 2008 and 2007 are not presented as the Company's potential ordinary shares outstanding during the both years had anti-dilutive effect on the basic loss per share from continuing operations.

14. SEGMENT INFORMATION

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

Business segments

The Group comprises the following main business segments:

Continuing operations:

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

Discontinued operations:

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

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

14. SEGMENT INFORMATION *(Continued)*

(a) Business segments

For the year ended 31 March 2008

	Continuing operations	Discontinued operations			
	Gaming and entertainment HK$'000	LCD products HK$'000	LCD consumer products HK$'000	Sub-total HK$'000	Total HK$'000
Revenue					
Revenue from external customers	157,319	56,511	–	56,511	213,830
Results					
Segment results	110,416	(5,246)	(2,025)	(7,271)	103,145
Unallocated income and expenses	(35,798)			–	(35,798)
Profit/(loss) from operations	74,618			(7,271)	67,347
Finance costs	(55,743)			(1,935)	(57,678)
Share of loss of the associate	(1,316,889)			–	(1,316,889)
Gain on disposal of subsidiaries	–		15,513	15,513	15,513
Income tax	7			–	7
(Loss)/profit for the year	(1,298,007)			6,307	(1,291,700)

14. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

For the year ended 31 March 2007

	Continuing operations	Discontinued operations				
	Gaming and entertainment HK$'000	LCD products HK$'000	LCD consumer products HK$'000	Sub-total HK$'000	Inter-segment eliminations HK$'000	Total HK$'000
Revenue						
Revenue from external customers	5,746	59,580	260	59,840	–	65,586
Inter-segment revenue*	–	3	–	3	(3)	–
Total	5,746	59,583	260	59,843	(3)	65,586
Results						
Segment results	1,934	(16,090)	(6,565)	(22,655)	–	(20,721)
Unallocated income and expenses	(9,662)			166		(9,496)
Reduction in provision for other payables	3,900			5,284		9,184
Loss from operations	(3,828)			(17,205)		(21,033)
Finance costs	(52,028)			(2,082)		(54,110)
Share of loss of the associate	(57,673)			–		(57,673)
Gain on disposal of subsidiaries	–	14,123		14,123		14,123
Taxation	(7)			–		(7)
Loss for the year	(113,536)			(5,164)		(118,700)

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

14. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

As at 31 March 2008

	Continuing operations	Discontinued operations			
	Gaming and entertainment HK$'000	LCD products HK$'000	LCD consumer products HK$'000	Sub-total HK$'000	Total HK$'000
Assets					
Segment assets	5,379,841	15,737	–	15,737	5,395,578
Interest in an associate	1,137,708				1,137,708
Unallocated assets					55,587
Total assets					6,588,873
Liabilities					
Segment liabilities	35,044	46,506	–	46,506	81,550
Unallocated liabilities					863,665
Total liabilities					945,215
Other segment information:					
Capital expenditure incurred during the year	–	257	–	257	
Depreciation and amortisation for the year	685	1,750	1,457	3,207	
Impairment of intangible assets	32,183	–	–	–	

14. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

As at 31 March 2007

	Continuing operations	Discontinued operations			
	Gaming and entertainment HK$'000	LCD products HK$'000	LCD consumer products HK$'000	Sub-total HK$'000	Total HK$'000
Assets					
Segment assets	110,964	17,346	10,775	28,121	139,085
Interest in an associate	2,454,597				2,454,597
Unallocated assets					54,108
Total assets					2,647,790
Liabilities					
Segment liabilities	105	19,900	1,312	21,212	21,317
Unallocated liabilities					866,557
Total liabilities					887,874
Other segment information:					
Capital expenditure incurred during the year	69,825	653	–	653	
Depreciation and amortisation for the year	685	6,320	5,828	12,148	

14. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

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

For the year ended 31 March 2008

	Hong Kong HK$'000	Macau HK$'000	The PRC (excluding Hong Kong and Macau) HK$'000	United States HK$'000	Malaysia HK$'000	Japan HK$'000	South Korea HK$'000	Others HK$'000	Total HK$'000
Segment revenue									
Attributable to continuing operations	4,260	153,059	–	–	–	–	–	–	157,319
Attributable to discontinued operations	724	–	8,671	26,710	12,491	7,125	644	146	56,511
Revenue from external customers	4,984	153,059	8,671	26,710	12,491	7,125	644	146	213,830
Segment assets									
– Continuing operations	10,545	6,511,121	–	–	–	–	–	–	6,521,666
– Discontinued operations	14,761	–	976	–	–	–	–	–	15,737
	25,306	6,511,121	976	–	–	–	–	–	6,537,403
– Unallocated assets									51,470
									6,588,873
Segment capital expenditure									
– Continuing operations	4,112	–	–	–	–	–	–	–	4,112
– Discontinued operations	76	181	–	–	–	–	–	–	257
	4,188	181	–	–	–	–	–	–	4,369
– Unallocated									4,381
									8,750

14. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments *(Continued)*

For the year ended 31 March 2007

	Hong Kong HK$'000	Macau HK$'000	The PRC (excluding Hong Kong and Macau) HK$'000	United States HK$'000	Malaysia HK$'000	Japan HK$'000	South Korea HK$'000	Others HK$'000	Total HK$'000
Segment revenue									
Attributable to continuing operations	4,615	1,131	–	–	–	–	–	–	5,746
Attributable to discontinued operations	33,973	–	6,065	2,478	71	3,280	13,861	112	59,840
Revenue from external customers	38,588	1,131	6,065	2,478	71	3,280	13,861	112	65,586
Segment assets									
– Continuing operations	18,049	2,562,584	–	–	–	–	–	–	2,580,633
– Discontinued operations	1,069	–	11,980	–	–	–	–	–	13,049
	19,118	2,562,584	11,980	–	–	–	–	–	2,593,682
– Unallocated assets									54,108
									2,647,790
Segment capital expenditure									
– Continuing operations	2,068	67,992	–	–	–	–	–	–	70,060
– Discontinued operations	–	–	418	–	–	–	–	–	418
	2,068	67,992	418	–	–	–	–	–	70,478
– Unallocated									1,620
									72,098

15. FIXED ASSETS

(a) The Group

	Buildings for own use carried at cost HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Other fixed assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Interests in leasehold land held for own use under operating leases HK$'000	Total fixed assets HK$'000	Asset of disposal groups classified as held for sale HK$'000
Cost or valuation:									
At 1 April 2006	45,986	24,604	114,572	44,548	229,710	–	5,232	234,942	–
Additions	–	1,096	121	2,889	4,106	–	–	4,106	–
Disposals	–	–	(250)	(41)	(291)	–	–	(291)	–
Disposal of subsidiaries	(45,986)	(21,169)	–	–	(67,155)	–	(5,232)	(72,387)	–
Transfer to assets of disposal groups classified as held for sale (note 22)	–	(1,356)	(114,443)	(44,170)	(159,969)	–	–	(159,969)	159,969
At 31 March 2007	–	3,175	–	3,226	6,401	–	–	6,401	159,969
Representing:									
Cost	–	3,175	–	3,226	6,401	–	–	6,401	159,969
Valuation – 2007	–	–	–	–	–	–	–	–	–
	–	3,175	–	3,226	6,401	–	–	6,401	159,969
At 1 April 2007	–	3,175	–	3,226	6,401	–	–	6,401	159,969
Additions	–	2,899	–	1,482	4,381	4,112	–	8,493	258
Disposals	–	(2,115)	–	(833)	(2,948)	–	–	(2,948)	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(28,045)
At 31 March 2008	**–**	**3,959**	**–**	**3,875**	**7,834**	**4,112**	**–**	**11,946**	**132,182**
Representing:									
Cost	–	3,959	–	3,875	7,834	–	–	7,834	132,182
Valuation – 2008	–	–	–	–	–	4,112	–	4,112	–
	–	3,959	–	3,875	7,834	4,112	–	11,946	132,182

15. FIXED ASSETS *(Continued)*

(a) The Group *(Continued)*

	Buildings for own use carried at cost HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Other fixed assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Interests in leasehold land held for own use under operating leases HK$'000	Total fixed assets HK$'000	Assets of disposal groups classified as held for sale HK$'000
Accumulation amortisation and depreciation:									
At 1 April 2006	12,876	20,996	97,964	39,331	171,167	–	693	171,860	–
Charge for the year	1,686	2,003	6,661	2,962	13,312	–	86	13,398	–
Written back on disposals	–	–	(250)	(4)	(254)	–	–	(254)	–
Disposal of subsidiaries	(14,562)	(21,169)	–	–	(35,731)	–	(779)	(36,510)	–
Transfer to assets of disposal groups classified as held for sale (note 22)	–	(1,014)	(104,375)	(41,618)	(147,007)	–	–	(147,007)	147,007
At 31 March 2007	–	816	–	671	1,487	–	–	1,487	147,007
At 1 April 2007	–	816	–	671	1,487	–	–	1,487	147,007
Charge for the year	–	613	–	313	926	–	–	926	3,207
Written back on disposals	–	(286)	–	(193)	(479)	–	–	(479)	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(19,744)
At 31 March 2008	**–**	**1,143**	**–**	**791**	**1,934**	**–**	**–**	**1,934**	**130,470**
Net book value:									
At 31 March 2008	**–**	**2,816**	**–**	**3,084**	**5,900**	**4,112**	**–**	**10,012**	**1,712**
At 31 March 2007	–	2,359	–	2,555	4,914	–	–	4,914	12,962

15. FIXED ASSETS *(Continued)*

(b) The Company

	Leasehold improvements HK$'000	Other fixed assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Cost or valuation:					
At 1 April 2006	2,115	873	2,988	–	2,988
Additions	–	1,621	1,621	–	1,621
Disposals	–	(41)	(41)	–	(41)
At 31 March 2007	2,115	2,453	4,568	–	4,568
At 1 April 2007	2,115	2,453	4,568	–	4,568
Additions	2,898	1,482	4,380	4,112	8,492
Disposals	(2,115)	(832)	(2,947)	–	(2,947)
At 31 March 2008	**2,898**	**3,103**	**6,001**	**4,112**	**10,113**
Accumulated amortisation and depreciation:					
At 1 April 2006	143	98	241	–	241
Charge for the year	142	423	565	–	565
Written back on disposal	–	(4)	(4)	–	(4)
At 31 March 2007	285	517	802	–	802
At 1 April 2007	285	517	802	–	802
Charge for the year	82	158	240	–	240
Written back on disposal	(285)	(193)	(478)	–	(478)
At 31 March 2008	**82**	**482**	**564**	**–**	**564**
Net book value:					
At 31 March 2008	**2,816**	**2,621**	**5,437**	**4,112**	**9,549**
At 31 March 2007	1,830	1,936	3,766	–	3,766

(c) All investment properties of the Group and the Company were revalued as at 31 March 2008 at their open market value by reference to recent market transactions in comparable properties. The valuations were carried out by an independent firm of valuers, Grant Sherman Appraisal Limited, who have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the investment property being valued.

15. FIXED ASSETS *(Continued)*

(d) As at 31 March 2008, all investment properties of the Group and the Company are held in Hong Kong on long leases.

(e) **Investment properties leased out under operating leases**

The Group leases out certain of the Group's investment properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease after that date at which time all terms are renegotiated.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

As at 31 March 2008, the Company has no receivable in respect of minimum lease payments under non-cancellable operating leases.

16. INTANGIBLE ASSETS

	Operating rights for		2008
	VIP gaming	Slot machines	
	HK$'000	HK$'000	HK$'000
Cost:			
Additions for the year ended 31 March 2007, at 31 March 2007, at 1 April 2007 and at 31 March 2008	20,000	47,992	67,992
Accumulated amortisation and impairment losses:			
Charge for the year ended 31 March 2007, at 31 March 2007 and at 1 April 2007	–	171	171
Impairment loss for the year ended 31 March 2008	–	32,183	32,183
Charge for the year ended 31 March 2008	1,541	3,690	5,231
At 31 March 2008	1,541	36,044	37,585
Net book value:			
At 31 March 2008	18,459	11,948	30,407
At 31 March 2007	20,000	47,821	67,821

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

16. INTANGIBLE ASSETS *(Continued)*

Impairment loss

Due to intensifying competition from newly opened casinos in Macau during the year ended 31 March 2008, the Group reviews internal and external sources of information in respect of VIP gaming and slot machine operations at 31 March 2008 to identify indications that the relevant intangible assets, including the rights for VIP gaming operation and slot machine operation, may be impaired. As a result, the Group assessed the recoverable amounts of those intangible assets.

The recoverable amounts of the rights for VIP gaming operation and slot machine operation are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a four-year period, and cash flows for the following eight years are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	Right for VIP gaming operation %	Right for slot machine operation %
– Growth in revenue year-on-year	8	8
– Discount rate	18.30	18.30

The growth in revenue is based on past performance and management's expectations of market development. The discount rate reflects the specific risks relating to Macau's casino gaming industry.

The above value-in-use calculations as at 31 March 2008 were carried out by an independent professional valuer, Grant Sherman Appraisal Limited.

Based on the above assessment, the carrying amount of the right for VIP gaming operation is less than its recoverable amount, and the management considered that no impairment was necessary.

Based on the above assessment, the carrying amount of the right for slot machine operation is greater than its recoverable amount, and the management considered that an impairment loss of approximately HK$32,183,000 is necessary and is recognised in the consolidated income statement for the year ended 31 March 2008.

17. INVESTMENTS IN SUBSIDIARIES

	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	68,798	68,790

Particulars of the subsidiaries at 31 March 2008 are as follows:

Name	Place of incorporation and operation	Particulars of paid-up capital/ registered capital	Proportion of ownership/ controlling interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Ace High Group Limited	BVI	US$1	100%	100%	–	Junket aggregation business
GMC Management Limited	Hong Kong	HK$10,000	100%	100%	–	Provision of administrative support to group companies
Hong Kong Macau Express Limited	Hong Kong	HK$750,000	51%	51%	–	Sales of travel package
Gold Faith Development Limited	The British Virgin Islands ("BVI")	US$50,000	100%	100%	–	LIVE Baccarat system operation
Jadepower Limited	BVI	US$1,000	100%	100%	–	Slot machine operation
Super Peak Limited	BVI	US$1,000	100%	100%	–	Not yet commenced business
Thousand Ocean Investments Limited	BVI	US$1,000	100%	100%	–	VIP gaming operation
Profit Goal Holdings Limited	BVI	US$1,000	100%	100%	–	Investment holding
A-Max Kepo Display Limited	Hong Kong	HK$100	100%	–	100%	Sales of LCD and LCD modules
A-Max Kepo Limited	BVI	US$100	100%	–	100%	Not yet commenced business

18. INTEREST IN AN ASSOCIATE

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	–	–	2,332,479	2,332,479
Share of net assets	1,137,708	2,454,597	–	–
Sub-total	1,137,708	2,454,597	2,332,479	2,332,479
Less: Impairment loss	–	–	(1,194,779)	–
	1,137,708	2,454,597	1,137,700	2,332,479

(a) The following list contains only the particulars of the associate, which is an unlisted corporate entity, which principally affected the results or assets of the Group:

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

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

	At 31 March 2008			Year ended 31 March 2008				
	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Operating profit HK$'000	Amortisation of intangible asset HK$'000	Impairment of intangible asset HK$'000	Net loss HK$'000
100 per cent	3,013,441	733,465	2,279,976	263,186	137,957	(356,864)	(2,420,150)	(2,639,057)
Group's effective interest	1,503,707	365,999	1,137,708	131,330	68,841	(178,075)	(1,207,655)	(1,316,889)

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

18. INTEREST IN AN ASSOCIATE *(Continued)*

(c) Impairment of intangible asset of the associate

Due to intensifying competition from newly opened casinos in Macau, during the year ended 31 March 2008, the management of the associate reviews internal and external sources of information in respect of the associate's gaming operations in Greek Mythology Casino under the gaming concession of Sociedade de Jogos de Macau ("SJM"), which owns one of the gaming concessions in Macau, to identify indications that the relevant intangible asset, which is a right for the management of the gaming operations of Greek Mythology Casino and has estimated useful life of 14 years from 1 April 2006, may be impaired. As a result, the Group assessed the recoverable amount of this intangible asset.

The recoverable amount of the right for the gaming operations of Greek Mythology Casino is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a four-year year period, and cash flows for the following eight years are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	2008 %
– Growth in revenue year-on-year	9
– Discount rate	14.68

The growth in revenue is based on past performance and management's expectations of market development. The discount rate reflects the specific risks relating to Macau's casino gaming industry.

The above value-in-use calculations as at 31 March 2008 were carried out by an independent professional valuer, Grant Sherman Appraisal Limited.

Based on the above assessment, the carrying amount of the right for the management of the gaming operations of Greek Mythology Casino (i.e. cost less accumulated amortisation) as at 31 March 2008 is greater than its recoverable amount, and the management considered that an impairment loss of approximately HK$2,420,150,000 is necessary in the associate level and the Group's share of impairment of intangible asset of HK$1,207,655,000 is included in the "share of loss of an associate" in the consolidated income statement for the year ended 31 March 2008.

19. OTHER FINANCIAL ASSETS

		The Group		The Company	
	Note	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Loan to a controlled subsidiary	(a)	–	–	1,900,000	–
Available-for-sale financial asset	(b)	5,109,650	–	–	–
		5,109,650	–	1,900,000	–

Notes:

(a) Loan to a controlled subsidiary

The loan agreement dated 23 August 2007 (as amended and supplemented by the extension letters dated 21 September 2007 and 22 October 2007 respectively) was entered into between the Company and Ace High (the "Loan Agreement") whereby the Company agreed to provide a term loan facility in the amount of up to HK$3 billion (the "Loan") to Ace High to enable it to finance the junket aggregation business of AMA. On 4 December 2007, Ace High and the Company signed a confirmation letter to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion. In fact, the Company, through the option to capitalise HK$50 million of the loan into 99.99% of the equity interest in Ace High, in substance, has the decision-making powers to obtain control of Ace High and rights to obtain all profits generated from Ace High. Accordingly, Ace High is an entity controlled by the Company.

On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement from the Company so as to finance AMA to start its junket aggregation business.

The loan is secured by (i) a share mortgage executed by Mr. Albino, a shareholder of the Ace High, in favour of the Company relating to the 100% of the total issued share capital of Ace High held by him and (ii) a deed of guarantee executed by Mr. Albino in favour of the Company.

The loan is repayable on the Company's demand but Ace High is not allowed to early repay the loan or any part thereof. The directors of the Company are of the opinion that the settlement is neither planned nor likely to occur in the foreseeable future. As this loan is, in substance, a part of the Company's net investment in Ace High, it is stated at cost.

According to the Loan Agreement, the Company has an option (the "Call Option") to capitalise in the principal amount of HK$50,000,000 in respect of the Loan into 9,999 shares of US$1 each in the issued share capital of Ace High (the "Capitalisation"), representing 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation. On 11 February 2008, the Company served a Capitalisation notice to Ace High pursuant to the Loan Agreement. The Capitalisation was approved by the shareholders of the Company at a special general meeting held on 12 June 2008.

19. OTHER FINANCIAL ASSETS *(Continued)*

Notes: *(Continued)*

(b) Available-for-sale financial asset

On 10 September 2007, the Group, through Ace High, entered into a loan and share profit agreement (the "First Profit Transfer Agreement") with AMA International Limited ("AMA"), an independent third party at the date of the First Profit Transfer Agreement, whereby Group agreed to grant a loan facility up to the maximum aggregate amount of HK$3 billion for the operating capital of AMA to carry out the junket aggregation business and AMA has agreed to transfer all profits (the "Profits"), which (i) are generated by AMA from the junket aggregation business under the gaming promotion agreement dated 21 August 2007 entered into, inter alia, between AMA and Melco PBL Gaming (Macau) Limited (the "Gaming Operator") and (ii) represent the aggregate commissions and bonuses payable by the Gaming Operator to AMA thereunder after deducting (a) the total commissions and bonuses payable by AMA to its collaborators under the gaming intermediary agreements entered into by AMA with its collaborators, and (b) all the relevant operational and administrative expenses incurred and tax payable to the Macau Government. On the same day, the Group and Mr. Francisco Xavier Albino ("Mr. Albino"), a shareholder of AMA, made another profit transfer agreement (the "Second Profit Transfer Agreement") relating to the transfer of 20% of the Profits by the Group to Mr. Albino. Ultimately, only 80% of the Profits will be retained by the Group in summing the First and Second Profit Transfer Agreements.

On 14 December 2007, the Group, through Ace High, provided HK$1.9 billion under Profit Transfer Agreement to AMA which started its junket aggregation business on 15 December 2007.

On 29 April 2008, a supplemental agreement (the "Supplemental Agreement") was entered into between Ace High and AMA such that the term of the First Profit Transfer Agreement is fixed to three years from the date of the Supplemental Agreement and may be renewed at the discretion of Ace High thereafter. Save as disclosed herein, there are no change to the other material terms of the First Profit Transfer Agreement after the entering into of the Supplemental Agreement.

The fair value of available-for-sale financial asset as at 31 March 2008 was measured using the value-in-use calculations, and the fair value measurement was carried out by an independent professional valuer, Grant Sherman Appraisal Limited.

The valuation is based on cash flow forecasts derived from the most recent financial budgets approved by the management of Ace High for a one-year period and extrapolated cash flows beyond a one-year period based on the growth rate of 8% plus a terminal value. The rate used to discount the forecast cash flow is 18.13%.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Trade debtors				
– AMA	164,175	–	–	–
– a related company	–	573	–	–
– others	117	166	–	–
	164,292	739	–	–
Advances to collaborators	17,000	–	–	–
Due from the associate	5,379	1,162	–	
Due from subsidiaries	–	–	64,688	43,780
Other debtors	5,621	33,802	73	5
Loans and receivables	192,292	35,703	64,761	43,785
Rental and other deposits	1,587	196	1,584	193
Prepayments	467	–	457	–
Continuing operations	194,346	35,899	66,802	43,978
Assets of disposal groups classified as held for sale (note 22)	8,100	8,300		
	202,446	44,199		

Advances to collaborators, who are independent third parties, are unsecured and non-interest bearing. The Group provides temporary interest-free credit to collaborators which is repayable on demand in the month following the month in which the credit is granted. In the opinion of the Company's directors, the advances to collaborators are highly recoverable as the Group maintains the right to offset the commissions payable to its collaborators against credit extended to them.

The amounts due from subsidiaries and the associate are unsecured, non-interest bearing and have no fixed terms of repayment. There was no provision made against these amounts as at 31 March 2008 and 2007.

All of the trade and other receivables are expected to be recovered within one year.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	The Group	
	2008	2007
	HK$'000	HK$'000
Current	164,292	739

Details on the Group's credit policy are set out in note 28(a).

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(l)(i)).

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	164,292	739

Receivables that were neither past due nor impaired relate to two customers for whom there was no recent history of default.

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Cash at bank	44,349	50,234	43,892	48,970
Cash chips in hand	41,252	5,134	–	–
Cash in hand	5,412	1,070	16	1
Cash and cash equivalents in the balance sheets	91,013	56,438	43,908	48,971
Assets of disposal groups classified as held for sale (note 22)	2,660	1,319		
Cash and cash equivalents in the consolidated cash flow statement	93,673	57,757		

22. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The carrying amount of major classes of assets and liabilities classified as assets of disposal groups classified as held for sale are analysed as follows:

		The Group	
		2008	2007
	Note	HK$'000	HK$'000
Assets of disposal groups classified as held for sale			
Fixed assets	15	1,712	12,962
Inventories		3,265	5,540
Trade and other receivables, deposits and prepayments	20	8,100	8,300
Cash and cash equivalents	21	2,660	1,319
		15,737	28,121
Liabilities directly associated with assets of disposal groups classified as held for sale			
Trade and other payables	23	16,940	21,212
Borrowings	24	29,566	43,985
		46,506	65,197

After considering the poor operating performance of LCD products, the Group is negotiating with certain prospective investors to dispose of its interest in the operation of LCD products during the year ended 31 March 2008. The assets and liabilities attributable to the operation have been classified as a disposal group held for sale and are presented separately in the consolidated balance sheet as at 31 March 2007. The disposal is expected to be completed in the year ending 31 March 2009. As the expected disposal proceeds are to exceed its carrying amounts, no impairment loss has been recognised immediately before the classification of the assets of a disposal group held for sale.

In addition, after considering the poor operating performance of LCD consumer products, the Group disposed of its interest in the operation of LCD consumer products to an independent third party. The assets and liabilities attributable to the operation have been classified as a disposal group held for sale and are presented separately in the consolidated balance sheet as at 31 March 2007. The disposal was completed on 28 June 2007 (see note 29), with the resultant gain on disposal of approximately, HK$15,513,000 credited to profit or loss.

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Trade payables	1,836	–	–	–
Payable to a shareholder of AMA (note (a))	32,835	–	–	–
Payable for acquisition of intangible assets	–	20,000	–	20,000
Accruals and other payables	6,513	792	6,345	679
Amounts due to related companies (note (b))	220	–	–	–
Amounts due to subsidiaries (note (b))	–	–	4,711	51,697
Financial liabilities measured at amortised cost	41,404	20,792	11,056	72,376
Liabilities directly associated with assets of disposal groups classified as held for sale (note 22)	16,940	21,212		
	58,344	42,004		

Notes:

(a) The amount payable to a shareholder of AMA, which is unsecured and non-interest bearing, represents his entitlement of contribution from AMA in respect of junket aggregation business (see note 4(a)).

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

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

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

	The Group	
	2008 HK$'000	2007 HK$'000
Within 1 month	–	–
After 1 month but within 2 months	–	–
After 2 months but within 3 months	–	–
After 3 months	1,836	–
	1,836	–

24. BORROWINGS

		The Group		The Company	
		2008	2007	2008	2007
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Other loans, unsecured		10,000	10,000	10,000	10,000
Less: Current portion (see note (a))		(5,000)	–	(5,000)	–
Non-current portion (see note (b))		5,000	10,000	5,000	10,000
Liabilities directly associated with assets of disposal groups classified as held for sale (note 22)		29,566	43,985		
		34,566	53,985		

Notes:

(a) Short term loans represent loans from an unrelated party, which are unsecured, non-interest bearing and repayable on demand.

(b) As at 31 March 2008, other loans represent loans from another unrelated party, which bear interest at 6.5% (2007: at a range of Nil to 3.5%) per annum, are unsecured and are not repayable within 1 year.

25. PROMISSORY NOTE

In prior years, the Company issued a promissory note with a face value of approximately HK$1,454,722,000 as part of the consideration for the acquisition of the associate.

The promissory note is unsecured, non-interest bearing and repayable on 27 March 2016, being the tenth year of the date of issue of the promissory note.

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

26. CAPITAL AND RESERVES

(a) The Group

	Attributable to equity shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Capital reserve HK$'000	Fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Amounts recognised directly in equity relating to disposal groups classified as held for sale HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2007	11,205	1,824,863	(22,470)	–	–	(17,262)	(36,747)	1,759,589	327	1,759,916
Shares issued under the placing (note 26(c)(i))	15,384	1,984,616	–	–	–	–	–	2,000,000	–	2,000,000
Share issuance expenses	–	(41,080)	–	–	–	–	–	(41,080)	–	(41,080)
Change in fair value of available-for-sale financial assets	–	–	–	–	3,209,650	–	–	3,209,650	–	3,209,650
Equity settled share-based transaction	–	–	–	6,872	–	–	–	6,872	–	6,872
(Loss)/profit for the year	–	–	–	–	–	(1,297,733)	6,307	(1,291,426)	(274)	(1,291,700)
At 31 March 2008	26,589	3,768,399	(22,470)	6,872	3,209,650	(1,314,995)	(30,440)	5,643,605	53	5,643,658
At 1 April 2006	4,825	1,730,399	(22,470)	581	–	96,233	(31,583)	1,777,985	–	1,777,985
Shares issued under the placing (note 26(c)(i))	1,173	99,220	–	–	–	–	–	100,393	–	100,393
Shares issued under conversion of convertible notes (note 26(c)(ii))	5,207	(2,138)	–	(581)	–	–	–	2,488	–	2,488
Share issuance expenses	–	(2,618)	–	–	–	–	–	(2,618)	–	(2,618)
Capital contributions from a minority shareholders of a subsidiary	–	–	–	–	–	–	–	–	368	368
Loss for the year	–	–	–	–	–	(113,495)	(5,164)	(118,659)	(41)	(118,700)
At 31 March 2007	11,205	1,824,863	(22,470)	–	–	(17,262)	(36,747)	1,759,589	327	1,759,916

26. CAPITAL AND RESERVES *(Continued)*

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2007	11,205	1,824,863	105,026	–	(317,364)	1,623,730
Shares issued under the placing (note 26(c)(i))	15,384	1,984,616	–	–	–	2,000,000
Equity settled share-based transactions	–	–	–	6,872	–	6,872
Share issuance expenses	–	(41,080)	–	–	–	(41,080)
Loss for the year	–	–	–	–	(1,231,126)	(1,231,126)
At 31 March 2008	26,589	3,768,399	105,026	6,872	(1,548,490)	2,358,396
At 1 April 2006	4,825	1,730,399	105,026	581	(261,471)	1,579,360
Shares issued under the placing (note 26(c)(i))	1,173	99,220	–	–	–	100,393
Shares issued under conversion of convertible notes (note 26(c)(ii))	5,207	(2,138)	–	(581)	–	2,488
Share issuance expenses	–	(2,618)	–	–	–	(2,618)
Loss for the year	–	–	–	–	(55,893)	(55,893)
At 31 March 2007	11,205	1,824,863	105,026	–	(317,364)	1,623,730

26. CAPITAL AND RESERVES *(Continued)*

(c) Share capital

	2008 Number of shares '000	2008 HK$'000	2007 Number of shares '000	2007 HK$'000
Authorised:				
Ordinary shares of HK$0.001 each	40,000,000	40,000	40,000,000	40,000

	Note	2008 Number of shares '000	2008 HK$'000	2007 Number of shares '000	2007 HK$'000
Ordinary shares, issued and fully paid:					
At 1 April		11,204,282	11,205	4,824,427	4,825
Shares issued under the placing	(i)	15,384,615	15,384	1,172,824	1,173
Shares issued under conversion of the convertible notes	(ii)	–	–	5,207,031	5,207
At 31 March		26,588,897	26,589	11,204,282	11,205

26. CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

Notes:

(i) Shares issued under the placing

During the year ended 31 March 2008, the Company issued 15,384,615,000 new ordinary shares of HK$0.001 each pursuant to a placing agreement entered into with a placing agent at a placing price of HK$0.13 per share to finance the Company's investments and strengthen the Group's working capital.

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

(ii) Conversion of the convertible notes

During the year ended 31 March 2007, 5,207,030,659 new ordinary shares of HK$0.001 each were issued pursuant to the conversion of HK$2,800,000 convertible notes at an average conversion price of approximately HK0.05 cents per share. All convertible notes have been converted into the Company's new ordinary shares during the year ended 31 March 2007.

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

(d) Nature and purpose of reserves

(i) Share premium

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

(ii) Contributed surplus

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

26. CAPITAL AND RESERVES *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iii) Special reserve

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

(iv) Capital reserve

The capital reserve comprises the following:

– the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(r)(ii); and

– the value of the unexercised equity component of convertible notes issued by the Company recognized in accordance with the accounting policy adopted for convertible notes in note 2(n).

(v) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the balance sheet date and is dealt with in accordance with the accounting policies in note 2(f) and 2(l).

(e) Distributable reserves

As at 31 March 2008, in the opinion of the Directors of the Company, the reserves of the Company available for distribution to shareholders amounted to approximately HK$2,324,935,000 (2007: HK$1,612,525,000) subject to the restrictions stated above.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For the purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables) less cash and cash equivalents. Capital comprises all components of equity.

26. CAPITAL AND RESERVES *(Continued)*

(f) Capital management *(Continued)*

During the year ended 31 March 2008, the Group's strategy, which was unchanged from the year ended 31 March 2007, was to maintain an net debt-to-capital ratio of no more than 60%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-capital ratio at 31 March 2008 and 2007 was as follows:

		The Group		The Company	
	Note	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Current liabilities:					
– Trade and other payables	23	**41,404**	20,792	**11,056**	72,376
– Borrowings	24	**5,000**	–	**5,000**	–
– Income tax payable		**–**	7	**–**	–
– Liabilities directly associated with assets of disposal groups classified as held for sale	22	**46,506**	65,197	**–**	–
		92,910	85,996	**16,056**	72,376
Non-current liabilities:					
– Borrowings	24	**5,000**	10,000	**5,000**	10,000
– Promissory note	25	**847,305**	791,878	**847,305**	791,878
Total debt		**945,215**	887,874	**868,361**	874,254
Less: Cash and cash equivalents (continuing operations)	21	**(91,013)**	(56,438)	**(43,908)**	(48,971)
Cash and cash equivalents of disposal groups classfied as held for sale	22	**(2,660)**	(1,319)	–	–
Net debt		**851,542**	830,117	**824,453**	825,283
Total equity		**5,643,658**	1,759,916	**2,358,396**	1,623,730
Adjusted net debt-to-capital ratio		**15%**	47%	**35%**	51%

Neither the Company nor any of its subsidiaries are not subject to externally imposed capital requirements.

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 12 August 2002 whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a nominal consideration of HK$1 to subscribe for shares of the Company. Each option gives the holder the right to subscribing for one ordinary share in the Company.

(a) The terms and conditions of the grants that existed during the year are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 28 January 2008	9,800,000	Immediately vested	10 years
– on 28 January 2008	73,500,000	One year from the date of grant	10 years
– on 28 January 2008	73,500,000	Two years from the date of grant	10 years
Options granted to employees:			
– on 28 January 2008	63,600,000	Immediately vested	10 years
– on 28 January 2008	47,700,000	One year from the date of grant	10 years
– on 28 January 2008	47,700,000	Two years from the date of grant	10 years
Total share options	404,000,000		

(b) The number and weighted average exercise prices of share options are as follows:

	2008 Weighted average exercise price	2008 Number of options '000
Outstanding at the beginning of the year	–	–
Granted during the year	HK$0.0736	404,000
Outstanding at the end of the year	HK$0.0736	404,000
Exercisable at the end of the year	HK$0.0736	161,600

The options outstanding at 31 March 2008 had an exercise price of HK$0.0736 (2007: not applicable) and a weighted average remaining contractual life of 9.8 years (2007: not applicable).

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

Fair value of share options and assumptions	2008
Fair value at measurement date	**HK$0.036**
Share price	**HK$0.070**
Exercise price	**HK$0.0736**
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Pricing Model)	**105.76%**
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	**1.89 years**
Expected dividends	**0%**
Risk-free interest rate (based on government bonds)	**2.505%**

The expected volatility is based on the historic volatility based on the historical share price of the Company. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

28. FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

In respect of trade and other receivables, the Group has concentration of credit risk on the Group's trade debtors and advances to collaborators within the gaming and entertainment segment. In order to minimize the credit risk, individual credit evaluations are performed on all customers and collaborators requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The management of the Group also reviews the recoverable amount of each individual advances to collaborators at the balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts, and considers the relevant commissions accrued at the balance sheet date to the relevant collaborators, the continuous profitable business relationship with the potential commissions payable to the relevant collaborators subsequent to the balance sheet date and the financial background of the relevant collaborators to ascertain the recoverability of the advances to collaborators. As a result, the directors of the Company consider that the Group's exposure to credit risk on trade debtors and advances to collaborators is significantly reduced.

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

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the company's exposure to credit risk arising from trade and other receivables are set out in note 20.

(b) Liquidity risk

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

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

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

(i) The Group

	2008					
	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
Promissory note	847,305	(1,454,722)	(59,307)	(63,458)	(218,288)	(1,113,669)
Borrowings	10,000	(10,345)	(5,325)	(5,020)	–	–
Creditors and accrued charges	41,404	(41,404)	(41,404)	–	–	–
	898,709	(1,506,471)	(106,036)	(68,478)	(218,288)	(1,113,669)

	2007					
	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
Promissory note	791,878	(1,454,722)	(55,427)	(59,307)	(204,008)	(1,135,980)
Borrowings	10,000	(10,661)	(316)	(5,325)	(5,020)	–
Creditors and accrued charges	20,799	(20,799)	(20,799)	–	–	–
	822,677	(1,486,182)	(76,542)	(64,632)	(209,028)	(1,135,980)

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

(ii) The Company

	2008					
	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
Promissory note	847,305	(1,454,722)	(59,307)	(63,458)	(218,288)	(1,113,669)
Borrowings	10,000	(10,345)	(5,325)	(5,020)	–	–
Creditors and accrued charges	6,345	(6,345)	(6,345)	–	–	–
Amounts due to subsidiaries	4,711	(4,711)	(4,711)	–	–	–
	(868,361)	(1,476,123)	(75,688)	(68,478)	(218,288)	(1,113,669)

	2007					
	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
Promissory note	791,878	(1,454,722)	(55,427)	(59,307)	(204,008)	(1,135,980)
Borrowings	10,000	(10,661)	(316)	(5,325)	(5,020)	–
Creditors and accrued charges	20,679	(20,679)	(20,679)	–	–	–
Amounts due to subsidiaries	51,697	(51,697)	(51,697)	–	–	–
	874,254	(1,537,759)	(128,119)	(64,632)	(209,028)	(1,135,980)

28. FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from promissory note and borrowings. The interest rates and terms of repayment of promissory note and other borrowings of the Group are disclosed in notes 25 and 24, respectively. Promissory note and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not expect any significant changes in fixed interest rates which might materially affect the Group's result of operations.

(d) Fair values

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

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

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

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

29. DISPOSAL OF SUBSIDIARIES

(a) On 28 June 2007, the Group entered into the sale and purchase agreement with an independent third party to dispose of 100% equity interest in A-Max Global Products Limited, a wholly-owned subsidiary of the Company, and its subsidiary, at a consideration of HK$1, resulting in a gain of approximately HK$15,513,000. The net assets of these subsidiaries at the date of disposal were as follows:

Net liabilities disposed of at the date of disposal:

	HK$'000
Property, plant and equipment	8,301
Inventories	860
Other receivables	10
Cash and cash equivalents	105
Other payables	(1,580)
Borrowings	(23,209)
Net liabilities disposed of	(15,513)
Total consideration	–
Gain on disposal	15,513
Total consideration satisfied by cash	–
Analysis of net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	
Cash and cash equivalents disposed of	(105)

29. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) During the year ended 31 March 2007, the Group disposed of two subsidiaries at the consideration of HK$50,000,000. The net assets of these subsidiaries at the date of disposal were as follows:

Net assets disposed of at the date of disposal:

	HK$'000
Property, plant and equipment	31,424
Interest in leasehold land for own use under operating leases	4,453
Net assets disposed of	35,877
Total consideration	50,000
Gain on disposal	14,123
Total consideration satisfied by cash	50,000
Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	
Cash consideration received	50,000

30. MAJOR NON-CASH TRANSACTION

(a) During the year ended 31 March 2007, convertible notes of HK$2,800,000 were converted into 5,207,030,659 ordinary shares of HK$0.001 each (note 26(c)(ii)).

31. COMMITMENTS

As at 31 March 2008, the Group had the following commitments:

(a) Operating lease commitments

At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2008 HK$'000	2007 HK$'000
Within one year	3,816	1,863
In the second to fifth years	5,964	698
	9,780	2,561

Save as disclosed above, the Group and the Company did not have any other significant capital or financial commitments as at 31 March 2008 and 2007.

32. CONTINGENT LIABILITIES

At 31 March 2008 and 2007, the Group and the Company did not have any significant contingent liabilities.

33. MATERIAL RELATED PARTY TRANSACTIONS

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

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

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

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

(c) During the year ended 31 March 2007, the Company acquired an intangible asset in respect of the operating rights of slot machines in the Greek Mythology Casino in Macau from an associate of the Company for a consideration of HK$47,992,000.

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

33. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(e) Other related party transactions

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

	The Group 2008 HK$'000	2007 HK$'000
Gross revenue from AMA's junket aggregation business received and receivable from AMA, a director of the Company's subsidiary has controlling interest	164,175	–
Purchases of ferry tickets from Hong Kong North West Express Limited, a related company in which a director of the Company's subsidiary has controlling interest	1,537	1,777
Rental expense charged by Hong Kong North West Express Limited	72	39
Rental expense charged by Superfaith Corporation Limited, a related company in which a director of the Company's subsidiary has controlling interest	780	180
Management fee charged by Lemon Capital Strategic Limited, a related company in which a director of the Company has controlling interest	130	–
Management fee charged by Remarkable Management Limited, a related company in which a director of the Company's subsidiary has controlling interest	–	379
Commission income received and receivable from the associate of the Company	873	490
Purchases of casino packages from the associate of the Company	205	501
Consultancy fee charged by a director of the Company's subsidiary	120	100
Consultancy fee charged by E-Mirage Holdings Limited, a related company in which a director of the Company has controlling interest	–	507

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

The outstanding balances arising from above transactions at the balance sheet date are as follows:

	Note	The Group 2008 HK$'000	2007 HK$'000
Amount due from AMA	(i)	164,175	–
Amount due (to)/from Hong Kong North West Express Limited	(ii)	(1,836)	573

33. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

(i) The amount due from AMA is unsecured, interest free and will be repayable within one year. The amount due from AMA is included in "Trade debtors" under "trade and other receivables" (note 20). No allowance for doubtful debts has been made in respect of the amount due from AMA.

(ii) The amount due (to)/from Hong Kong North West Express Limited ("HK North West Express") is unsecured, interest free and has no fixed repayment terms. The amount due to HK North West Express is included in "Trade payables" under "Trade and other payables" (note 23). The amount due from HK North West Express is included in "Trade debtors" under "Trade and other receivables" (note 20). No allowance for doubtful debts has been made in respect of the amount due from HK North West Express.

34. COMPARATIVE FIGURES

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

In addition, as a result of adopting HKFRS 7, "Financial instruments: Disclosures", and the amendments to HKAS 1, "Presentation of financial statements: Capital disclosures", certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008. Further details of these developments are disclosed in note 3.

35. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation and amortisation of fixed assets

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

(b) Amortisation of intangible assets

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

35. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Valuation of inventories

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

(d) Impairments

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

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

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

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2008 and which have not been adopted in these financial statements.

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

In addition, HKFRS 8 Operating Segments, which is effective for annual periods beginning on or after 1 January 2009, may result in new or amended disclosures in the financial statements.

RESULTS

	Year ended 31 March				
	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000	2004 HK$'000
TURNOVER					
Continuing operations	157,319	5,746	–	–	–
Discontinued operations	56,511	59,840	81,035	101,144	92,830
	213,830	65,586	81,035	101,144	92,830
PROFIT/(LOSS) BEFORE TAXATION					
Continuing operations	(1,298,014)	(113,529)	–	–	–
Discontinued operations	6,307	(5,164)	112,942	(46,147)	(10,631)
	(1,291,707)	(118,693)	112,942	(46,147)	(10,631)
INCOME TAX					
Continuing operations	7	(7)	–	–	–
Discontinued operations	–	–	–	–	–
	7	(7)	–	–	–
PROFIT/(LOSS) FOR THE YEAR					
Continuing operations	(1,298,007)	(113,536)	–	–	–
Discontinued operations	6,307	(5,164)	112,942	(46,147)	(10,631)
	(1,291,700)	(118,700)	112,942	(46,147)	(10,631)

ASSETS AND LIABILITIES

	At 31 March				
	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000	2004 HK$'000
TOTAL ASSETS	6,588,873	2,647,790	2,595,705	1,414,154	202,989
TOTAL LIABILITIES	(945,215)	(887,874)	(817,720)	(61,942)	(66,355)
SHAREHOLDERS' FUNDS	5,643,658	1,759,916	1,777,985	1,352,212	136,634

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Unit 3053A, 3055, 3056, 3117 and 3118 Diamond Square 3rd Floor Shun Tak Centre 200 Connaught Road Central Hong Kong	Retail shops for investment purpose	Medium-term lease	100%