DORE HOLDINGS LIMITED
多金控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 628)

ANNUAL REPORT 2008

*For identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Lum Chor Wah, Richard
Pun Yuen Sang
Tang Hin Keung, Alfred

Independent Non-executive Directors

Leung Chi Hung
Tsui Robert Che Kwong
Cheung Yim Kong, Johnny

QUALIFIED ACCOUNTANT & COMPANY SECRETARY

Leung Wai Man

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank
DBS Bank

SOLICITORS

As to Hong Kong Law

Michael Li & Co.

As to Bermuda Law

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2108
Two International Finance Centre
8 Finance Street
Central
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Rooms 1901-02, Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

INVESTOR RELATIONS

www.dore-holdings.com.hk

Chairman's Statement

On behalf of the board of directors (the "Board"), I am pleased to present the annual report and financial results of Dore Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2008.

As a result of the success in identifying the right partners and redirecting itself in participating in the growing Macau gaming and entertainment sector, the Group is able to grasp the fruit of this sector which results in positive, promising operating growth, earnings before impairments and cash flow. On the other hand, in view of the worldwide economy and the setback in the capital market that affect the sentiment of fund managers, the Group has adopted a "hold and see" policy in response to the competition amongst junkets (gaming intermediates) for emerging into the super-junkets in the fast moving and dynamic Macau gaming sector. We would like to characterize year 2007/08 as a year of mixture of accomplishments and challenges.

Moreover, despite the encouraging performance of the junket partners which results in good earnings before impairments and cash flow, the net result of the Group has been dragged by the non-cash impairments of intangible assets and goodwill etc. Nonetheless, the Board would like to emphasis that such is a mere accounting treatment and has no impact on the actual performance or the cash flow of the Group. If the non-cash impairments have been excluded, the Group's earnings before impairments amounted to HK$419.0 million.

	Year ended 31 March 2008 *(HK$'000)*
Net loss as per consolidated income statement	(775,976)
Add:	
Non-cash impairment etc*	1,194,993
Earnings before impairments	419,017

* *please refer to Management Discussion and Analysis section for details*

2007/08, hence, was an eventful year for the Company, in particular, significant progress was made in the development of the Group as one of the leading gaming and entertainment players in Macau.

The accomplishments and the challenges would be discussed in more detail in the following sections.

ACCOMPLISHMENTS

The economy of Macau is becoming more internationalized. The market potential available in Macau has successfully attracted a number of multinational corporations in investing substantially in quality hotel/resort and casinos in Macau. Together with the expansion of The People's Republic of China (the "PRC") Individual Travel Scheme to additional provinces or cities, Macau continues to enjoy a strong growth in 2007 and the first half of 2008 with the number of visitors increased by 23% to 27 million in 2007 and another 18% to 15 million for the first 6 months of 2008. The gaming sector experienced an even more remarkable growth with gross gaming revenue increased by 46% to MOP83.8 billion for 2007 and another increase to circa MOP54.6 billion for the first 6 months of 2008. Macau overtook Las Vegas in term of gaming revenue in 2007 and is today the biggest gaming center in the world.

For the Group, we are actively developing our business model and building a stronger presence in the gaming and entertainment sector in Macau.

Following the acquisition of 49% Worth Perfect International Limited ("Worth Perfect") on 4 January 2007, the Group has completed the acquisition of the remaining 51% interest in Worth Perfect on 12 June 2007.

On 24 August 2007, the Group has entered into a major acquisition (the "Acquisition") in acquiring 60% interest with the option to buy the balance of 40% in Triple Gain Group Limited ("Triple Gain") which in turn receives the profit stream under the Nove Profit Agreement. Nove Sociedade Unipessoal Limitada ("Nove") is one of the junkets at Venetian Macau, S.A. Completion of the 60% and 40% Acquisition have taken place on 10 December 2007 and 18 December 2007 respectively.

The Group is very pleased to form the strategic partnerships with these experts in the gaming and entertainment sector, being one of the key players at the U.S. casinos in Macau.

This positive earnings before impairments is further reinforced by the superior quality of the hotel that one of the Group's partners has operated at, namely, Wynn, Macau. Wynn, Macau has been commented by the UBS in their 28 January 2008 report that "it is the nicest property at Macau". In fact, despite the increase in commission given to junkets by some concessionaires for business (described by one of the concessionaires as the "cut neck price competition"), Wynn, Macau still has a continuous growth in rolling turnover during the first five months of 2008 even the commission does not change. This is a definite plus and assists the Group's partners in tapping the crème de la crème segment of customers who have their discretionary decision power in deciding the premises to stay and whose desire is quality and service.

CHALLENGES

The first half of 2008 can be described as a mishap to all Macau gaming stocks, irrespective whether they are the concessionaires or the junkets. Even though the Macau gross gaming revenue achieves a continuous growth while the Las Vegas strip counterpart receives a setback resulting in Macau gross gaming revenue is circa double that of the Las Vegas strip, the sub-prime incidents, the depressing economy worldwide, the failure of a major investment bank in the United States of America (the "U.S.") and the drop in the equity and property market of the PRC have warranted the fund managers extremely skeptical on the outlook of the Macau gaming sector. This effect is further amplified by some junkets' move at Macau in trying to emerging into the super-junkets by paying high commission to agents/sub-agents in trying to lure them to group under their respective roofs in a view to bargain for a higher commission from the concessionaires (in fact, they have succeeded) and the possibility of access to capital market by raising funds. These result in the cutting back of the junkets' own profit margin and a down-grading in P/E across the border by fund managers.

Due to the combination of factors such as commission rate, proximity of the VIP gaming rooms, the not yet fully completed set up of the whole Venetian Macao, S.A., the miscalculation of working capital requirement resulting from the longer stay, etc., the performance of Nove has fallen short of expectation and would take time to ratify.

These, nonetheless, have been ratified since forth, being,

a) the continuous increase in gaming revenue at Macau as the saving habit and the net worth of customers/potential customers are less affected by the economy and/or the downturn in the equity market;

b) the trimming of the junket's own profit margin as a defensive vehicle and for the case of not justified agents/sub-agents, lose to the "aggressive" junkets;

c) the increase in commission pay by the concessionaires to the junkets;

d) the relocation of the VIP rooms at the Venetian Macao, S.A. to rooms closer to the VIP entrance;

e) the gradual stabilization of the junket sector by consolidating into several super-junkets which are somewhat co-operative with each other; and

f) the proposed capping of commission rate to be paid by concessionaires to junkets by the Government of the Macau SAR which in turn by the junkets to the agents/sub-agents.

FUTURE STRATEGY

As one of the prominent players in the Macau gaming and entertainment sector, in particular, for the U.S. style segment, the Group has planned carefully the positioning and long-term development direction, aiming to make it the most competitive in the sector. The Group would leverage on the partners' teams' in-depth understanding of the Asian and Chinese culture in further development of the sector; and takes full advantage of the synergy effect with the hotel partners which provision of supreme services and facilities would assist the partners' growth in hand in hand.

This being said, the following strategy would be adopted,

a) the Group would continue focusing on profit stream generated on operation at U.S. style casinos only based on obvious reason;

b) despite the turmoil in the global financial markets, we remain optimistic about the economic prospects of the Greater China Region and the surrounding areas, which is the principal source of customers of the Group's partners. We would take advantage of our established leading position to capture new business opportunities when they arise;

c) the partners' would continue their strategic development across Asia in the interests of the Group;

d) ensure fair share of profit margin been retained by each level of participants in the gaming and entertainment sector, irrespective they are concessionaires, junkets or agents/sub-agents. This is because the opening up of quality hotel/casinos facilities would definitely assist junkets in attracting new segment of customers as well as having existing customers come at a more frequent level, consequently, the gaming revenue would be increased; and

e) further strengthen its strategic relationship with one prominent casino in Macau while maintaining presence/operation at other U.S. style casinos in Macau to provide option as well as required services for the customers, say, the "fung shui" is not good at certain casino, the requirement to stay at different hotels under different circumstances, ...

Nonetheless, the Group would remain conscious in response to the changes in the fast changing Macau market. In fact, no one can predict the shift/changes during the first half year of 2008.

The uncertainties currently hanging being,

a) whether the proposed capping of commission can be successfully implemented or it should rely more on the self-regulation amongst the super-junkets;

b) if a) above can be effected due to one reason or the other, whether the junkets can effectively push down the commission that they have to pay to the agents/sub-agents/customers;

FUTURE STRATEGY (Continued)

c) the impact of the opening of new sizable hotels/casino in 2009 which can assist in attracting new customers to come or the existing customers to come at a more frequent level as judged from historical experience; and

d) the growth in gaming revenue vis-à-vis the increase in tables and the elimination of less competitive casinos.

Before the clearance of the uncertainties, it is a prudent move for the Group to retain cash on hand as a defensive measure – unable to raise fund from the market during the needy time. This is well illustrated by the having to trim down the fund raising amount by one of the leading concessionaires in Macau during its initial public offer in Hong Kong lately (comparing to same half year ago) due to the poor investment climate and the fact that as per article in "Macau Daily" a Macau newspaper, "one third of the junkets have shut off and become agents/sub-agents". The Group would like to remain our competitive edge and do not want to be phased out during unexpected changes. This is because commission rate given by concessionaires to junkets are not flat but, in relation to the volume generated, i.e. a progressive scale system and higher commission rate would be given to those junkets which can deliver certain designated rolling turnover. In order to maintain the competitive edge for the Group for a medium to long term business point of view rather than a short term return view which may kill the operation during this fast moving dynamic Macau gaming and entertainment sector as the Group does not have the fund when needed, it is advisory for the Group to retain cash for expansion and/or to remain competitive in case of need. The board, hence, has to adopt a painful decision as an interim measure in limiting the amount of dividend for the being. It is every intention of the board to resume the dividend once the Macau junket market becomes clearer which is supposed to take place in these few months.

Irrespective, riding on the growth of Macau as the world's leading gaming and entertainment city, our partners' expertise in the sector and their extensive network and relationship with premium customer base and the superior quality and service of the hotels and facilities that the Group's partners are operating at, the Group is confident of continuous success that would translate into earnings in the coming years. The lucrative acquisitions have broadened the Group's revenue source and with the profit guarantee provided by the partners, provide a stable income stream in the near future. The Group is well positioned in this fast growing market. 2007/08 has been a fruitful year for the Group from the "operation" point of view for our accomplishments and experience with another year of operation. To face the challenge and continue performing, the Group would build on its accomplishments and maintain its momentum in the VIP sector at the U.S. style casinos at Macau.

Looking ahead, based on the profit guarantee provided and the latest performance, the Group's profit is expected to be higher, driven by the further expansion of our business in the gaming and entertainment sector. ***To the least, the Group's operating bottom line figure would be cushioned by the profit guaranteed by our existing partners of HK$275 million for the year ending 31 March 2009 by Worth Perfect and HK$288 million for the 12 months ended 27 August 2008 and another HK$320 million for the 12 months ended 27 August 2009 by Triple Gain.***

FUTURE STRATEGY (Continued)

On the other hand, the trading of fire-rated doors/logs remains difficult and unpredictable in terms of profit margin, recoverability of receivables, bidding of projects, ... due to the weaker domestic market and decline in bidding price of projects. As such, we would maintain a prudent policy in this sector and we anticipate that the same would remain at a low level, if any, unless there is a strong revival of the construction industry.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the shareholders in their consideration in understanding the fast moving and dynamic changes in Macau gaming sector which is beyond anyone's expectation originally so that we have to adjust our plan accordingly to remain competitive in the market and for survival, our partners in their continuous support, confidence and value added to the Group even with the slash in share price which currently is deep in the money. I am glad to say that our partners share with us a lot of common ideology, say, recognition of prospects, business philosophy and strategy. We believe that we can co-operate on a long term basis. I would also like to think the management team and all staff member to their dedicated service and hard working during this stringent environment to achieve the mission for the Group to become one of the leading players in the U.S. style gaming and entertainment sector in Macau. Special thanks have to be given to our independent non-executive directors who have taken up substantially their time in attending numerous meetings during the years and in providing valuable advice based on their personal experience in their respective fields, being, legal, accounting and gaming sectors. I look forward to working with them to build on the success we achieved in 2007/08 and work diligently and proactively for an even greater success in the years to come.

Lum Chor Wah, Richard
Hong Kong, 25 July 2008

Management Discussion and Analysis

Year 2007/08 was a productive year for the Group as we delivered a solid financial performance before impairments and continued to successfully execute our corporate strategy of becoming a leading player in the gaming and entertainment sector in Macau, the world's largest gaming city. While the profit contribution from Worth Perfect, the profit receiving company from the leading junkets at Sands Macao and Wynn Macau respectively is progressing, the Group has acquired Triple Gain, the profit receiving company from Nove, one of the leading junkets at Venetian Macao. This has effectively positioned the Group for having the profit streams from the three leading hotels/casinos at Macau which path the way for growth both at Macau and possibly regionally and for diversifying its reliance on a single casino.

FINANCIAL REVIEW

For the year ended 31 March 2008, the Group was engaged in two business streams: (i) gaming and entertainment sector; and (ii) trading sector. To capitalize on the fast-growing Macau gaming market, the Group would focus on the highly profitable gaming and entertainment business in the years to come.

Turnover of the Group was HK$418,910,000 representing a 6,494% increase over the corresponding figure of HK$6,353,000 in 2007. The Group's revenue was significantly higher than that of last year reflecting the significant expansion in the gaming and entertainment operations. The increase in turnover was a result of (a) the series of acquisitions that further strengthen the Group's presence in the Macau gaming and entertainment sector, (b) the continuous growth in performance of the acquiree companies, and (c) the acquisition of the acquiree company the 100% interest instead of less than 50%, resulting in consolidating the whole profit stream of the acquiree company rather than treating as an associate.

Loss for the year attributable to the equity holders of the Company amounted to approximately HK$776.0 million, as compared to a profit of HK$21.1 million for 2007. On the other hand, had the non-cash items been stripping out, the Group is operated at a profit of HK$419.0 million.

	Year ended 31 March 2008 *HK$'000*
Loss attributable to the equity holders of the Company	(775,976)
Add: Non-cash items	
Equity-settled share-based payments	70,243
Fair value changes on investment properties	(560)
Fair value changes on financial assets at fair value through profit or loss	16,905
Fair value changes on derivative financial instruments	101,174
Impairment of intangible assets	778,278
Impairment of goodwill	210,404
Notional interest cost convertible bonds and promissory notes	18,549
Profit after stripping out non-cash items	**419,017**

FINANCIAL REVIEW (Continued)

Basic and diluted loss per share for the year under review were HK69.50 cents (2007: basic and diluted earnings per share of HK3.08 cents).

As the Group's revenue is derived from the sharing of profit streams from investments in gaming business in Macau, there is no cost directly associated with it and hence, no cost of sales has been incurred. Gross profit margin is 100% vs. 3.1% in the year of 2007. The Group's operating cost is restricted to administrative expenses.

Administrative expenses increased to HK$15,221,000 in the year ended 31 March 2008 from HK$14,825,000 in the year ended 31 March 2007. The increase was mainly attributed, the increase in salary to HK$5,111,000 as we have recruited the owners of the three junkets as the general managers for supervising their respective operations and to provide update market information (see section of "Employees" below). In fact, had it not for this factors, the Group is still maintaining a low level of operating costs via implementing a set of stringent cost control procedures in its operation through streamlining its operation and reduction in unnecessary headcount.

Finance costs for the year ended 31 March 2008 amounted to HK$58,058,000, a 713.60% increase from HK$7,136,000 as comparing to the corresponding figure for the previous year. The substantial increase in finance costs was attributed to the issue of convertible bonds and the promissory notes to Rich Game Capital Inc. ("Rich Game") and Power Rush Holdings Limited ("Power Rush") in relation to the acquisitions of Worth Perfect and Triple Gain and the adoption of HKAS39 *Financial Instruments: Recognition and Measurement* where the interest expenses on the convertible bonds and the promissory notes were calculated at the prevailing market interest rate of similar instruments of 7.7% and 8%, instead of the actual coupon rates of 5%. The difference in interest thereon amounted to HK$18,549,000.

The Group would also like to point out that it does not involve or invest in any derivative instrument. The "Derivative Financial Instruments" category in the balance sheet is just an accounting classification whereby the value of the convertible bonds are divided into several items, one of which is "Derivative Financial Instruments".

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group has remained strong during the year. During the year ended 31 March 2008, total assets of the Group were HK$2,295.1 million (2007: HK$976.7 million) which were financed by shareholders' funds of HK$1,185.1 million (2007: HK$594.9 million), current liabilities of HK$21.9 million (2007: HK$3.3 million) and non-current liabilities of HK$1,088.1 million (2007: HK$378.5 million). The Group funded its operation by cash generated from its operating activities, convertible bonds, promissory notes and issues of new shares.

The age of accounts receivable is restricted to one month which in fact is less than 15 days, represented by the payment of profit streams paid out by the junkets within 15 days following the end of the month in operation.

The Group's liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments, working capital requirements and future assets acquisitions, if any.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

During the year ended 31 March 2008, the Group recorded a net cash outflow of HK$46.5 million (2007: inflow of HK$71.5 million). This is mainly a result of the cash considerations paid for acquisition, mainly,

	Date	Amount
		(HK$'000)
Acquiring the remaining 51% interest in Worth Perfect	10 June 2007	420,789
Acquiring 60% interest in Triple Gain	10 December 2007	526,710
Acquiring 40% interest in Triple Gain	18 December 2007	448,400
Total cash portion of consideration		1,395,899

The Group has cash and cash equivalents of HK$55,007,000 at 31 March 2008 (2007: HK$101,512,000). At 31 March 2008, the Group had a net current asset of HK$185,289,000 (2007: HK$419,134,000). The current ratio calculated on the basis of current assets divided by current liabilities of the Group was 9.47 at 31 March 2008 (2007: 126.9). The strong Group's cash position and current ratio were attributed to the monthly profit streams paid by Worth Perfect and Triple Gain and the issuance of 534,855,000 new shares in the year ended 31 March 2008 as detailed below.

In July 2007, the Company entered into a placing agreement with a placing agent and Smart Town Holdings Limited ("Smart Town"), a then substantial shareholder of the Company, and a subscription agreement with Smart Town. Pursuant to the placing agreement, the placing agent placed 206.28 million existing shares to professional and institutional investors at a price of HK$2.65 per share on behalf of Smart Town. Pursuant to the subscription agreement, the Company raised HK$538 million (net of expenses) by issuing 206.28 million new shares to Smart Town at a price of HK$2.65 per share to finance the acquisition of Triple Gain.

At 31 March 2008, the face value of the Group's total outstanding borrowings, amounted to HK$1,379,800,000 (2007: HK$539,000,000), the fair values of which were HK$1,258,921,000 (2007: HK$372,026,000), representing the convertible bond of HK$252,000,000, with a conversion price of HK$3.20 per share, HK$270,000,000, with a conversion price of HK$3.20 per share, HK$118,800,000, with a conversion price of HK$2.20 per share and HK$134,400,000, with a conversion price of HK$1.00 per share. All of which are unsecured, interest bearing at 5% per annum and maturing on 17 December 2017, 9 December 2017, 10 June 2017, and 3 January 2017 respectively the promissory notes issued to Rich Game of HK$200,000,000 which are unsecured, interest bearing at 5% per annum and maturing on 11 June 2017; the promissory notes issued to Rich Game of HK$244,600,000 which are unsecured, interest bearing at 5% per annum and maturing on 3 January 2017; the promissory note issued to Smart Town of HK$160,000,000 which is unsecured, non-interest bearing and maturing on 3 January 2017. The Group's gearing ratio calculated on the basis of total debt divided by shareholders' equity was 0.90 at 31 March 2008 (2007: 0.63).

CAPITAL STRUCTURE

During the year ended 31 March 2008, the Company issued:

(i) 17,560,000 new shares in June 2007, being the consideration shares for the acquisition of the 51% interest in Worth Perfect;

(ii) 161,280,000 new shares in July 2007 at HK$2.65 per share, being the top up shares following the placing;

(iii) 45,000,000 new shares in October 2007 at HK$2.65 per share, being the top up shares following the placing;

(iv) 75,000,000 new shares in December 2007, being the consideration shares for the acquisition of the 60% interest in Triple Gain;

(v) 40,000,000 new shares in December 2007, being the consideration shares for the acquisition of the balance of 40% interest in Triple Gain;

(vi) 46,827,000 new shares in March 2008, being the scrip dividends paid to shareholders; and

(vii) 149,188,000 new shares in May 2007, June 2007, November 2007 and February 2008 at HK$1.998, HK$2.45, HK$2.362, HK$1.13 and HK$1.15 per share, being the option exercised under the staff option scheme.

CHARGES ON GROUP ASSETS

At 31 March 2008, no assets of the Group has been pledged (2007: Nil).

CONTINGENT LIABILITIES

At 31 March 2008, the Group does not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

As the majority of the cash inflow and outflow is denominated in Hong Kong dollars, the Group has not adopted any hedging policy or entered into any derivative products which are considered not necessary for the Group's treasury management activities. The surplus funds are all placed as bank deposits in Hong Kong dollars either at banks in Hong Kong or Macau.

MATERIAL ACQUISITIONS

During the year under review, the Group had entered into and completed the following acquisitions.

On 11 June 2007, the Group has completed the acquisition of the remaining 51% interest in Worth Perfect. Hence, for the year under review, the Group has two and one third of the month, 49% contribution from Worth Perfect (HK$47.9 million) and nine and two third of the months having 100% contribution from Worth Perfect (HK$374.3 million).

On 24 August 2007, the Group has entered into a major acquisition (the "Acquisition") in acquiring 60% interest in Triple Gain which in turn receive the profit stream from the Nove Profit Agreement. Nove is one of the leading junkets at Venetian Macao. Details of the terms are:

The consideration for the Acquisition was satisfied by the Group:

(1) paying a refundable deposit in a sum of HK$460 million to Power Rush, the holding company of Triple Gain in the following manner:

  (a) HK$200 million be paid within 3 days from the date of the Acquisition agreement;

  (b) HK$200 million be paid upon commencement of the gaming promotion operation of Nove; and

  (c) HK$60 million be paid upon passing at the special general meeting the Acquisition;

(2) paying HK$64.85 million in cash upon completion of the Acquisition;

(3) procuring the Company to issue the relevant convertible bonds in a principal amount of HK$270 million to Power Rush; and

(4) procuring the Company to allot and issue the consideration shares, credited as fully paid for the rest of the consideration.

MATERIAL ACQUISITIONS (Continued)

Pursuant to the acquisition agreement, Power Rush has granted a call option to the Group, pursuant to which the Group has the right to require Power Rush to sell the remaining 40% of shares of Triple Gain to the Group, which has effect on and from completion of the 60% acquisition and shall be exercisable by the Group at any time within twelve months from the date of completion of the 60% acquisition. The total consideration for option shares payable by the Group would be HK$806.4 million, out of which

(i) HK$448.4 million will be payable by the Group in cash;

(ii) HK$252 million will be payable by the Group procuring the Company to issue convertible bond in a principal amount of HK$252 million to Power Rush; and

(iii) HK$106 million will be payable by the Group procuring the Company to allot and issue consideration shares, credited as fully paid.

Completion of the 60% acquisition had taken place on 10 December 2007.

On 10 December 2007, the Group has exercised its option to acquire further 40% interest in Triple Gain (the "Further Acquisition") in order to capture the profit/cash flow contribution from the balance 40% of the Nove Profit Stream.

Completion of the 40% Further Acquisition had taken place on 18 December 2007. As such, the Group has contribution from Triple Gain during the year as to 60% from 10 December 2007 till 31 March 2008 and 100% from 18 December 2007 till 31 March 2008.

EMPLOYEES

The Group has adopted the need only approach in recruiting employees. As at 31 March 2008, the Group has a total of 8 staff, of which 3 are executive directors, 3 are general managers, 1 qualified accountant and 1 account officer. The 3 general managers are respectively Mr. Tang, Mr. Scolari and Mr. Chen who are the owners of the respective junkets at Sands Macao, Wynn, Macau and Venetian Macao respectively and they are responsible for overseeing the business volume and progress of Worth Perfect and Triple Gain and monitoring the development of Macau gaming industry which are relevant and crucial to the continuous success of the Group. On the other hand, they would not be appointed directors of the Company nor carry out any other supervisory role. As such, none of them is defined as a chief executive of the Company.

Total staff costs, including directors' remuneration but excluding equity-settled share-based payments amounted to HK$5.1 million (2007: HK$2.7 million). The increase is due to the extra headcount involved in the engagement of the 3 general managers and a consultant.

EMPLOYEES (Continued)

The objective of the Group's remuneration policy is to attract, motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. In order to achieve this, the Group has committed to remunerating its employees in the manner that is market competitive, consistent with good industry practices as well as meeting the interests of shareholders. The remuneration policy and packages of the Group's employees are regularly reviewed by the Board. Apart from fixed compensation which are normally reviewed on an annual basis based on performance and other relevant factors, provident fund scheme, medical insurance and discretionary bonuses, share options are also awarded to employees according to the assessment of individual performance with reference to the value of share option, market positioning, job seniority and the individual contribution to the Group. As the Group sees the staff as the most valuable asset, the Group has committed to the development and growth of all employees and considered training and development a life-long process. Appropriate courses would be offered to the suitable employees.

INVESTOR RELATIONS

The Group believes that maintenance of communication and operational transparency is vital to building good investor relations. During the year, the Group actively participated in more than 10 investor conferences organized by well known securities houses and regularly met with analysts and institution investors. Various site visits to our partners' operation in Macau were also organized for investors.

The Group would continue to actively enhance communication with investors to foster investor relations. The Group would like to thank all investors for their continuous support over the years.

PROSPECTS

Macau's gaming revenue has continued to grow at an unprecedently high pace in 2007 and the first six months in 2008 and it is believed that the growth trend would persist in the coming years based on historic experience – the growth would be at a much faster pace when there is a major/predominate casino opens which would kick off by the opening of the Four Seasons Hotel by late September 2008. This would be followed by the hotels operated by City of Dream, the Galaxy, the St Regis Hotel of the Venetian resort expansion and the Wynn. The Macau gaming and entertainment business unit looks ever more promising.

The Board is at all times identifying suitable projects and/or investments that would be reasonably expected to generate profits and/or have potential for capital appreciation. Material capital expenditure will be incurred when the Group continues to pursue projects that are beneficial to the Group in its short, medium and long term growth strategy. The Company expects the respective projects to secure required funding themselves using different financing options available. The Company will also provide the required equity capital to the new projects coming ahead, if it be deemed appropriate.

PROSPECTS (Continued)

We are highly confident that the Group's partners at Macau are well positioned to execute its long term strategy of providing a high quality gaming and resort experience for their customers so as to deliver strong returns to our shareholders. 2007/08 was a very successful year for the Group had it not for the drastic changes in the mechanism of the Macau junkets behavior. While we believe that the Macau market will continue to evolve at a rapid pace in 2008/09 as the market absorbs the impact of recent and new properties and competition intensifies across all business segments. We are prepared to address these challenges and look forward to a rewarding year in 2008/09 in both operation and the bottom line point of view.

Looking forward, the Company will continue to response promptly to changing market dynamics with vibrant, innovative services and models that meet the demands and expectations of the increasingly affluent generation who is the growing segment of the VIP sector and whose preferential hotels are those with quality and services. While pursuing these ambitious goals and continuing to strive for the highest possible returns for shareholders, the Company will still be abided to the highest corporate governance standards and honor its corporate responsibility.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Lum Chor Wah, Richard, aged 48, joined the Company in June 2004. He is the Chairman of the Company and has over 20 years of experience in the field of corporate finance and investment advisory including the provision of advice in relation to group restructuring and fund raising. He is a licensed financial planner of the PRC, a member of the Society of Registered Financial Planners in Hong Kong, a fellow member of Hong Kong Institute of Directors, an associate member of Institute of Financial Accountants, United Kingdom and a member of the Certified Risk Planner of Hong Kong. He had worked in a senior position for an international bank for around seven years and had been the executive director of three companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lum holds a Bachelor's degree in Science from the University of Hong Kong, a Master's degree in Business Administration from the Chinese University of Hong Kong and a Master's degree in Law from the Renmin University of China. He is responsible for the investors relationship, investment and corporate finance activities, administrative and financial aspects of the Company. Mr. Lum is primarily responsible for the overall operation and management of the Group.

Mr. Pun Yuen Sang, aged 58, joined the Company in April 2002. He was the vice president of Tung Fai Leather Goods Co., Limited from 1989 to 1990. He has various experiences in the store development by working in Duty Free Shoppers International Limited as Department Manager for 5 years. Mr. Pun is responsible for the business planning and strategic development of the Group.

Mr. Tang Hin Keung, Alfred, aged 64, joined the Company in April 2002. He is a registered futures commission merchant and commodity trading advisor with Commodity Futures Trading Commission in the U.S.. Mr. Tang is primarily responsible for the business development and strategic planning of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Chi Hung, aged 52, joined the Company as an independent non-executive director in April 2002. He has commenced his accountancy professional training since 1976 and is now members of international accountancy bodies. Mr. Leung is also a certified public accountant (Practising) in Hong Kong and a director of the corporate practice Arthur Mo & Co. Limited. He is also an independent non-executive director of Daido Group Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Tsui Robert Che Kwong, aged 54, joined the Company as an independent non-executive director in August 2004. He is the sole proprietor of Robert C.K. Tsui & Co., a firm of solicitors in Hong Kong. Mr. Tsui is also an executive director of Greenfield Chemical Holdings Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Cheung Yim Kong, Johnny, aged 53, joined the Company as an independent non-executive director in November 2006. Mr. Cheung has extensive experience in the field of gambling focused entertainment and management. In his 17 years of experience in cruise gambling industry, Mr. Cheung headed M.V. Jimei, M.V. Crown, M.V. Macau Success. Mr. Cheung was also highly involved in operation and management of VIP casinos in Macau.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in operations which receive the profit streams from the gaming and entertainment related business and trading of timber logs. The activities of its principal subsidiaries are set out in note 39 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 33 of this annual report.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2008 (2007: HK2 cents). A special dividend of HK4 cents per share (2007: nil) and an interim dividend of HK$1.5 cents per share in cash and HK4 cents per share in scrip dividend (2007: nil) were paid during the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 104. This summary does not form part of the financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the year are set out in notes 15 and 17 to the financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital, together with the reasons therefor are set out in note 29 to the financial statements.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme and details of movements in the share options of the Company during the year are set out in note 29(b) and 34 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for distribution to shareholders, calculated in accordance with the provision of the Companies Act 1981 of Bermuda (as amended), amounted to HK$Nil (2007: HK$31,184,000).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales generated from the Group's five largest customers accounted for 100% of the total sales and there is no supplier to the Group.

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

DIRECTORS

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

Executive directors:

Mr. Lum Chor Wah, Richard
Mr. Pun Yuen Sang
Mr. Tang Hin Keung, Alfred

Independent non-executive directors:

Mr. Leung Chi Hung
Mr. Tsui Robert Che Kwong
Mr. Cheung Yim Kong, Johnny

In accordance with the Company's bye-laws, Mr. Leung Chi Hung and Mr. Tsui Robert Che Kwong will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company are set out on page 17 of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Pun Yuen Sang and Mr. Tang Hin Keung, Alfred, have each entered into a service contract with the Company for a term of two years commencing from 1 July 2002, which shall continue thereafter until terminated by either party giving to the other not less than six month's prior written notice, with such notice not expiring earlier than 1 July 2004.

Mr. Lum Chor Wah, Richard, has entered into a service contract with the Company for a term of two years commencing from 1 August 2004, which shall continue thereafter until terminated by either party giving to the other not less than six month's prior written notice, with such notice not expiring earlier than 1 August 2006.

Apart from the foregoing, no director has entered into any service agreements with any members of the Group excluding contracts expiring or determinable by the employee within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2008, none of the directors and their associates had registered any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

Long positions:

Name	*Notes*	Capacity	Interest in shares	Interest in underlying shares	Total interest	Percentage of the issued share capital of the Company
Smart Town Holdings Limited	*1*	Beneficial owner	Nil	118,750,000	118,750,000	8.41%
Mr. Yeung Tony Ming Kwong	*1*	Interest of corporation	Nil	118,750,000	118,750,000	8.41%
Mr. Liu Ching Hua	*1*	Interest of corporation	Nil	118,750,000	118,750,000	8.41%
Ms. Ho Wai Chun Priscilla	*2*	Interest of spouse	Nil	118,750,000	118,750,000	8.41%
Ms. Lam Ngar Lan	*3*	Interest of spouse	Nil	118,750,000	118,750,000	8.41%
Rich Game Capital Inc.	*4*	Beneficial owner	Nil	205,960,000	205,960,000	14.58%
Global Rainbow Ltd.	*4*	Interest of corporation	Nil	105,039,600	105,039,600	7.44%
Mr. Tang Chien Chang	*4*	Interest of corporation	Nil	105,039,600	105,039,600	7.44%
Smart Gallant Limited	*4*	Interest of corporation	Nil	100,920,400	100,920,400	7.15%
Mr. Jean-Christophe Scolari	*4*	Interest of corporation	Nil	100,920,400	100,920,400	7.15%
Mr. Chen Yi-Ming	*5*	Interest of corporation	95,000,000	183,125,000	278,125,000	19.69%
Power Rush Holdings Limited	*5*	Beneficial owner	95,000,000	183,125,000	278,125,000	19.69%
Deutsche Bank Aktiengesellschaft		Beneficial owner	47,809,641	Nil	47,809,641	3.39%
Deutsche Bank Aktiengesellschaft		Person having a security interest in shares	132,378,271	Nil	132,378,271	9.37%
Sansar Capital Management, LLC	*6*	Investment manager	156,976,000	Nil	156,976,000	11.11%
Sansar Capital Special Opportunity Master Fund, LP	*6*	Beneficial owner	156,976,000	Nil	156,976,000	11.11%
Indus Capital Partners, LLC	*7*	Investment manager	139,460,000	Nil	139,460,000	9.87%
Mr. Kasowitz Sheldon Fenton	*7*	Interest of corporation	139,460,000	Nil	139,460,000	9.87%
Mr. Kowitz David Nathan	*7*	Interest of corporation	139,460,000	Nil	139,460,000	9.87%
China Rock Capital Management Limited	*8*	Investment manager	93,095,844	Nil	93,095,844	6.59%
Farallon Capital Management, L.L.C.	*8*	Investment manager	93,095,844	Nil	93,095,844	6.59%
Capital Research and Management Company		Investment manager	90,430,000	Nil	90,430,000	6.40%
PMA Capital Management Ltd.		Investment manager	85,578,160	Nil	85,578,160	6.06%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

1. Smart Town is owned as to 50% by Mr. Yeung Tony Ming Kwong and 50% by Mr. Liu Ching Hua. Smart Town has the rights in 118,750,000 shares as a result of the assignment of its rights under certain shares and convertible bonds by Power Rush to Smart Town. It includes the 40,000,000 shares and the convertible bond in a principal sum of HK$252 million, which if fully converted at an initial conversion price of HK$3.2 per conversion share, resulting in 78,750,000 shares.

2. Ms. Ho Wai Chun Priscilla is the spouse of Mr. Yeung Tony Ming Kwong, who beneficially owns 50% of the shareholdings of Smart Town.

3. Ms. Lam Ngar Lan is the spouse of Mr. Liu Ching Hua, who beneficially owns 50% of the shareholdings of Smart Town.

4. Rich Game Capital Inc. is owned as to 51% by Global Rainbow Ltd. which is in turn wholly owned by Mr. Tang Chien Chang; and as to 49% by Smart Gallant Limited which is in turn wholly-owned by Mr. Jean-Christophe Scolari.

5. Power Rush is wholly-owned by Mr. Chen Yi-Ming.

6. Sansar Capital Management, LLC is the fund manager of Sansar Capital Opportunity Master Fund, LP.

7. Indus Capital Partners, LLC is 35.3% and 35.3% held by Mr. Kasowitz Sheldon Fenton and Mr. Kowitz David Nalhan, respectively.

8. China Rock Capital Management Limited is the operating arm of Farallon Capital Management, L.L.C. in the Far East, the investment adviser of various Farallon Funds, funds based in San Francisco, U.S..

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

CONNECTED TRANSACTIONS

(a) On 10 September 2007, the Group entered into a share acquisition agreement to acquire from Power Rush the 60% of the total issued share capital of Triple Gain for a total consideration of HK$993.6 million. Also, pursuant to the share acquisition agreement, Power Rush has granted a call option (the "Call Option") to the Group to require Power Rush to sell the remaining 40% of the total issued share capital of Triple Gain to the Group at a consideration of HK$806.4 million.

    On 18 September 2007, the Company was informed by Power Rush that it had assigned its benefits derived or to be derived from the exercise of the Call Option to Smart Town subject to the terms, conditions and restrictions of the share acquisition agreement. Smart Town was a substantial shareholder of the Company at the time of the assignment. As a result of the assignment, the exercise of the Call Option constituted a connected transaction on the part of the Company under the Listing Rules.

    The exercise of the Call Option was approved by the independent shareholders on 3 December 2007.

CONNECTED TRANSACTIONS (Continued)

(b) On 20 July 2007, the Company, a placing agent and Smart Town, a then substantial shareholder of the Company, entered into a placing agreement, pursuant to which the placing agent agreed to place, on a best effort basis, up to an aggregate of 45,000,000 existing shares at a price of HK$2.65 per placing share on behalf of Smart Town. On the same day, the Company entered into a subscription agreement with Smart Town for the subscription of up to 45,000,000 new shares at the same price per subscription share. As the subscription shares cannot be issued to Smart Town within 14 days after the date of the placing agreement, the subscription of the subscription shares constituted a non-exempt connected transaction for the Company under the Listing Rules.

The subscription of the 45,000,000 subscription shares was approved by the independent shareholders on 27 September 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

SUBSEQUENT EVENTS

Details of the significant subsequent events of the Group are set out in note 40 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 25 to 30.

Report of the Directors (Continued)

AUDITORS

A resolution for the re-appointment of HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Lum Chor Wah, Richard
Chairman

Hong Kong
25 July 2008

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is incorporated in Bermuda and the shares of which are listed on the Stock Exchange. The primary corporate governance rules applicable to the Company is the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 March 2008, the Company had complied with all code provisions set out in the CG Code, except for the deviation from Code A.2.1 and Code A.4.1 as described below in the sections of "Chairman and Chief Executive Officer" and "Appointments, Re-election and Removal of Directors".

MODEL CODES OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2008.

BOARD OF DIRECTORS

The Board comprises three executive directors, namely Mr. Lum Chor Wah, Richard, Mr. Pun Yuen Sang and Mr. Tang Hin Keung, Alfred and three independent non-executive directors, namely Mr. Leung Chi Hung, Mr. Tsui Robert Che Kwong and Mr. Cheung Yim Kong, Johnny. One of the independent non-executive directors possesses appropriate professional accounting qualifications and financial management expertise. All of the independent non-executive directors have signed their respective confirmation letters to the Company confirming their independence as set out in Rule 3.13 of the Listing Rules. Biographical details of the directors are set out in the section of "Biographical Details of Directors" on page 17. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the directors.

The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company. All directors have provided graved concern, sufficient time and attention to all the significant issues and affairs of the Group. Each executive director has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties have been carried out in an efficient and effective manner.

The Board is charged with the responsibility of setting corporate policy and overall strategy for the Group and providing effective oversight of the management of the Group's business affairs. The Board also monitors the financial performance and the internal controls of the Group's business operations. The senior management is responsible for the day-to-day operations of the Group. Mr. Lum Chor Wah, Richard is primarily responsible for the overall operation and management of the Group, while Mr. Pun Yuen Sang and Mr. Tang Hin Keung, Alfred are responsible for the business planning and strategic development of the Group.

BOARD OF DIRECTORS (Continued)

Such balanced Board composition, coupled with the strong independent element, is over and above the recommended practice under the CG Code for the Board to have at least one-third in number of its members comprising independent non-executive directors. The participation of independent non-executive directors in the Board brings independent judgment to ensure the interests of all shareholders of the Company have been duly considered.

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive directors, of whom Mr. Leung Chi Hung is a Certified Public Accountant (Practising) in Hong Kong. He has commenced his accountancy professional training since 1976 and is now members of international accountancy bodies. The independent non-executive directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgment in various aspects. They will take lead when potential conflicts of interest arise. They are also the members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company, including various site visits to the venues of the Company's partners at Sands Macao and Wynn, Macau. Thus, the Board considers the current board size is adequate for its present operations.

The Board considers that all of the independent non-executive directors are independent and has received from each of them the annual confirmation of independence required by Rule 3.13 of the Listing Rules.

The Board delegates day-to-day operations of the Group to executive directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive directors who have attended at board meetings.

Chairman and Chief Executive Officer

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not officially have a position of Chief Executive Officer. However, Mr. Lum Chor Wah, Richard has been assuming the roles of both the Chairman and Chief Executive Officer of the Company. In this regard, the Company has deviated from Code A.2.1 of CG Code. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. Nonetheless, the Board would review and monitor the structure on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

APPOINTMENTS RE-ELECTION AND REMOVAL OF DIRECTORS

Mr. Leung Chi Hung and Mr. Tsui Robert Che Kwong will retire at the forthcoming annual general meeting and offer themselves for re-election. Their proposed term of office shall not be more than three years and is subject to retirement by rotation in accordance with the the Company's bye-Laws. The independent non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-Laws.

BOARD COMMITTEES

The Board has established three committees with specific responsibilities as described below. The terms of reference of the Remuneration Committee, Nomination Committee and Audit Committee are posted on the Company's website.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company currently comprises two independent non-executive directors, Mr. Tsui Robert Che Kwong (Chairman) and Mr. Leung Chi Hung and an executive director, Mr. Pun Yuen Sang. It is responsible for reviewing and recommending all elements of the executive directors and senior management remuneration. The fees of the non-executive directors are determined by the Board. The Remuneration Committee met once during the year. The Committee discussed and reviewed the remuneration packages of all executive directors and the granting of share options to the executive directors, senior management and consultants. The directors' remuneration for the year ended 31 March 2008 is set out in note 11 to the financial statements.

NOMINATION COMMITTEE

The Nomination Committee is chaired by Mr. Tsui Robert Che Kwong with Mr. Leung Chi Hung and Mr. Pun Yuen Sang as members. The majority of the members of the Nomination Committee are independent non-executive directors. It is responsible for reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the required blend of skills, knowledge and experience. The Nomination Committee met once during the year and considered the appointment of executive directors during the year.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Mr. Leung Chi Hung as the Chairman, Mr. Tsui Robert Che Kwong and Mr. Cheung Yim Kong Johnny. None of the members of the Audit Committee is a member of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code.

The Audit Committee has access to and maintains an independent communication with the external auditors and the management to ensure effective information exchange on all relevant financial accounting matters. During the year, the Audit Committee held two meetings, with attendance of the Financial Controller, the Qualified Accountant and the Company Secretary. It reviewed the work done by external auditors, the relevant fees and terms, reports from external auditors in relation to the interim and annual financial statements, and receives regular reports from the internal audit functions in accordance with the Committee's term of reference.

AUDIT COMMITTEE (Continued)

Auditors' Remuneration

An analysis of remuneration in respect of audit and non-audit services provided by HLB Hodgson Impey Cheng, the auditors, is shown as follows:

	2008	2007
	HK$'000	*HK$'000*
Audit service	**750**	580
Other advisory service	**2,123**	3,273

BOARD AND BOARD COMMITTEE MEETINGS

Details of individual directors' attendance at the Board and Board Committee Meetings held in the year are set out in the following table:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting
Number of meetings	29	2	1	1
Executive directors:				
Mr. Lum Chor Wah, Richard	27/29	N/A	N/A	N/A
Mr. Pun Yuen Sang	29/29	N/A	1/1	1/1
Mr. Tang Hin Keung, Alfred	26/29	N/A	N/A	N/A
Independent non-executive directors:				
Mr. Leung Chi Hung	22/29	2/2	1/1	1/1
Mr. Tsui Robert Che Kwong	22/29	2/2	1/1	1/1
Mr. Cheung Yim Kong Johnny	22/29	2/2	N/A	N/A

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility to prepare the financial statements as set out on page 31. The statement of the external auditors about their reporting responsibilities on the financial statements is set out on page 31.

INTERNAL CONTROL

The Board has the overall responsibility for approving and reviewing internal control policy while the responsibility of day-to-day management of operational risks and implementation of mitigation measures lies with the management. The Board has established an on-going process for (a) ensuring the Group has complied with the Code and the Listing Rules; (b) monitoring the performance and operation of the Group through review and approval of business strategies, budgets and plans and setting of key business performance targets; (c) formulating the business policy, systems and strategy of the Group as a whole; (d) controlling over capital expenditure and investments; and (e) setting standards and targets for safety and healthy performances.

The Board has conducted an annual review of the effectiveness of its internal control system covering all material controls, including financial, operational and compliance as well as risk management. Besides, the Group has also engaged HLB Hodgson Impey Cheng Consultants Limited (the "Consultant") to conduct the review and make recommendations for the improvement and strengthening of the internal control system.

The review by the Consultant is conducted with reference to the principles outlined in Internal Control and Risk Management - A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants. The assessment covers the major internal controls and measure, including financial, operational and compliance as well as risk management. Any material non-compliance or failures in internal controls maintained by the Group's management and relevant recommendations for improvements are reported to the Audit Committee.

Based on the assessments made by the Consultant, the Audit Committee and the Board considered that the key areas of the Group's internal control system are reasonably implemented with room for improvement. The Group shall use its best endeavor to implement the recommendations made by the Consultant in order to further improve the internal control system.

COMMUNICATIONS WITH SHAREHOLDERS

Enquiries and suggestions from shareholders or investors are welcomed through the following channels to the Company Secretary:

(i) By mail to the Company's head office at Room 2108, 21st Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong;

(ii) By telephone at telephone number (852) 3402-8228;

(iii) By fax at fax number (852) 3402-8136; or

(iv) By e-mail at info@dore-holdings.com.hk.

COMMUNICATIONS WITH SHAREHOLDERS (Continued)

The annual general meeting is the principal forum for formal dialogue with shareholders, our directors are available at the Company's annual general meeting and extraordinary general meetings to answer questions and provide information which shareholders may enquire. Extensive information about the Group's activities is provided in its annual reports and interim reports which are sent to shareholders. The Company's announcements, press releases, and publications are circulated and are also available on the Stock Exchange's website. In order to provide effective disclosure to the shareholders and investors and to ensure they all receive equal access to the same information at the same time, information considered to be of a price sensitive nature is released by way of formal public announcement as required by the Listing Rules.

Senior management intends to regularly meet with research analysts and institutional investors, attend investors' conferences and participate in non-deals roadshows in both Hong Kong and overseas.

Site visits would be arranged when deem necessary for analysts and investors to fully understand our business.

In order to promote effective communication, the Company maintains its website at www.dore-holdings.com.hk which includes the latest information relating to the Group and its business.

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DORE HOLDINGS LIMITED
(FORMERLY KNOWN AS TEEM FOUNDATION GROUP LTD.)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Dore Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 102 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 25 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Continuing operations			
Turnover	6	**418,910**	6,353
Cost of sales		**–**	(6,159)
Gross profit		**418,910**	194
Other revenue	6	**6,699**	96
Other income	7	**200**	140
Administrative expenses		**(15,221)**	(14,825)
Equity-settled share-based payments		**(70,243)**	–
Fair value changes on investment properties	17	**560**	–
Fair value changes on financial assets at fair value through profit or loss		**(16,905)**	1,328
Fair value changes on derivative financial instruments	24	**(101,174)**	–
Impairment loss recognised in respect of intangible assets	16	**(778,278)**	–
Impairment loss recognised in respect of goodwill	18	**(210,404)**	–
Share of results of an associate		**47,895**	40,566
(Loss)/profit from operations	7	**(717,961)**	27,499
Finance costs	8	**(58,058)**	(7,136)
(Loss)/profit before taxation		**(776,019)**	20,363
Taxation	9	**1,021**	31
(Loss)/profit for the year from continuing operations		**(774,998)**	20,394
Discontinued operation			
Profit for the year from discontinued operation	10	**973**	694
(Loss)/profit for the year		**(774,025)**	21,088
Attributable to:			
Equity holders of the Company		**(775,976)**	21,088
Minority interests		**1,951**	–
		(774,025)	21,088
Dividends	13		
– Special dividend paid		**46,762**	–
– Interim dividend paid		**70,765**	–
– Proposed final dividend		**–**	17,911
		117,527	17,911
(Loss)/earnings per share			
From continuing and discontinued operations			
– Basic and diluted	14	**HK(69.50) cents**	HK3.08 cents
From continuing operations			
– Basic and diluted	14	**HK(69.59) cents**	HK2.98 cents

The accompanying notes form an integral part of these financial statements.

Consolidated Balance Sheet

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**1,899**	1,336
Intangible assets	*16*	**1,922,029**	–
Investment properties	*17*	**10,760**	10,200
Goodwill	*18*	**153,216**	1,211
Interest in an associate	*20*	**–**	541,586
		2,087,904	554,333
Current assets			
Accounts receivable	*21*	**49,026**	–
Deposits and other receivables	*22*	**26,256**	312,765
Financial assets at fair value through profit or loss	*23*	**38,220**	8,186
Derivative financial instruments	*24*	**38,651**	–
Cash and bank balances		**55,007**	101,512
		207,160	422,463
Less: Current liabilities			
Accounts payable	*25*	**–**	893
Other payables and accruals		**21,691**	2,256
Tax payable		**180**	180
		21,871	3,329
Net current assets		**185,289**	419,134
Total assets less current liabilities		**2,273,193**	973,467
Less: Non-current liabilities			
Promissory notes – due after one year	*26*	**449,003**	274,742
Convertible bonds – due after one year	*27*	**612,123**	97,284
Deferred tax liabilities	*28*	**27,000**	6,495
		1,088,126	378,521
Net assets		**1,185,067**	594,946
Capital and reserves			
Share capital	*29(a)*	**141,286**	87,800
Reserves	*30(a)*	**1,043,781**	489,235
Proposed final dividend	*13*	**–**	17,911
Equity attributable to equity holders of the Company		**1,185,067**	594,946
Minority interests		**–**	–
Total equity		**1,185,067**	594,946

Approved by the board of directors on 25 July 2008 and signed on its behalf by:

Lum Chor Wah, Richard
Director

Pun Yuen Sang
Director

The accompanying notes form an integral part of these financial statements.

Balance Sheet
At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	15	**31**	44
Interests in subsidiaries	19	**2,214,612**	745,050
		2,214,643	745,094
Current assets			
Deposits and other receivables	22	**–**	312,421
Financial assets at fair value through profit or loss	23	**38,220**	–
Derivative financial instruments	24	**38,651**	–
Cash and bank balances		**53,054**	96,186
		129,925	408,607
Less: Current liabilities			
Other payables and accruals		**21,278**	1,748
Amounts due to subsidiaries	19	**174,804**	146,304
		196,082	148,052
Net current (liabilities)/assets		**(66,157)**	260,555
Total assets less current liabilities		**2,148,486**	1,005,649
Less: Non-current liabilities			
Promissory notes – due after one year	26	**449,003**	274,742
Convertible bonds – due after one year	27	**612,123**	97,284
Deferred tax liabilities	28	**26,908**	6,495
		1,088,034	378,521
Net assets		**1,060,452**	627,128
Capital and reserves			
Share capital	29(a)	**141,286**	87,800
Reserves	30(b)	**919,166**	521,417
Proposed final dividend	13	**–**	17,911
Total equity		**1,060,452**	627,128

Approved by the board of directors on 25 July 2008 and signed on its behalf by:

Lum Chor Wah, Richard
Director

Pun Yuen Sang
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

		Reserves											
	Share capital HK$'000	Share premium HK$'000 (note i)	Contributed surplus HK$'000 (note ii)	Convertible bonds reserve HK$'000 (note iii)	Capital reserve HK$'000 (note iv)	Share option reserve HK$'000 (note v)	Revaluation reserve HK$'000 (note vi)	Accumulated losses HK$'000	Total reserves HK$'000	Proposed dividend HK$'000	Total equity HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2006	67,200	–	20,607	–	–	–	–	(42,693)	(22,086)	–	45,114	–	45,114
Net profit for the year	–	–	–	–	–	–	–	21,088	21,088	–	21,088	–	21,088
Issue of ordinary shares	20,600	288,022	–	–	–	–	–	–	288,022	–	308,622	–	308,622
Equity component of convertible bonds	–	–	–	140,728	–	–	–	–	140,728	–	140,728	–	140,728
Deferred tax arising on issue of convertible bonds	–	–	–	(6,495)	–	–	–	–	(6,495)	–	(6,495)	–	(6,495)
Cash received in excess of fair value of the Second Promissory Note	–	–	–	–	85,889	–	–	–	85,889	–	85,889	–	85,889
Proposed final dividend	–	–	(17,911)	–	–	–	–	–	(17,911)	17,911	–	–	–
At 31 March 2007 and 1 April 2007	87,800	288,022	2,696	134,233	85,889	–	–	(21,605)	489,235	17,911	594,946	–	594,946
Net loss for the year	–	–	–	–	–	–	–	(775,976)	(775,976)	–	(775,976)	1,951	(774,025)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	625,538	625,538
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(627,489)	(627,489)
Recognition of equity-settled share-based payment	–	–	–	–	–	70,243	–	–	70,243	–	70,243	–	70,243
Issue of ordinary shares in relation to the acquisition of subsidiaries	13,256	262,918	–	–	–	–	–	–	262,918	–	276,174	–	276,174
Equity component of convertible bonds	–	–	–	291,640	–	–	–	–	291,640	–	291,640	–	291,640
Deferred tax arising on issue of convertible bonds	–	–	–	(21,526)	–	–	–	–	(21,526)	–	(21,526)	–	(21,526)
Gain on fair value changes on intangible assets from acquisition of subsidiaries involved more than one exchange transaction	–	–	–	–	–	–	63,089	–	63,089	–	63,089	–	63,089
Issue of ordinary shares upon exercise of share options	14,919	277,100	–	–	–	(54,778)	–	–	222,322	–	237,241	–	237,241
Issue of ordinary shares	20,628	526,014	–	–	–	–	–	–	526,014	–	546,642	–	546,642
Share issue expenses	–	(8,795)	–	–	–	–	–	–	(8,795)	–	(8,795)	–	(8,795)
Scrip dividend	4,683	42,144	–	–	–	–	–	(46,827)	(4,683)	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	(70,700)	(70,700)	(17,911)	(88,611)	–	(88,611)
At 31 March 2008	**141,286**	**1,387,403**	**2,696**	**404,347**	**85,889**	**15,465**	**63,089**	**(915,108)**	**1,043,781**	**–**	**1,185,067**	**–**	**1,185,067**

Notes:

(i) The share premium account of the Group includes shares issued at premium.

(ii) The contributed surplus represents the difference between the nominal value of the shares, the share premium account and the contributed surplus of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

(iii) The convertible bonds reserve represents the equity components of each of the convertible bonds issued during the year. Each convertible bond issued are split into their liability and equity components at initial recognition at the fair values of each of the convertible bonds, which are determined by independent qualified professional valuers.

(iv) The capital reserve of the Group represents the cash received in excess of the fair value of the Second Promissory Note issued by the Company (Note 26).

(v) The share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant options, the total of which is based on the fair value of the options at grant date. The amount is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

(vi) Included in the revaluation reserve, (i) amount of approximately HK$62,451,000 represents the adjustment on change in fair values of Worth Perfect International Limited ("Worth Perfect") between the initial acquisition of 49% equity interest on 4 January 2007 and further acquisition of 51% equity interest on 12 June 2007; and (ii) amount of approximately HK$638,000 represents the adjustment on change in fair values of Triple Gain Group Limited ("Triple Gain") between the initial acquisition of 60% equity interest on 10 December 2007 and further acquisition of 40% equity interest on 18 December 2007.

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(775,046)**	21,072
Adjustments for:			
Finance costs	8	**58,058**	7,136
Interest income	6	**(6,688)**	(61)
Gain on disposal of discontinued operation	10	**(973)**	(140)
Gain on disposal of property, plant and equipment		**(200)**	–
Equity-settled share-based payments expenses		**70,243**	–
Fair value changes on financial assets at fair value through profit or loss		**16,905**	(1,328)
Fair value changes on investment properties	17	**(560)**	–
Fair value changes on derivative financial instruments	24	**101,174**	–
Impairment loss recognised in respect of intangible assets	16	**778,278**	–
Impairment loss recognised in respect of goodwill	18	**210,404**	–
Depreciation	15	**386**	469
Written-back of impairment of accounts receivable		**–**	(712)
Share of results of an associate		**(47,895)**	(40,566)
Operating profit/(loss) before working capital changes		**404,086**	(14,130)
(Increase)/decrease in accounts receivable		**(49,026)**	712
Decrease/(increase) in deposits and other receivables		**302,731**	(312,756)
Increase in financial assets at fair value through profit or loss		**(46,939)**	(1,905)
Decrease in accounts payable		**(893)**	–
Increase in other payables and accruals		**19,435**	941
Cash generated from/(used in) operations		**629,394**	(327,138)
Interest paid		**(25,458)**	–
Hong Kong profits tax refund		**–**	1,852
Net cash generated from/(used in) operating activities		**603,936**	(325,286)

Consolidated Cash Flow Statement (Continued)

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from investing activities			
Interest received		**6,688**	61
Purchase of property, plant and equipment		**(949)**	(1,446)
Acquisition of subsidiaries	*31*	**(1,395,894)**	(160,000)
Disposal of subsidiaries	*32*	**(45)**	–
Proceeds from disposal of property, plant and equipment		**200**	300
Dividends received from an associate		**53,082**	89,276
Net cash used in investing activities		**(1,336,918)**	(71,809)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**783,883**	308,622
Share issue expenses		**(8,795)**	–
Dividends paid		**(88,611)**	–
Proceeds from issue of promissory notes		**–**	160,000
Net cash generated from financing activities		**686,477**	468,622
Net (decrease)/increase in cash and cash equivalents		**(46,505)**	71,527
Cash and cash equivalents at the beginning of the year		**101,512**	29,985
Cash and cash equivalents at the end of the year		**55,007**	101,512
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**55,007**	101,512

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

Dore Holdings Limited, formerly known as Teem Foundation Group Ltd., (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is Room 2108, 21/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in operations which receive the profit streams from gaming and entertainment related business. In prior years, the Group was also engaged in trading of timber logs. This activity was minimal in the current year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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 assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 3 to the financial statements.

In the current year, the Group has applied for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007.

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

The adoption of the new HKFRSs, except for HKAS 1 (Amendment) and HKFRS 7, had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

Impact of new and revised HKFRSs not yet effective

		Effective for accounting period beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial	1 July 2009
HKAS 32 & 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidations	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK (IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK (IFRIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The management is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards. The directors of the Company so far has anticipated that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

A summary of significant accounting policies adopted by the Group in the preparation of the financial statements is set out below:

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost convention except for certain financial assets, financial liabilities, derivative financial instruments and investment properties which have been carried at fair value as explained below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, from the effective date of acquisition or up to the effective date of disposal, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bringing their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Purchase of additional interests in subsidiaries

The cost of the purchase of additional interests in subsidiaries is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for these additional interests.

Goodwill is calculated as the difference between the consideration paid for the additional interests and corresponding portion of the carrying value of the net assets of the subsidiary acquired.

Impairment of goodwill arising from purchase of additional interest in subsidiaries will follow the same principles for goodwill arising from business combination.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor interest in a joint venture.

The results and assets and liabilities of an associate are incorporated in the financial statements using the equity method of accounting. Under the equity method, investment in an associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profits or losses and of changes in equity of the associate, less any identified impairment losses. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the arrangement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary or associate at the date of acquisition.

For previously capitalised goodwill, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or associate at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each assets in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalised in included in the determination of the amount of profit or loss on disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (other than goodwill)

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

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

Property, plant and equipment

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

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

Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest held under an operating lease which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated to fair value, which reflects market conditions at the balance sheet date.

Gain or loss arising from changes in fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in the income statement in the year of retirement or disposal.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition:

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in the income statement in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

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

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.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in the income statement.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Fair value

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

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); and (ii) hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

(i) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The adjustment to the carrying amount of the hedged item for which the effective interest is used is amortised to the income statement as soon as an adjustment exists. The adjustment is based on a recalculated effective interest rate at the date the amortisation begins.

Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(ii) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of asset or liability.

Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

(iii) *Derivatives that do not qualify for hedge accounting and those not designated as hedges*

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting and those not designated as hedges are recognised immediately in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate, being the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

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

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

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

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

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is a contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and financial liabilities at amortised costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two categories, including financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in the income statement in the period in which they arise. The net gain or loss recognised in the income statement includes any interest paid on the financial liability.

Financial liabilities at amortised cost

Financial liabilities including accounts payable, other payables and accruals are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Convertible bonds

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. For conversion option that does not meet the definition of an equity instrument, it is classified as a derivative financial liability and is carried at fair value.

Convertible bonds that contain an equity component

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the amount will be transferred to the share premium account). Where the option remains unexercised at the expiry date, the amount stated in the convertible bonds equity reserve will be released to retained profits. No gain or loss is to be recognised in the income statement upon conversion or expiration of the option.

Convertible bonds that do not contain an equity component

Conversion option that is classified as derivative financial liability are re-measured at each balance sheet date subsequent to initial recognition with changes in fair value recognised directly in the income statement in the period in which they arise.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying value of the financial liability derecognised and the consideration paid is recognised in the income statement.

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

Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from assignment of profit is recognised when the right to receive profit is established.

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

Interest income from financial assets is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. No-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in the income statement in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those asset. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

Retirement benefits costs

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Retirement benefits scheme

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

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in a capital reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of share 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 share 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax current payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liabilities method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liabilities are settled or the assets are realised. Deferred tax is charged or credited to income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Provisions

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

Contingent liabilities and assets

A continent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related party transactions

Parties are considered to be related to the Group if:

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

(b) the party is an associate;

(c) the party is a joint-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

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

(f) the party is an entity that is controlled, joint-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Income tax

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are primarily based on market conditions existing at each balance sheet date.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. The carrying amounts of these derivatives financial assets are approximately HK$38,220,000 (2007: HK$8,186,000).

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Impairment loss recognised in respect of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates (Note 18).

The carrying amount of goodwill at the balance sheet date was approximately HK$153,216,000 (2007: HK$1,211,000) after an impairment of approximately HK$210,404,000 (2007: Nil) was recognised during the year.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment loss recognised in respect of intangible assets

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of intangible assets have been determined based on discounted cash flow method.

The carrying amount of intangible assets at the balance sheet date was approximately HK$1,922,029,000 (2007: Nil) after an impairment of approximately HK$778,278,000 (2007: Nil) was recognised during the year.

Measurement of convertible bonds

On issue of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in the convertible bonds reserve, net of transactions cost. The splitting of the liability and equity components requires an estimation of the market interest rate.

Measurement of fair value of equity-settled share-based payment transactions

The Company operates share option schemes under with the employees (including directors) of the Group receive remuneration in the form of equity-settled share-based payment transactions. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted, using assumptions including expected volatility and risk free interest rate. Such cost is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2008	2007
	HK$'000	*HK$'000*
Financial assets		
Classified as fair value through profit or loss		
– Held for trading	**38,220**	8,186
– Derivative financial instruments	**38,651**	–
Loans and receivables (including cash and cash equivalents)	**130,289**	101,847
Financial liabilities		
Amortised cost	**1,082,817**	375,175

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign exchange risk and other price risk), credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Market risk exposures are measured by sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk management

The Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

The Group considers that there is no significant cash flow interest rate risk as the Group does not have variable-rate borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Foreign exchange risk management

The Group operates mainly in both Hong Kong and Macau and majority of transactions are denominated in Hong Kong dollars. Therefore, the Group is not exposed to foreign exchange risk. Hong Kong dollars are pegged to the United States dollars and the foreign exchange exposure between them are considered limited. The Group does not have any formal hedging policy.

Other price risks

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in entertainment and management and operation on toll roads and bridges in the PRC industry sectors quoted in The Stock Exchange of Hong Kong Limited.

Sensitivity analysis on other price risks

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower, net profit for the year ended 31 March 2008 would increase/decrease by approximately HK$1,911,000 (2007: HK$409,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

The Group's sensitivity to equity prices increased due to the increase in financial assets at fair value through profit or loss during the current year.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs period credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk

The Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow, funds raising from issuance of convertible bonds, promissory notes and placing of shares during the current year are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Group's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate	Within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2008						
Non-derivative financial liabilities						
Trade and other payables	–	(21,691)	–	–	(21,691)	(21,691)
Promissory notes	5	–	–	(775,200)	(775,200)	(449,003)
Convertible bonds	5	–	–	(604,600)	(604,600)	(612,123)
		(21,691)	–	(1,379,800)	(1,401,491)	(1,082,817)
At 31 March 2007						
Non-derivative financial liabilities						
Trade and other payables	–	(3,149)	–	–	(3,149)	(3,149)
Promissory notes	5	–	–	(404,600)	(404,600)	(274,742)
Convertible bonds	5	–	–	(134,400)	(134,400)	(97,284)
		(3,149)	–	(539,000)	(542,149)	(375,175)

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing mode (for example, Black-Scholes model and Binomial option pricing model).

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

(c) Capital risk management

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt (which includes convertible bonds and promissory notes), and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses.

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total debt and shareholders' equity. The increase in gearing ratio was due to the issuance of promissory notes and convertible bonds for acquisition of subsidiaries during the year.

The gearing ratio at the year end was as follows:

	2008	2007
	HK$'000	*HK$'000*
Total debt #	**1,061,126**	372,026
Shareholders' equity	**1,185,067**	594,946
Gearing ratio	**89.54%**	62.53%

\# *Total debt comprises promissory notes and convertible bonds as detailed in Notes 26 and 27.*

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

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

a) the gaming and entertainment segment receives profit streams from gaming and entertainment related business;

b) the construction segment provides and installs fire-rated timber door sets, as well as provides interior decoration and renovation services and other carpentry works, which was discontinued during the year; and

c) the timber segment engages in the trading of timber logs and wooden door sets.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments

For the year ended 31 March 2008

	Continuing operations			Discontinued operation	
	Gaming and entertainment	Timber	Total	Construction	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Profit streams from gaming and entertainment related business	418,910	-	418,910	-	418,910
Segment results	(359,368)	(199)	(359,567)	973	(358,594)
Equity-settled shared-based payments			(70,243)	-	(70,243)
Fair value changes on financial assets at fair value through profit or loss			(16,905)	-	(16,905)
Fair value changes on derivative financial instruments			(101,174)	-	(101,174)
Impairment loss recognised in respect of goodwill			(210,404)	-	(210,404)
Interest income and unallocated gains			6,899	-	6,899
Corporate and other unallocated expenses			(14,462)	-	(14,462)
(Loss)/profit from operations			(765,856)	973	(764,883)
Finance costs			(58,058)	-	(58,058)
Share of results of an associate			47,895	-	47,895
(Loss)/profit before taxation			(776,019)	973	(775,046)
Taxation			1,021	-	1,021
(Loss)/profit for the year			(774,998)	973	(774,025)

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

For the year ended 31 March 2008 (Continued)

	Continuing operations			Discontinued operation	
	Gaming and entertainment HK$'000	Timber HK$'000	Total HK$'000	Construction HK$'000	Consolidated HK$'000
Segment assets and liabilities:					
Segment assets	2,150,191	-	2,150,191	-	2,150,191
Unallocated					144,873
Consolidated total assets					2,295,064
Segment liabilities	-	180	180	-	180
Unallocated					1,109,817
Consolidated total liabilities					1,109,997

	Continuing operations			Discontinued operation		
	Gaming and entertainment HK$'000	Timber HK$'000	Total HK$'000	Construction HK$'000	Unallocated HK$'000	Consolidated HK$'000
Other information:						
Capital expenditure	2,700,307	-	2,700,307	-	949	2,701,256
Depreciation	-	-	-	-	386	386
Impairment loss recognised in respect of intangible assets	778,278	-	778,278	-	-	778,278
Impairment loss recognised in respect of goodwill	210,404	-	210,404	-	-	210,404

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

For the year ended 31 March 2007

	Continuing operation	Discontinued operation	
	Timber	Construction	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	6,353	–	6,353
Segment results	108	709	817
Interest income and unallocated gains	1,564	–	1,564
Corporate and other unallocated expenses	(14,739)	–	(14,739)
(Loss)/profit from operations	(13,067)	709	(12,358)
Finance costs	(7,136)	–	(7,136)
Share of results of an associate	40,566	–	40,566
(Loss)/profit before taxation	20,363	709	21,072
Taxation	31	(15)	16
(Loss)/profit for the year	20,394	694	21,088
Segments assets and liabilities			
Segment assets	172	9	181
Unallocated			976,615
Consolidated total assets			976,796
Segment liabilities	180	1,028	1,208
Unallocated			380,642
Consolidated total liabilities			381,850

	Continuing operation	Discontinued operation		
	Timber	Construction	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	–	–	1,446	1,446
Depreciation	–	–	469	469

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(b) Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. During the year ended 31 March 2008, over 90% of the Group's revenue and assets were derived from operations in Macau and accordingly, no detailed analysis of the Group's geographical segments for the year ended 31 March 2008 is disclosed. During the year ended 31 March 2007, over 90% of the Group's revenue and assets were derived from operations in Hong Kong and accordingly, no detailed analysis of the Group's geographical segments for the year ended 31 March 2007 is disclosed.

6. TURNOVER AND OTHER REVENUE

An analysis of turnover and other revenue is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Trading of timber logs	**–**	6,353
Profit streams from gaming and entertainment related business	**418,910**	–
	418,910	6,353
Discontinued operation		
Contract revenue	**–**	–
	418,910	6,353
Other revenue		
Interest income	**6,688**	61
Dividend income	**11**	35
	6,699	96

Other revenue analysed by categories of asset is as follows:

	2008	2007
Financial Instruments		
Loans and receivables (including cash and bank balances)	**6,688**	61
Financial assets at fair value through profit or loss	**11**	35
	6,699	96

7. (LOSS)/PROFIT FROM OPERATIONS

The Group's (loss)/profit from operating activities is arrived at after charging:

	Continuing operations		Discontinued operation		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**386**	469	**–**	–	**386**	469
Auditors' remuneration	**750**	580	**–**	–	**750**	580
Minimum lease payments under operating leases in respect of land and buildings	**1,006**	914	**–**	–	**1,006**	914
Staff costs (excluding directors' remuneration – *Note 11*)						
Salaries and wages	**3,160**	856	**–**	–	**3,160**	856
Pension scheme contributions	**45**	26	**–**	–	**45**	26
	3,205	882	**–**	–	**3,205**	882
Equity-settled share-based payments						
– employees	**5,132**	–	**–**	–	**5,132**	–
– consultants	**65,111**	–	**–**	–	**65,111**	–
	70,243	–	**–**	–	**70,243**	–
	73,448	882	**–**	–	**73,448**	882
and after crediting:						
Other income						
Gain on disposal of a subsidiary	**–**	140	**–**	–	**–**	140
Gain on disposal of property, plant and equipment	**200**	–	**–**	–	**200**	–
Written-back of impairment of accounts receivable	**–**	–	**–**	712	**–**	712
	200	140	**–**	712	**200**	852

8. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Effective interest on promissory notes wholly repayable within five years *(Note 26)*	**32,416**	5,270	**-**	–	**32,416**	5,270
Effective interest on convertible bonds wholly repayable within five years *(Note 27)*	**25,642**	1,866	**-**	–	**25,642**	1,866
	58,058	7,136	**-**	–	**58,058**	7,136

9. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising from Hong Kong during the year. The Group is not subject to any tax in Macau.

	Continuing operations		Discontinued operation		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current taxation						
Credited/(charged) for the year						
– Hong Kong	**-**	–	**-**	(15)	**-**	(15)
Over-provision in prior years	**-**	31	**-**	–	**-**	31
	-	31	**-**	(15)	**-**	16
Deferred taxation *(Note 28)*						
Convertible bonds	**1,113**	–	**-**	–	**1,113**	–
Revaluation of properties	**(92)**	–	**-**	–	**(92)**	–
	1,021	–	**-**	–	**1,021**	–
Total tax credited/(charged) for the year	**1,021**	31	**-**	(15)	**1,021**	16

9. TAXATION (Continued)

The tax charge for the year can be reconciled to (loss)/profit per the consolidated income statement as follows:

	2008		2007	
	HK$'000	**%**	*HK$'000*	%
(Loss)/profit before taxation				
Continuing operations	**(776,019)**		20,363	
Discontinued operation	**973**		709	
	(775,046)		21,072	
Tax at the applicable profits tax rate	**(135,633)**	**(17.5)**	3,687	17.5
Tax effect of share of results of an associate	**(8,382)**	**(1.1)**	(7,099)	(33.6)
Tax effect of income not taxable for tax purpose	**(1,474)**	**(0.2)**	(362)	(1.7)
Tax effect of expenses not deductible for tax purpose	**216,137**	**27.9**	1,333	6.3
Tax effect of tax losses not recognised	**(70,685)**	**(9.1)**	2,486	11.8
Over-provision in prior years	**–**	**–**	(31)	(0.2)
Tax effect of unrecognised temporary differences	**(984)**	**(0.1)**	(30)	(0.2)
Tax credit at the effective tax rate for the year	**(1,021)**	**(0.1)**	(16)	(0.1)

10. DISCONTINUED OPERATION

Disposal of construction business

On 8 May 2007, the Group entered into a sale and purchase agreement to dispose of the Group's construction business. The disposal of the construction business is consistent with the Group's long-term strategy to focus its activities in the gaming and entertainment business. The disposal was completed on 8 May 2007, on which date control of the construction business passed to the acquirer. Details of the assets and liabilities disposed of are disclosed in Note 32.

	2008	2007
	HK$'000	*HK$'000*
Profit for the year from discontinued operation		
Revenue	**–**	712
Expenses	**–**	(3)
Profit before taxation	**–**	709
Taxation	**–**	(15)
	–	694
Gain on disposal of discontinued operation *(Note 32)*	**973**	–
	973	694
Cash flows from discontinued operation		
Net cash flows from operating activities	**(4,230)**	3,607

11. DIRECTORS' REMUNERATION

The board of directors of the Company is currently composed of three executive directors and three independent non-executive directors. Directors' remuneration for the year disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

Name of director	Fee		Salaries and bonus		Pension scheme contributions		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors								
Mr. Lum Chor Wah Richard	**-**	–	**650**	650	**12**	12	**662**	662
Mr. Pun Yuen Sang	**-**	–	**500**	500	**12**	12	**512**	512
Mr. Tang Hin Keung, Alfred	**-**	–	**500**	500	**12**	12	**512**	512
Independent non-executive directors								
Mr. Leung Chi Hung	**50**	50	**-**	–	**-**	–	**50**	50
Mr. Tsui Robert Che Kwong	**50**	50	**-**	–	**-**	–	**50**	50
Mr. Lam Allan Shu Cheuk (resigned on 16 November 2006)	**-**	25	**-**	–	**-**	–	**-**	25
Mr. Cheung Yim Kong, Johnny (appointed on 16 November 2006)	**120**	45	**-**	–	**-**	–	**120**	45
	220	170	**1,650**	1,650	**36**	36	**1,906**	1,856

During the years ended 31 March 2008 and 2007, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the directors has waived any emoluments during the years ended 31 March 2008 and 2007.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2007: three) directors, details of whose remuneration are set out in Note 11 above. Details of the remuneration of the remaining two (2007: two) non-director, highest paid employees for the year are as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,045**	657
Pension scheme contributions	**20**	20
	2,065	677

12. FIVE HIGHEST PAID EMPLOYEES (Continued)

For the year ended 31 March 2008, the remuneration of each non-director, highest paid employees fell within the HK$1,000,000 to HK$1,500,000 band.

For the year ended 31 March 2007, the remuneration of each non-director, highest paid employees fell within the nil to HK$1,000,000 band.

During the years ended 31 March 2008 and 2007, no emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

13. DIVIDENDS

No final dividend (2007: HK2 cents per share) was proposed by the directors for the year ended 31 March 2008. The special dividend of HK4 cents per share (2007: Nil) and an interim dividend of HK1.5 cents per share in cash and HK4 cents per share in scrip dividend (2007: Nil) were paid during the year.

14. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

From continuing and discontinued operations

Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attributable to equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profits for the year attributable to the equity holders of the Company for the purpose of basic (loss)/profits per share	**(775,976)**	21,088

	2008	2007
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,116,534**	684,936

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share from both continuing and discontinued operations for the years ended 31 March 2008 and 2007 were the same as the basic (loss)/earnings per share. The Company's outstanding convertible bonds and share options were not included in the calculation of diluted (loss)/earnings per share from both continuing and discontinued operations because the effect of the Company's outstanding convertible bonds and share options were anti-dilutive.

14. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (Continued)

From continuing operations

Basic (loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

(Loss)/earnings figures are calculated as follows:

	2008 HK$'000	2007 HK$'000
(Loss)/profit for the year attributable to equity holders of the Company	(775,976)	21,088
Less: Profit for the year from discontinued operation	973	694
(Loss)/profit for the purpose of basic (loss)/earnings per share from continuing operations	(776,949)	20,394

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnngs per share.

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share from continuing operations for the years ended 31 March 2008 and 2007 were the same as the basic (loss)/earnings per share. The Company's outstanding convertible bonds and share options were not included in the calculation of diluted (loss)/earnings per share from continuing operations because the effect of the Company's outstanding convertible bonds and share options were anti-dilutive.

From discontinued operation

Basic earnings per share

Basic earnings per share for the discontinued operation is HK0.09 cents per share (2007: HK0.1 cents per share) based on the profit for the year from discontinued operation of approximately HK$973,000 (2007: HK$694,000) and the denominators used are the same as those detailed above for both basic and diluted (loss)/ earnings per share.

Diluted earnings per share

Diluted earnings per share from discontinued operation for the years ended 31 March 2008 and 2007 were the same as the basic earnings per share. The Company's outstanding convertible bonds and share options were not included in the calculation of diluted earnings per share from discontinued operation because the effect of the Company's outstanding convertible bonds and share options were anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 April 2006	3,505	780	3,600	7,885
Additions	1,235	211	–	1,446
Disposal of a subsidiary	–	–	(2,745)	(2,745)
At 31 March 2007 and 1 April 2007	4,740	991	855	6,586
Additions	–	79	870	949
Disposals	–	–	(855)	(855)
Disposal of a subsidiary	(242)	(312)	–	(554)
At 31 March 2008	4,498	758	870	6,126
Accumulated depreciation and impairment				
At 1 April 2006	3,505	756	3,105	7,366
Charged for the year	109	25	335	469
Disposal of a subsidiary	–	–	(2,585)	(2,585)
At 31 March 2007 and 1 April 2007	3,614	781	855	5,250
Charged for the year	247	52	87	386
Written back on disposals	–	–	(855)	(855)
Disposal of a subsidiary	(242)	(312)	–	(554)
At 31 March 2008	3,619	521	87	4,227
Net book value				
At 31 March 2008	**879**	**237**	**783**	**1,899**
At 31 March 2007	1,126	210	–	1,336

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 April 2006	3,263	468	855	4,586
Additions	–	30	–	30
At 31 March 2007 and 1 April 2007	3,263	498	855	4,616
Disposals	–	–	(855)	(855)
At 31 March 2008	3,263	498	–	3,761
Accumulated depreciation and impairment				
At 1 April 2006	3,263	445	600	4,308
Charged for the year	–	9	255	264
At 31 March 2007 and 1 April 2007	3,263	454	855	4,572
Charge for the year	–	13	–	13
Written back on disposals	–	–	(855)	(855)
At 31 March 2008	3,263	467	–	3,730
Net book value				
At 31 March 2008	**–**	**31**	**–**	**31**
At 31 March 2007	–	44	–	44

16. INTANGIBLE ASSETS

The Group

	Rights in sharing of profit streams
	HK$'000
Cost	
At 1 April 2006, 31 March 2007 and 1 April 2007	–
Additions on acquisition of subsidiaries	2,770,307
At 31 March 2008	2,770,307
Accumulated impairment	
At 1 April 2006, 31 March 2007 and 1 April 2007	–
Impairment loss recognised for the year	778,278
At 31 March 2008	778,278
Carrying amounts	
At 31 March 2008	**1,922,029**
At 31 March 2007	–

Details of intangible assets are as follows:

	Sands Profit Agreement	Dore Profit Agreement	Nove Profit Agreement	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value during acquisition	528,013	614,565	1,494,640	2,637,218
Revaluation arisen from further acquisitions	62,451	–	638	63,089
	590,464	614,565	1,495,278	2,700,307
Impairment loss recognised for the year	–	–	(778,278)	(778,278)
At 31 March 2008	590,464	614,565	717,000	1,922,029

16. INTANGIBLE ASSETS (Continued)

The intangible assets represent the rights in sharing of profit streams, from junket business at the casinos' VIP rooms in Macau for an indefinite period of time. Such intangible assets are carried at cost less accumulated impairment loss.

Impairment loss in respect of intangible assets of approximately HK$778,278,000 was recognised during the year ended 31 March 2008 by reference to the valuation report issued by Messrs. Grant Sherman Appraisal Limited ("Grant Sherman"), independent qualified professional valuers, at 31 March 2008 which valued the intangible assets on discounted cash flow method. The main factor contributing to the impairment was the profit generated under the Nove Profit Agreement did not meet the profit guarantee.

17. INVESTMENT PROPERTIES

The Group

	2008	2007
	HK$'000	*HK$'000*
Fair value		
At the beginning of the year	**10,200**	10,200
Fair value changes	**560**	–
At the end of the year	**10,760**	10,200

The fair value of the Group's investment properties at 31 March 2008 has been arrived at on the basis of a valuation carried out on that date by Grant Sherman, independent qualified professional valuers not connected with the Group. Grant Sherman are members of the Hong Kong Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The investment properties are situated in Hong Kong under long-term lease.

The investment properties are held for capital appreciation. No rental income was recognised during the years ended 31 March 2008 and 2007.

18. GOODWILL

The Group

	HK$'000
Cost	
At 1 April 2006	8,536
Additions arising from acquisition of a subsidiary	1,211
At 31 March 2007 and 1 April 2007	9,747
Additions arising from acquisition of subsidiaries *(Note 31)*	362,409
At 31 March 2008	372,156
Accumulated impairment	
At 1 April 2006, 31 March 2007 and 1 April 2007	8,536
Impairment loss recognised for the year	210,404
At 31 March 2008	218,940
Carrying amounts	
At 31 March 2008	**153,216**
At 31 March 2007	1,211

As explained in Note 5 to the financial statements, the Group uses business segments as its primary segment for reporting segment information. For the purpose of impairment testing, goodwill with indefinite useful lives have been allocated to one individual cash generating unit (CGU) determined based on the related segment. The carrying amounts of goodwill (net of impairment losses) at 31 March 2008 allocated to this unit is as follows:

	2008	2007
	HK$'000	*HK$'000*
Gaming and entertainment unit	**153,216**	1,211

During the year ended 31 March 2008, the management assessed the recoverable amount of goodwill, and determined the goodwill associated with the acquisition of Triple Gain was impaired by approximately HK$210,404,000 (2007: Nil). The main factor contributing to the impairment of goodwill was the profit guarantee under the Nove Profit Agreement has not been attained.

The recoverable amount of the gaming and entertainment cash-generating units has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 18.87%.

18. GOODWILL (Continued)

The recoverable amount of the above CGU has been determined on the basis of value in use calculations. The recoverable amount are based on certain similar key assumptions. All value in use calculations use cash flow projections based on the financial budgets approved by the management covering a five-year period, which represents the management's best estimate of future cash flow from the CGU, and a discount rate of approximately 18.87% (2007: 30%). The cash flows beyond five-year period are extrapolated using a zero growth rate for an indefinite period. Another key assumption is the budgeted revenue, which is determined based on the CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2008	2007
	HK$'000	*HK$'000*
Investment costs	**36,801**	36,801
Less: Accumulated impairment loss recognised	**(8,618)**	(8,618)
	28,183	28,183
Amounts due from subsidiaries	**2,972,729**	753,167
Less: Accumulated impairment loss recognised	**(786,300)**	(36,300)
	2,186,429	716,867
	2,214,612	745,050
Amounts due to subsidiaries	**174,804**	146,304

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The directors had estimated the investment costs and the advances by discounting their future cash flow at the prevailing market borrowing rate and considered a provision for impairment of approximately HK$750,000,000 (2007: HK$18,300,000) should be made in respect of amounts due from subsidiaries.

Particulars of the Company's subsidiaries as at 31 March 2008 are set out in Note 39.

20. INTEREST IN AN ASSOCIATE

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Cost of investment in an associate	**–**	590,296
Share of post-acquisition profits, net of dividend received	**–**	(48,710)
	–	541,586

On 12 June 2007, the Group acquired Richsense Limited which holds 51% equity interest in Worth Perfect. Since then, the associate became an indirect wholly-owned subsidiary of the Company.

21. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days. The Group receives the profit streams from its acquiree companies within 15 days of the subsequent month. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed by senior management regularly.

An aged analysis of the Group's accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**49,026**	–

Included in the Group's accounts receivable balance, no debtors are past due at the date of approval of these financial statements (2007: Nil). The Group does not hold any collateral over these balances.

22. DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposits *(note i)*	**336**	312,756	**–**	312,421
Other receivable *(note ii)*	**25,920**	9	**–**	–
	26,256	312,765	**–**	312,421

Notes:

(i) At 31 March 2007, a refundable deposit of HK$312,421,000 for the acquisition of the entire issued share capital of Richsense Limited is included.

(ii) At 31 March 2008, the other receivables mainly represent the shortfall in respect of the profit guarantee under the Nove Profit Agreement receivable from Power Rush. Please refer to Note 31(b)(vi) for details.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
– Equity securities listed in Hong Kong	**38,220**	8,186

	The Company	
	2008	2007
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
– Equity securities listed in Hong Kong	**38,220**	–

The fair values of the listed equity securities are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group and the Company	
	2008	2007
	HK$'000	*HK$'000*
Assets		
Redemption option derivatives embedded in convertible bonds		
At 1 April 2006, 31 March 2007 and 1 April 2007	**–**	–
Arising on issuance of convertible bonds *(Note 27)*	**139,825**	–
Fair value changes	**(101,174)**	–
At 31 March 2008	**38,651**	–

Pursuant to the agreements in relation to the issuance of three convertible bonds (Note 27), redemption options are held by the Company. The Company may at any time from the date of issue of the convertible bonds up to the date immediately before the maturity date of the convertible bonds, redeem the convertible bonds (in whole or in part) at the principal amount of the convertible bonds to be redeemed.

The redemption option derivatives are carried at fair value at the balance sheet date. The fair value of the redemption option derivatives embedded in the convertible bonds is approximately HK$38,651,000 (2007: Nil) and are calculated using the Binomial option pricing model. Details of the variables and assumptions of the model are as follows:

	Second Convertible Bond	**Third Convertible Bond**	**Fourth Convertible Bond**
Date of issue:	11 June 2007	10 December 2007	18 December 2007
Share price at date of issue:	HK$2.451	HK$2.15	HK$1.78
Remaining life at 31 March 2008:	9.2 years	9.7 years	9.7 years
Risk free interest rate:	2.545%	2.584%	2.584%
Expected volatility:	82.06%	82.06%	82.06%

25. ACCOUNTS PAYABLE

An aged analysis of accounts payable at balance sheet date, based on invoiced date, is as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Current – 90 days	**–**	–
91 – 180 days	**–**	–
181 – 365 days	**–**	–
Over 365 days	**–**	69
	–	69
Retention monies payable	**–**	824
	–	893

26. PROMISSORY NOTES – DUE AFTER ONE YEAR

The Group and the Company

On 4 January 2007, the Company issued First Promissory Note I in a principle amount of HK$61,600,000, First Promissory Note II in a principal amount of HK$183,000,000 and Second Promissory Note in a principle amount of HK$160,000,000 due on 3 January 2017. First Promissory Note I and First Promissory Note II (the "First Promissory Notes") were issued for acquiring the entire issued share capital of Youngrich Limited and bear interest at 5% per annum in arrears. Second Promissory Note was issued to a then substantial shareholder of the Company to finance the acquisition of the entire issued share capital of Youngrich Limited and is interest-free. The effective interest rate is 7.7%.

On 11 June 2007, the Company issued Third Promissory Note I in a principal amount of HK$129,421,000 and Third Promissory Note II in a principal amount of HK$70,579,000 due on 10 June 2017. Third Promissory Note I and Third Promissory Note II (the "Third Promissory Notes") were issued for acquiring the entire issued share capital of Richsense Limited and bear interest at 5% per annum in arrears (Note 31(a)). The effective interest rate is 8.0%.

Pursuant to the share acquisition agreements in relation to the issuance of promissory notes, the Company has the right to early redeem the promissory notes. The Company may at any time from the date of issue of the promissory notes up to the date immediately before the maturity date of the promissory notes, redeem the promissory notes (in whole or in part) at the principal amount of the promissory notes to be redeemed. In the opinion of the directors, the Company would not call for early redemption of promissory notes and the fair value of redemption option derivatives are minimal.

26. PROMISSORY NOTES – DUE AFTER ONE YEAR (Continued)

	First Promissory Notes	Second Promissory Note	Third Promissory Notes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	–	–	–	–
Proceeds of issue	–	160,000	–	160,000
Fair value of promissory notes	195,361	–	–	195,361
Less: capital contribution	–	(85,889)	–	(85,889)
Fair value	195,361	74,111	–	269,472
Interest expenses charged	3,821	1,449	–	5,270
At 31 March 2007 and 1 April 2007	199,182	75,560	–	274,742
Fair value of promissory notes	–	–	165,259	165,259
	199,182	75,560	165,259	440,001
Interest expenses charged	15,583	6,000	10,833	32,416
Interest expenses payable	(15,220)	–	(8,194)	(23,414)
At 31 March 2008	**199,545**	**81,560**	**167,898**	**449,003**

27. CONVERTIBLE BONDS – DUE AFTER ONE YEAR

The Group and the Company

On 4 January 2007, the Company issued First Convertible Bond due on 3 January 2017 with a principle amount of HK$134,400,000, which is interest-bearing at 5% per annum in arrears. The First Convertible Bond due on 3 January 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$1 per share, subject to adjustment. The First Convertible Bond was issued as part of the consideration for the acquisition of entire issued share capital of Youngrich. The effective interest rate is 7.7%.

On 11 June 2007, the Company issued Second Convertible Bond with a principal amount of HK$118,800,000, which is interest-bearing at 5% per annum in arrears. The Second Convertible Bond due on 10 June 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$2.2 per share, subject to adjustment. The Second Convertible Bond was issued as part of the consideration for the acquisition of the entire issued share capital of Richsense Limited (Note 31(a)). The effective interest rate is 8.0%.

On 10 December 2007, the Company issued Third Convertible Bond with a principal amount of HK$270,000,000, which is interest-bearing at 5% per annum in arrears. The Third Convertible Bond due on 9 December 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$3.2 per share, subject to adjustment. The Third Convertible Bond was issued as part of the consideration for the acquisition of 60% of the total issued share capital of Triple Gain (Note 31(b)). The effective interest rate is 8.0%.

27. CONVERTIBLE BONDS – DUE AFTER ONE YEAR (Continued)

The Group and the Company (Continued)

On 18 December 2007, the Company issued Fourth Convertible Bond with a principal amount of HK$252,000,000, which is interest-bearing at 5% per annum in arrears. The Fourth Convertible Bond due on 17 December 2017 is convertible into fully paid ordinary shares with a par value of HK$0.1 each of the Company at an initial conversion price of HK$3.2 per share, subject to adjustment. The Fourth Convertible Bond was issued as part of the consideration for the acquisition of the remaining 40% of the total issued share capital of Triple Gain (Note 31(c)). The effective interest rate is 8.0%.

The convertible bonds contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible bonds reserve" and the redemption option is presented in current assets heading "derivative financial instruments" (Note 24). The effective interest rate of the liability component is 8%.

The estimate of the fair value of the liability component embedded in the convertible bond is measured using Binomial option pricing model.

The convertible bonds issued during the year have been spilt as to the liability and equity components and redemption option, as follows:

	First Convertible Bond	Second Convertible Bond	Third Convertible Bond	Fourth Convertible Bond	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fair value of convertible bonds issued	236,146	136,800	275,411	249,945	898,302
Derivative financial instruments	–	55,257	49,343	35,225	139,825
Liability component	(95,418)	(89,868)	(215,572)	(204,901)	(605,759)
Equity component	**140,728**	**102,189**	**109,182**	**80,269**	**432,368**
At 1 April 2006	–	–	–	–	–
Liability component	95,418	–	–	–	95,418
Interest expenses charged	1,866	–	–	–	1,866
At 31 March 2007 and 1 April 2007	97,284	–	–	–	97,284
Liability component	–	89,868	215,572	204,901	510,341
Interest expenses charged	9,571	6,375	5,227	4,469	25,642
Interest expenses payable	(8,363)	(4,867)	(4,238)	(3,676)	(21,144)
At 31 March 2008	**98,492**	**91,376**	**216,561**	**205,694**	**612,123**

The fair value of the liability component of the convertible bonds at 31 March 2008 and 2007 was determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan at the balance sheet date, approximately the corresponding carrying amounts. The value of the equity component, calculated with reference to valuation carried out by Grant Sherman was included in the shareholders' equity in convertible bonds reserve.

28. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the years ended 31 March 2008 and 2007:

The Group:

	Convertible bonds	Revaluation of properties	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2006	–	–	–
Charged to equity for the year	6,495	–	6,495
At 31 March 2007 and 1 April 2007	6,495	–	6,495
(Credited)/charged to consolidated income statement for the year	(1,113)	92	(1,021)
Charged to equity for the year	21,526	–	21,526
At 31 March 2008	**26,908**	**92**	**27,000**

The Company:

	Convertible bonds
	HK$'000
At 1 April 2006	–
Charged to equity for the year	6,495
At 31 March 2007 and 1 April 2007	6,495
(Credited)/charged to income statement for the year	(1,113)
Charged to equity for the year	21,526
At 31 March 2008	**26,908**

At the balance sheet date, the Group has the following major unrecognised deferred tax assets due to the unpredictability of future profit streams.

	2008	2007
	HK$'000	*HK$'000*
Tax losses	**27,796**	15,952

The unrecognised tax losses may be carried forward indefinitely.

29. SHARE CAPITAL

(a) Shares

	Number of ordinary shares		Share capital	
	2008	2007	**2008**	2007
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised				
At the beginning of the year, ordinary shares of HK$0.1 each	**1,000,000**	1,000,000	**100,000**	100,000
Increase in authorised share capital *(note i)*	**1,000,000**	–	**100,000**	–
At the end of the year, ordinary shares of HK$0.1 each	**2,000,000**	1,000,000	**200,000**	100,000
Issued and fully paid				
At the beginning of the year, ordinary shares of HK$0.1 each	**878,000**	672,000	**87,800**	67,200
Issue of ordinary shares *(note ii)*	**206,280**	206,000	**20,628**	20,600
Consideration shares *(note iii)*	**132,560**	–	**13,256**	–
Exercise of share options *(Note 34)*	**149,188**	–	**14,919**	–
Scrip dividend *(note iv)*	**46,827**	–	**4,683**	–
At the end of the year, ordinary shares of HK$0.1 each	**1,412,855**	878,000	**141,286**	87,800

Note:

(i) Pursuant to a resolution passed in the extraordinary general meeting held on 8 June 2007, the authorised share capital of the Company was increased from HK$100,000,000 to HK$200,000,000 by the creation of an additional 1,000,000,000 unissued ordinary shares of HK$0.1 each.

(ii) The Company placed 206,000,000 ordinary shares of HK$0.1 each at a placing price of HK$1.525 per share. 134,400,000 and 71,600,000 new ordinary shares were issued on 27 February 2007 and 28 March 2007 respectively for the purpose of increasing general working capital for the Group. The new shares rank pari passu with the existing shares in all respects.

The Company placed 161,280,000 ordinary shares of HK$0.1 each at a placing price of HK$2.65 per share. The ordinary shares were issued on 24 July 2007 for the purpose of increasing general working capital for the Group. The new shares rank pari passu with the existing shares in all respects.

The Company placed 45,000,000 ordinary shares of HK$0.1 each at a placing price of HK$2.65 per share. The ordinary shares were issued on 5 October 2007 for the purpose of increasing general working capital for the Group. The new shares rank pari passu with the existing shares in all respects.

29. SHARE CAPITAL (Continued)

(a) Shares (Continued)

Note: (Continued)

(iii) On 27 February 2007, the Company entered into a conditional sale and purchase agreement to acquire from Rich Game Capital Inc., a 100% of the issued share capital of Richsense for a total consideration of HK$765,000,000. The conditional sale and purchase agreement was completed on 12 June 2007. The consideration for the acquisition was satisfied by (i) HK$419,421,000 in cash; (ii) the issue of convertible bonds in a principal amount of HK$118,800,000; (iii) the issue of promissory notes in a principal amount of HK$200,000,000; and (iv) issue 17,560,000 ordinary shares at an issue price of HK$1.525 per share for the rest of the consideration in sum of HK$26,779,000. For further details, please refer to the Company's circular dated on 22 May 2007.

On 24 August 2007, Team Jade Enterprises Limited ("Team Jade"), a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement to acquire from Power Rush Holdings Limited ("Power Rush"), a 60% of issued share capital of Triple Gain for a total consideration of HK$993,600,000. The consideration for the acquisition was satisfied by Team Jade paying refundable deposits of HK$460,000,000 to Power Rush; paying HK$64,850,000 in cash upon completion of the acquisition; the issue of convertible bonds in a principal amount of HK$270,000,000 by the Company to Power Rush; the allotment and issue of 75,000,000 new shares at an issue price of HK$2.65 per share by the Company to Power Rush, credited as fully paid for the balance of the consideration in sum of HK$198,750,000. The acquisition of 60% of the total issued share capital of Triple Gain from Power Rush was completed on 10 December 2007. Please refer to the Company's circular dated 16 November 2007 for details.

On 10 December 2007, Team Jade exercised its call option to acquire from Power Rush the remaining 40% of the total issued share capital of Triple Gain at a consideration of HK$806,400,000. The consideration was satisfied by Team Jade paying HK$448,400,000 in cash; the issue of convertible bonds in a principal amount of HK$252,000,000; the allotment and issue of 40,000,000 new shares at an issue price of HK$2.65 per share by the Company to Power Rush, credited as fully paid for the balance of the consideration in sum of HK$106,000,000. The acquisition of the remaining 40% of the total issued share capital of Triple Gain Group Limited was completed on 18 December 2007.

(iv) On 23 January 2008, the directors declared the payment of interim dividend of HK4 cents per share in scrip. A total of 46,827,000 shares have been issued to shareholders.

(b) Share option scheme

A share option scheme (the "Scheme") was conditionally approved by a written resolution of all shareholders of the Company dated 6 July 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The purpose of the Scheme is to enable the Company to grant options to selected employees and directors as an incentive or reward for their contribution to the Group. The board of directors (the "Board") may, at its discretion, invite any executive directors, non-executive director, independent non-executive director and/or full-time or part-time employee of any company in the Group from time to time whom determined by the Board as having contributed to the development and growth of the Company and/or any of its subsidiaries, to take up options at HK$1 each to subscribe for such number of shares as the Board shall determine, at a price calculated in accordance with the paragraph below.

The subscription price for shares under the Scheme will be a price determined by the Board and notified to each grantee and will be the higher of (i) the average closing prices of the shares on the Stock Exchange's daily quotation sheets for the five business days immediately preceding the ate of the grant; or (ii) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant, which must be a business day; and (iii) the nominal value of a share.

29. SHARE CAPITAL (Continued)

(b) Share option scheme (Continued)

The maximum number of shares to be issued upon exercise of all outstanding options under the Scheme and any other share option schemes of the Company will not exceed 30% (or where applicable, such higher percentage as may from time to time to be permitted under the Listing Rules or by the Stock Exchange) of the total number of the issued shares from time to time. The total number of shares available for issue under options which may be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 67,200,000 shares, representing 10% of the issued share capital of the Company, as at the date of listing of shares on the Stock Exchange. The Company may seek approval of its shareholders at a general meeting to renew the 10% limit. However, the total number of shares available for issue under options which may be granted under the Scheme and any other share option schemes of the Company in these circumstances, must not exceed 10% of the issued share capital of the Company at the date of approval of renewing such a limit. No option may be granted to any one person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted to him/her in the 12-month period up to an including the date of such a grant, to exceed 1% of the issued share capital of the Company as at the date of the grant. Any further grant of options in excess of the foregoing limit must be subject to the approval of the shareholders of the Company in a general meeting.

A grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by all the independent non-executive directors (excluding any independent non-executive director who or whose associate is the proposed grantee of the options). If the Company proposes to grant options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director or their respective associates (as defined in the Listing Rules) which will result in the number of shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to any such person in the 12-month period up to and including the date of such a grant (i) representing in aggregate over 0.1% of the shares in issue as at the date of such a further proposed grant; and (ii) having an aggregate value, based on the closing price of the shares as sated in the daily quotation sheets of the Stock Exchange ate the date of such a grant, in excess of HK$5,000,000; such a further grant shall be subject to the approval of the shareholders of the Company in a general meeting. Shareholders' approval must be obtained for any change in the terms of options granted to a grantee who is a substantial shareholder or an independent non-executive director of the Company or their respective associates.

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing immediately after the date on which the option is accepted and deemed to be granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and deemed to be granted. According to the Scheme, there is no general requirement for a minimum holding period or performance targets before an option may be exercised.

The directors may terminate the Scheme, subject to shareholders' approval in a general meeting, at any time, but options granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the Scheme. Any cancellation of options granted, but not exercised, shall be approved by the shareholders of the Company in a general meeting.

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. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of share 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 quality 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 share options that vest (with a corresponding adjustment to the capital reserve) expect 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 expires (when it is released directly to retained profits).

30. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 36 of the financial statements.

(b) The Company

	Share premium HK$'000 (note i)	Contributed surplus HK$'000 (note ii)	Convertible bonds reserve HK$'000 (note iii)	Capital reserve HK$'000 (note iv)	Share option reserve HK$'000 (note v)	(Accumulated losses)/ retained profit HK$'000	Total HK$'000
At 1 April 2006	–	20,607	–	–	–	(54,180)	(33,573)
Net profit for the year	–	–	–	–	–	64,757	64,757
Issue of ordinary shares	288,022	–	–	–	–	–	288,022
Equity component of convertible bonds	–	–	140,728	–	–	–	140,728
Deferred tax arising on issue of convertible bonds	–	–	(6,495)	–	–	–	(6,495)
Cash received in excess of fair value of the Second Promissory Note	–	–	–	85,889	–	–	85,889
Proposed final dividend	–	(17,911)	–	–	–	–	(17,911)
At 31 March 2007 and 1 April 2007	288,022	2,696	134,233	85,889	–	10,577	521,417
Net loss for the year	–	–	–	–	–	(869,684)	(869,684)
Recognition of equity-settled share-based payment	–	–	–	–	70,243	–	70,243
Issue of ordinary shares upon acquisition of subsidiaries	262,918	–	–	–	–	–	262,918
Equity component of convertible bonds	–	–	291,640	–	–	–	291,640
Deferred tax arising on issue of convertible bonds	–	–	(21,526)	–	–	–	(21,526)
Issue of ordinary shares upon exercise of share options	277,100	–	–	–	(54,778)	–	222,322
Issue of ordinary shares	526,014	–	–	–	–	–	526,014
Share issue expenses	(8,795)	–	–	–	–	–	(8,795)
Scrip dividend	42,144	–	–	–	–	(46,827)	(4,683)
Dividend paid	–	–	–	–	–	(70,700)	(70,700)
At 31 March 2008	**1,387,403**	**2,696**	**404,347**	**85,889**	**15,465**	**(976,634)**	**919,166**

30. RESERVES (Continued)

(b) The Company (Continued)

Notes:

(i) The share premium account of the Company includes shares issued at premium.

(ii) The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation, over the nominal value of the Company's shares issued in exchange therefor. During the year ended 31 March 2007, dividends of approximately HK$17,911,000 was paid out of the contributed surplus reserve.

(iii) The convertible bonds reserve represents the equity components of each of the convertible bonds issued during the year. Each convertible bond issued are split into their liability and equity components at initial recognition at the fair values of each of the convertible bonds, which are determined by independent qualified professional valuers.

(iv) The capital reserve of the Company represents the cash received in excess of the fair value of the Second Promissory Note issued by the Company (Note 26).

(v) The share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant options, the total of which is based on the fair value of the options at grant date. The amount is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

31. ACQUISITION OF SUBSIDIARIES

(a) On 12 June 2007, the Company acquired the entire issued share capital of Richsense from Rich Game Capital Inc.. The major asset of Richsense is its 51% equity interest in Worth Perfect. The consideration for the acquisition was approximately HK$766,572,000 which represented the cash paid, the fair value of convertible bonds and promissory notes and consideration shares as at the date of acquisition. The amount of goodwill arising as a result of the acquisition was approximately HK$152,005,000.

The net assets acquired in the transaction and the goodwill arising is as follows:

	Acquiree's carrying amounts	**Fair value adjustment**	**Fair values**
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Right in sharing of profit streams	–	614,565	614,565
Cash and bank balances	5	–	5
Other receivables	8,731	–	8,731
Other payables	(8,734)	–	(8,734)
	2	614,565	614,567
Goodwill *(Note 18)*			152,005
			766,572

31. ACQUISITION OF SUBSIDIARIES (Continued)

(a) (Continued)

	HK$'000
Total consideration satisfied by:	
Cash consideration	420,789
Issue of convertible bonds	136,800
Issue of promissory notes	165,259
Issue of shares	43,724
	766,572

Net cash outflow arising on acquisition:

	HK$'000
Cash and bank balances acquired	5
Cash consideration	(420,789)
	(420,784)

Notes:

(i) The contracted value of the acquisition was HK$765,000,000 and the difference between the fair value and the contracted value of consideration paid was approximately HK$1,572,000.

(ii) The fair value of the convertible bonds issued has been arrived at on the basis of a valuation carried out on the completion date of the acquisition by Grant Sherman, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to Binomial option pricing model.

(iii) The fair value of the consideration shares determined based on the quoted closing price of the Company's share of HK$2.49 at the date of acquisition and 17,560,000 shares.

(iv) Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Richsense. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Richsense. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

(v) During the year ended 31 March 2008, Richsense contributed approximately HK$190,667,000 to the Group's turnover and profit for the period from the date of acquisition to the balance sheet date.

If the acquisition had been completed on 1 April 2007, total Group revenue for the year would have been approximately HK$468,761,000, and loss for the year attributable to equity holders of the Company would have been approximately HK$724,175,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

31. ACQUISITION OF SUBSIDIARIES (Continued)

(b) On 10 December 2007, Team Jade, a wholly owned subsidiary of the Company, acquired 60% of the total issued share capital of Triple Gain from Power Rush. The consideration for the acquisition was approximately HK$937,451,000 which represented the cash paid, the fair value of convertible bonds and consideration shares as at the date of acquisition. The amount of negative goodwill arising as a result of the acquisition was approximately HK$40,923,000.

	Acquiree's carrying amounts	**Fair value adjustment**	**Fair values**
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Right in sharing of profit streams	–	1,494,217	1,494,217
Cash and bank balances	1	–	1
Other payables	(5)	–	(5)
100% equity interest of Triple Gain	(4)	1,494,217	1,494,213
Acquisition of 60% equity interest in Triple Gain	(2)	896,530	896,528
Goodwill *(Note 18)*			40,923
			937,451

	HK$'000
Total consideration satisfied by:	
Cash consideration	526,710
Issue of convertible bonds	275,411
Issue of shares	161,250
Adjustment to the total consideration on acquisition *(note vi)*	(25,920)
	937,451

31. ACQUISITION OF SUBSIDIARIES (Continued)

(b) (Continued)

Net cash outflow arising on acquisition:

	HK$'000
Cash consideration	(526,710)

Notes:

(i) The contracted value of the acquisition was HK$993,600,000 and the difference between the fair value and the contracted value of consideration paid was approximately HK$113,240,000.

(ii) The fair value of the convertible bonds issued has been arrived at on the basis of a valuation carried out on the completion date of the acquisition by Grant Sherman, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to Binomial option pricing model.

(iii) The fair value of the consideration shares determined based on the quoted closing price of the Company's share of HK$2.15 at the date of acquisition and 75,000,000 shares.

(iv) Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Triple Gain. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Triple Gain. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

(v) During the year ended 31 March 2008, Triple Gain contributed approximately HK$45,053,000 to the Group's turnover and profit for the period from the date of acquisition to the balance sheet date.

If the acquisition had been completed on 1 April 2007, total Group revenue for the year would have been approximately HK$472,956,000, and loss for the year attributable to equity holders of the Company would have been approximately HK$719,981,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

(vi) In relation to the acquisition of Triple Gain from Power Rush, the Group, Mr. Chen Yi Ming, Nove Sociedade Unipessoal Limitada entered into an Nove Profit Agreement. Pursuant to the Nove Profit Agreement, Mr. Chen Yi Ming has irrevocably and unconditionally guaranteed to Triple Gain that (i) the profit for the period from 28 August 2007 to 31 March 2008 ("First Profit Guarantee") shall not be less than HK$163,000,000; (ii) the profit for the year ending 31 March 2009 ("Second Profit Guarantee") shall not be less than HK$304,000,000; and (iii) the profit for the period from 1 April 2009 to 27 August 2009 ("Third Profit Guarantee") shall not be less than HK$133,000,000. In the event the profit guarantee is not achieved, Mr. Chen Yi Ming has undertaken to pay to Triple Gain the difference between the actual profit received and/or receivable by Triple Gain and the guaranteed profit for the same period.

At the end of First Guarantee Period, the actual profit received and/or receivable by Triple Gain at 31 March 2008 was approximately HK$137,080,000 and therefore, a receivable of approximately HK$25,920,000 is recognised and such amount was deducted from the investment cost in Triple Gain.

The financial results of Triple Gain for the period of Second Profit Guarantee and Third Profit Guarantee may affect the total consideration for the acquisition of Triple Gain. The directors considered that it is not probable to estimate the results for the period of Second Profit Guarantee and Third Profit Guarantee at the date of approval of these financial statements and no adjustment to total consideration was made.

31. ACQUISITION OF SUBSIDIARIES (Continued)

(c) On 18 December 2007, Team Jade acquired the remaining 40% of the total issued share capital of Triple Gain from Power Rush. The consideration for the acquisition was approximately HK$769,545,000 which represented the call option exercised, cash paid, the fair value of convertible bonds and consideration shares as at the date of acquisition. The amount of goodwill arising as a result of the acquisition was approximately HK$169,481,000.

	Acquiree's carrying amounts	Fair value adjustment	Fair values
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Right in sharing of profit streams	–	1,495,275	1,495,275
Other receivables	4,889	–	4,889
Cash and bank balances	1	–	1
Other payables	(5)	–	(5)
100% equity interest of Triple Gain	4,885	1,495,275	1,500,160
Acquisition of 40% equity interest in Triple Gain	1,954	598,110	600,064
Goodwill *(Note 18)*			169,481
			769,545

	HK$'000
Total consideration satisfied by:	
Cash consideration	448,400
Issue of convertible bonds	249,945
Issue of shares	71,200
	769,545

Net cash outflow arising on acquisition:

	HK$'000
Cash consideration	(448,400)

31. ACQUISITION OF SUBSIDIARIES (Continued)

(c) (Continued)

Notes:

(i) The contracted value of the acquisition was HK$806,400,000 and the difference between the fair value and the contracted value of consideration paid was approximately HK$20,236,000.

(ii) The fair value of the convertible bonds issued has been arrived at on the basis of a valuation carried out on the completion date of the acquisition by Grant Sherman, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to Binomial option pricing model.

(iii) The fair value of the consideration shares determined based on the quoted closing price of the Company's share of HK$1.78 at the date of acquisition and 40,000,000 shares.

(iv) Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Triple Gain. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Triple Gain. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

(v) During the year ended 31 March 2008, Triple Gain contributed approximately HK$45,053,000 to the Group's turnover and profit for the period from the date of acquisition to the balance sheet date.

If the acquisition had been completed on 1 April 2007, total Group revenue for the year would have been approximately HK$456,892,000, and loss for the year attributable to equity holders of the Company would have been approximately HK$736,044,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

32. DISPOSAL OF A SUBSIDIARY

On 8 May 2007, the Group entered into a sale and purchases agreement to dispose of its 100% equity interest in LFP Engineering Limited ("LFP") to an independent third party for a cash consideration of HK$100.

The Group discontinued its construction business operations at the time of disposal of LFP. The net assets of LFP at the date of disposal were as follows:

Net assets disposed of:

	2008
	HK$'000
Cash and bank balances	45
Deposits and other receivables	9
Accounts payable	(893)
Other payables and accruals	(134)
	(973)
Gain on disposal of subsidiaries from discontinued operation *(Note 10)*	973
	-
Cash and bank balances disposed of	45

33. NON-CASH TRANSACTIONS

The considerations for the acquisitions of the entire issued share capital of Richsense and Triple Gain during the year ended 31 March 2008 comprised consideration shares issued, Third Promissory Notes, Second Convertible Bond, Third Convertible Bond and Fourth Convertible Bond as disclosed in Notes 26 and 27 to the financial statements respectively.

34. SHARE-BASED PAYMENT TRANSACTIONS

During the year ended 31 March 2008, the Company had granted 179,604,000 options to employees and consultants under the Company's share option scheme (the "Scheme") as disclosed in Note 29(b).

At 31 March 2008, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 30,416,000 (2007: Nil), representing 2.2% (2007: Nil) of the shares of the Company in issue at that date.

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Details of specific categories of share options and the movements during the year are as follows:

Participants	Share option type	Number of share options: Outstanding at 1 April 2007	Granted during the year	Exercised during the year	Forfeited during the year	Expired during year	Outstanding at 31 March 2008	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$ per share	Fair value at grant date HK$ per share	Closing price of the Company's shares immediately before the grant date HK$ per share
Employees and Consultants	2008A	–	67,200,000	(67,200,000)	–	–	–	14 May 2007	14 May 2007 to 13 May 2008	1.998	0.4439	2.02
Consultants	2008B	–	7,220,000	(7,220,000)	–	–	–	19 November 2007	19 November 2007 to 18 November 2008	2.45	0.5662	2.55
Consultants	2008C	–	29,200,000	–	–	–	29,200,000	20 November 2007	20 November 2007 to 19 November 2008	2.362	0.5172	2.45
Consultants	2008D	–	34,872,000	(34,872,000)	–	–	–	18 February 2008	18 February 2008 to 17 February 2009	1.13	0.2560	1.09
Employees and Consultants	2008E	–	41,112,000	(39,896,000)	–	–	1,216,000	22 February 2008	22 February 2008 to 21 February 2009	1.15	0.2991	1.16
		–	179,604,000	(149,188,000)	–	–	30,416,000					

The fair value of the share options granted during the year were priced using a Binomial option pricing model. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of a share option varies with different variables of certain subjective assumptions.

Expected volatility was determined by using the historical volatility of the Company's share price volatility over previous 1 year.

Inputs into the model:

	Share option type: 2008A	2008B	2008C	2008D	2008E
Grant date share price	1.970	2.45	2.330	1.08	1.15
Exercise price	1.998	2.45	2.362	1.13	1.15
Expected volatility	59.43%	62.33%	61.60%	75.49%	76.35%
Option life	1 year	1 year	1 year	1 year	1 year
Dividend yield	0%	0.8%	0.9%	3.2%	3.0%
Risk-free interest rate	3.88%	1.93%	1.85%	1.85%	1.85%

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following share options granted under the Scheme were exercised during the year ended 31 March 2008:

Share option type	Number exercised	Exercise date	Share price at exercise date	Weighted average closing price of the Company's shares immediately before the exercise date
	'000		*HK$*	*HK$*
2008A	2,000	29 May 2007	2.31	2.510
2008A	8,780	12 June 2007	2.47	2.560
2008A	8,780	13 June 2007	2.46	2.532
2008A	4,000	13 June 2007	2.46	2.532
2008A	2,870	18 June 2007	2.48	2.498
2008A	8,780	18 June 2007	2.48	2.498
2008A	2,870	18 June 2007	2.48	2.498
2008A	8,780	18 June 2007	2.48	2.498
2008A	8,780	21 June 2007	2.50	2.506
2008A	2,780	25 June 2007	2.60	2.522
2008A	8,780	25 June 2007	2.60	2.522
2008B	2,910	20 November 2007	2.33	2.362
2008B	1,400	20 November 2007	2.33	2.362
2008B	2,910	20 November 2007	2.33	2.362
2008D	1,216	26 February 2008	1.10	1.174
2008D	2,456	26 February 2008	1.10	1.174
2008D	4,128	26 February 2008	1.10	1.174
2008D	4,128	26 February 2008	1.10	1.174
2008D	8,776	26 February 2008	1.10	1.174
2008D	10,040	27 February 2008	1.10	1.152
2008D	4,128	27 February 2008	1.10	1.152
2008E	12,900	27 February 2008	1.10	1.152
2008E	10,040	27 February 2008	1.10	1.152
2008E	4,133	27 February 2008	1.10	1.152
2008E	12,823	27 February 2008	1.10	1.152
	149,188			

35. OPERATING LEASE ARRANGEMENTS

The Group leases its office properties under operating lease arrangements. Leases for the properties are negotiated for terms of three years.

At the balance sheet date, the Group had total future minimum lease payables under non-cancellable operating leases falling due as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**1,006**	1,006
In the second to fifth years inclusive	**91**	1,097
	1,097	2,103

36. COMMITMENTS

The Group and the Company did not have any significant capital commitments as at 31 March 2008.

37. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with:				
Finance lease granted to certain subsidiaries disposed in previous years	**–**	389	**–**	389

Note: During the year ended 31 March 2005, the Group disposed of certain of its subsidiaries (the "Disposed Subsidiaries"). Pursuant to the agreements dated 21 March 2005 and 8 November 2004, the buyer of the Disposed Subsidiaries agreed to provide counter indemnities to the Company for its corporate guarantees provided to the Disposed Subsidiaries.

At 31 March 2007, the Company was the guarantor in respect of the finance lease contracts of the Disposed Subsidiaries. During the year ended 31 March 2008, the finance lease was fully settled by the Disposed Subsidiaries and no contingent liabilities existed at 31 March 2008.

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, during the years ended 31 March 2008 and 2007, the Group had entered into the following transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business.

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in Notes 11 and 12 to the financial statements, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and allowance	**1,650**	1,650
Pension scheme contributions	**36**	36
	1,686	1,686

39. PARTICULARS OF THE SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Company name	**Place of incorporation and operations**	**Nominal value of issued and paid-up capital**	**Percentage of equity interest attributable to the Company**		**Principal activities**
			Direct	**Indirect**	
			%	%	
Giant Gold Investments Limited	British Virgin Islands	US$1 Ordinary	100	–	Investment holding
Maxgold Far East Limited	British Virgin Islands/ Hong Kong	US$1 Ordinary	100	–	Investment holding
Profitown Venture Corporation	British Virgin Islands	US$200 Ordinary	100	–	Investment holding
Team Jade Enterprises Limited	British Virgin Islands	US$1	100	–	Investment holding
Triumph Bright International Ltd.	Hong Kong	HK$2 Ordinary	100	–	Investment holding

39. PARTICULARS OF THE SUBSIDIARIES (Continued)

Particulars of the subsidiaries are as follows: (Continued)

Company name	Place of incorporation and operations	Nominal value of issued and paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct %	Indirect %	
MFT Epping Trading Limited	British Virgin Islands/ The Republic of Congo	US$1 Ordinary	–	100	Trading of timber logs
Richsense Limited	British Virgin Islands	US$100 Ordinary	–	100	Investment holding
Triple Gain Group Limited	British Virgin Islands	US$100 Ordinary	–	100	Receive profit streams from gaming and entertainment related business
Top Jade Limited	Hong Kong	HK$2 Ordinary	–	100	Investment holding
Youngrich Limited	British Virgin Islands	US$100 Ordinary	–	100	Investment holding
Worth Perfect International Limited	British Virgin Islands	US$100 Ordinary	–	100	Receive profit streams from gaming and entertainment related business

40. SUBSEQUENT EVENTS

(a) On 10 April 2008 and 30 May 2008, 82,400,000 and 20,000,000 ordinary shares were issued by the Company to Power Rush as a result of the exercise of the conversion rights attached to the First Convertible Bonds of an aggregate principal amount of HK$102,400,000 issued by the Company on 4 January 2007.

(b) On 5 May 2008, Team Jade entered into a share acquisition agreement with Multi Fit Investments Limited ("Multi Fit") to acquire the entire issued share capital of Leading Century International Limited ("Leading Century") for a total consideration of approximately HK$224.32 million. The main asset of Leading Century is the Joli Profit Agreement. Under the share acquisition agreement, the consideration shall be settled by Team Jade (i) as to HK$30.72 million in cash payable upon completion; (ii) as to HK$48 million by procuring the Company to issue the promissory notes to Multi Fit upon completion; and (iii) as to the balance of HK$145.6 million by procuring the Company to allot and issue 224 million consideration shares to Multi Fit at an issue price of HK$0.65 per share credited as fully paid upon completion. For further details, please refer to the Company's circular dated 27 May 2008.

The acquisition was completed on 20 May 2008, for which the fair values of the promissory notes and share consideration as mentioned above at that date were approximately HK$42,113,000 and HK$141,120,000 respectively. The fair value of the share consideration was determined in accordance with the quoted market price of the Company's share as at 20 May 2008.

On 20 May 2008, Leading Century possesses other receivables of approximately HK$1,000 and Joli profit agreement. The fair value of the intangible asset for sharing of profit streams is still under the progress of valuation by an independent qualified professional valuers. It is therefore considered that it is not practicable to disclose the fair value of the intangible asset for recognition in the consolidated financial statements and also any goodwill or excess to be recognised.

(c) On 24 June 2008, Team Jade entered into (i) the first heads of agreement for the possible acquisition of the entire issued share capital of East & West International Inc. as to 70% from Multi Fit and as to 30% from Pacific Rainbow Holdings Limited ("Pacific Rainbow") at an aggregate consideration of HK$1,794,560,000; and (ii) the second heads of agreement for the possible acquisition of the entire issued share capital of Pacific Force Inc. from Pacific Rainbow at a consideration of HK$224,320,000.

41. COMPARATIVE

Certain comparative amounts have been reclassified to conform with the current year's presentation.

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 July 2008.

Investment Properties

Particulars of investment properties as at 31 March 2008 are as follows:

Address	Existing use	Category of lease
Section A and B of Lot No. 391 in Demarcation District No. 131, Tuen Mun District, New Territories, Hong Kong	Commercial	Long-term lease

Summary Financial Information

31 March 2008

The results of the Group for the year ended 31 March 2004 and the assets and liabilities of the Group as at that date have been extracted from the Company annual report dated 22 July 2004. The results of the Group for the year ended 31 March 2005 and the assets and liabilities of the Group as at that date have been extracted from the Company annual report dated 20 July 2005. For the results of the Group for the year ended 31 March 2006 and the assets and liabilities of the Group as at that date have been extracted from the Company annual report dated 21 July 2006. The results of the Group for each of the two years ended 31 March 2008 and 2007 and the assets and liabilities of the Group as at these dates are those set out on pages 33 and 34 of the financial statements, respectively. The summary of the consolidated/combined results, assets and liabilities of the Group includes the results, assets and liabilities of the Company and its subsidiaries as if the current structure of the Group had been in existence throughout the five years ended 31 March 2008.

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Turnover (including discontinued operation)	**418,910**	6,353	10,645	67,090	23,175
(Loss)/profit for the year attributable to:					
– Equity holders of the Company	**(775,976)**	21,088	(15,307)	(11,603)	(14,600)
– Minority interests	**1,951**	–	–	–	–
	(774,025)	21,088	(15,307)	(11,603)	(14,600)
Dividends	**117,527**	17,911	–	–	–
	At 31 March				
Assets and liabilities					
Total assets	**2,295,064**	976,796	47,322	66,022	91,414
Total liabilities	**(1,109,997)**	(381,850)	(2,208)	(5,601)	(19,390)
Total equity	**1,185,067**	594,946	45,114	60,421	72,024