LONG SUCCESS
百齡國際

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code:8017)

ANNUAL REPORT 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Wong Kam Leong *(Chairman)*
Ms. Li Jie Yi
Mr. Yip Wai Ki

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Cheng Tze Kit, Larry

COMPANY SECRETARY

Mr. Yeung Shun Kee

QUALIFIED ACCOUNTANT

Mr. Yeung Shun Kee

COMPLIANCE OFFICER

Mr. Wong Kam Leong

AUTHORISED REPRESENTATIVES

Mr. Wong Kam Leong
Mr. Yip Wai Ki

AUDIT COMMITTEE

Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Cheng Tze Kit, Larry

LEGAL ADVISORS

David Lo & Partners – as to Hong Kong Law
Suite 2502, 9 Queen's Road Central
Central, Hong Kong

Appleby Spurling & Kemple – as to Bermuda Law
5511, The Centre
99 Queen's Road Central
Central, Hong Kong

AUDITORS

AGCA CPA Limited
9/F., Allied Kajima Building
138 Gloucester Road, Wanchai
Hong Kong

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAE OFFICE AND PRINCIPAL PLACE OF BUSINESS

26/F., EIB Centre
40-44 Bonham Strand
Sheung Wan
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited
Wing Hang Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Reid Management Limited
Argyle House, 41A Cedar Avenue
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Ltd
46/F, Hopewell Centre,
183 Queen's Road East, Hong Kong

WEBSITES

http://www.long-success.com

REVIEW

The principal activities of the Group comprise developing related business in the gaming and entertainment sector, money lending services and providing IT consulting services in the Greater China Region.

Here are some financial and business highlights of the Group for the financial year ended 31 March 2009:

- Revenue decreased 49.7% to HK$12.78 million in 2009 from HK$25.42 million in 2008. The decrease in revenue was mainly due to the disappointing performance of the IT consulting services and gaming and entertainment businesses in Macau generally. In July 2008, the measures adopted by the Guangdong government to further tighten individual visits to Macau under the individual visit scheme and the global financial meltdown drove down the VIP gaming revenue during the year under review. With the global recession, there was a substantial decrease in the demand for customized softwares and related computer equipments. However, the contribution from the business of provision of money lending services narrowed the decline in revenue under review.

- Loss attributable to shareholders was HK$37.60 million, decreased 14.0% when compared to a loss of HK$43.71 million in 2008. Disregarding the impairment items such as the impairment of goodwill arising from the acquisition of Right Gateway Limited ("Right Gateway") in December 2006 and the cost associated with equity-settled share options etc., the Group recorded a loss attributable to shareholders of HK$7.66 million, decreased 18.9% when compared with last year's figure.

- Basic loss per share was 1.37 HK cents compared to a loss per share of 2.10 HK cents in 2008.

- On 12 February 2009, Glory Smile Enterprises Limited, a wholly-owned subsidiary of the Group, entered into an acquisition agreement ("Acquisition Agreement") with the vendor (the "Vendor") to acquire the entire equity interest in Mega Bright Investment Development Limited ("Mega Bright") at a consideration ("Consideration") of HK$190 million (subject to adjustments) ("Acquisition"). Mega Bright, a company with limited liability incorporated in Hong Kong, owns 51% equity interest in a joint venture company, Jining Gangning Paper Co, Ltd. ("Jining Gangning"), in Shandong Province in the People's Republic of China ("PRC"). Jining Gangning is engaged in the manufacture and sale of various types of kraft paper. Its production facilities comprise 2-paper production lines, a stock or pulp preparation section for making paper products, a waste water treatment plant, various plant utilities, and laboratory, office and material handling equipments. Jining Gangning has a factory complex located on two parcels of adjoining land of approximately 82,667 sq.m. with 31 various major buildings and structures erected thereon. According to the valuation reports, the market values of plant and machinery and property were approximately RMB112 million and RMB55 million as at 30 April 2009 respectively. It is a term of the Acquisition Agreement that the Vendor shall provide profit guarantees of not less than RMB60 million profit after tax on Jining Gangning for each of the two years ending 31 December 2010 and 31 December 2011. The shareholders of the Company, at the special general meeting ("SGM") held on 3 June 2009, approved the the Acquisition Agreement

and the transactions contemplated thereunder. Completion of the Acquisition Agreement is subject to fulfillment of certain conditions precedent on or before 31 July 2009 (or such later date as the parties may agree in writing) and has not been taken place.

- For the gaming and entertainment sector, the operations of Jun Ying VIP Club moved from Waldo Casino at the Grand Waldo Hotel to VML International Club at the Venetian Macao-Resort-Hotel on 29 May 2009. The Venetian Macao-Resort-Hotel is one of the renowned hotels located at the Cotai Strip, Macao. It is believed that the new location of Jun Ying VIP Club would be more attractive to customers.

PROSPECTS

During the year under review, the measures adopted by the Guangdong government to further tighten individual visits to Macau under the individual visit scheme and the global financial meltdown drove down the VIP gaming revenue. The keen competition arising from continuous openings of new casinos also made unfavourable market conditions to our gaming and entertainment businesses in Macau. To harness new opportunities for growth, the Group has speeded up with the business diversification. The Group discerns the economic development and growth from the PRC will be one of the main origins to the world's economic growth, and the investment in the paper manufacturing business in the PRC will bring a higher return to the shareholders. On 3 June 2009, the shareholders of the Company at the SGM approved the acquisition of Mega Right which holds 51% interest in Jining Gangning which is engaged in the manufacture and sale of various types of kraft paper. The paper manufacturing business using waste paper to produce kraft paper stands as evidence of environmental protection and corporate social responsibility of the Group. Looking ahead, the management of the Group is confident in the future outlook of the paper manufacturing business.

With continuing global recession, the Group will stay slim and fit. The Group remains long term bullish on Asia and well resourced to pursue strategic opportunities, particularly in the PRC.

OUR APPRECIATION

On behalf of the board of Directors (the "Board"), I would like to take this opportunity to thank the shareholders in their continuous support and confidence in the Group. I would like to express our appreciation to the management team and all staff member to their dedicated service, hard work and loyalty. Please be rest assured that we would try our best to consolidate our foundation and seek new opportunities to reciprocate your continuous support. We look forward to sharing our progress with you in the coming year.

Wong Kam Leong
Chairman
Hong Kong, 26 June 2009

BUSINESS REVIEW

During the year under review, the core business of the Group comprises (i) sharing of profits of a Macau casino junket representative; (ii) money lending services; (iii) sales of customized software (including ERP and POS solutions) and related computer equipments; and (iv) provision of technical support and maintenance services on the systems implemented.

(A) ISSUE OF CONVERTIBLE NOTES

Referring to the announcement and circular dated 8 April 2008 and 28 April 2008 respectively, the Board proposed to issue convertible notes ("Convertible Notes") in an equivalent face value of HK$10,700,000 as part payment of the consideration for the acquisition ("City Faith Acquisition") of the entire issue share capital of City Faith Investments Limited ("City Faith"). The Company entered into the sale and purchase agreement on 28 March 2008 to acquire the entire issued share capital of City Faith at an aggregate consideration of HK$24,700,000, which would be satisfied by HK$14,000,000 in cash and HK$10,700,000 by the issue of the Convertible Notes. City Faith is a company incorporated in Hong Kong with limited liability. The principal business of City Faith is investment holding. City Faith holds a flat in a low density residential building in Tai Po and two vehicles. The shareholders, at the special general meeting held on 30 May 2008, voted against the issue of the Convertible Notes and the issue and allotment of the shares upon conversion thereof and the transactions contemplated thereunder. Given that one of the conditions precedent to the completion of the City Faith Acquisition, being the approval by the shareholders of the Company on the issue of the Convertible Notes and the issue and allotment of the shares upon conversion thereof, could not be satisfied, the City Faith Acquisition was terminated accordingly.

(B) NON-LEGAL BINDING LETTER OF INTENT

Referring to the announcement dated 11 August 2008, the Company entered into a non-legally binding letter of intent proposing to acquire a controlling interest in a domestic company, principally engaged in paper manufacturing and package, incorporated in Shandong Province in the PRC ("LOI").

Referring to the announcement dated 23 January 2009, the Company had terminated the LOI and would pursue negotiation with the new shareholder of the said paper manufacturing company.

(C) VERY SUBSTANTIAL ACQUISITION

Referring to the announcements dated 12 February 2009 and 31 March 2009 respectively, and the circular dated 14 May 2009, the Board proposed to acquire the entire equity interest in Mega Bright (which holds 51% equity interest in Jining Gangning) at a consideration of HK$190 million (the "Consideration", subject to adjustments). The payment of the Consideration is to be satisfied by (i) cash of HK$103.5 million by two (2) installments; (ii) the issuance of convertible bonds by the Company in the principal amount of HK$40 million convertible into 333,333,333 Shares, and (iii) the issuance of promissory notes in the principal sum of HK$46.5 million by the Company. According to the Acquisition Agreement, the Vendor shall provide profit guarantees of not less than RMB60 million profit after tax on Jining Gangning for each of the two years ended 31 December 2010 and 31 December 2011. Jining Gangning is engaged in the manufacture and sale of various types of kraft paper. Its production facilities comprise 2-paper production lines, a stock or pulp preparation section for making paper products, a waste water treatment plant, various plant utilities, and laboratory, office and material handling equipment. Jining Gangning has a factory complex comprises two parcels of adjoining land of approximately 82,667 sq.m with 31 various major buildings and structures erected thereon. According to the valuation reports, the market values of plant and machinery and property were approximately RMB112 million and RMB55 million as at 30 April 2009 respectively. Details of the acquisition were set out in the Company's announcements dated 12 February 2009 and 31 March 2009 respectively, and the circular dated 14 May 2009. On 3 June 2009, the shareholders at the SGM approved the Acquisition Agreement and the transactions contemplated thereunder.

(D) SUBSCRIPTION FOR NEW SHARES

Referring to the announcement dated 24 February 2009, the Company entered into a subscription agreement (the "Subscription") with two subscribers to issue shares in the capital of the Company (the "Subscription Shares") at the subscription price of HK$0.065 per Subscription Share. On 16 March 2009, completion took place and 169,232,000 Subscription Shares were issued to the subscribers.

(E) CONNECTED TRANSACTION

Referring to the announcement dated 9 March 2009, a directly wholly-owned subsidiary of the Company, Cherry Oasis (Far East) Limited, entered into the sale and purchase agreement (the "Success Finance Agreement") with Mr. Cheung Tze Lin, Aston and Mr. Wong Wai Man, Raymond (the "Sellers"), both directors of Success Finance Limited ("Success Finance"), a subsidiary of the Company. Pursuant to the Success Finance Agreement, the Sellers agreed to sell and the Purchaser agreed to purchase 5,500,000 ordinary shares of HK$1.00 each of Success Finance, representing 10% of the issued share capital of Success Finance for a total consideration of HK$5,500,000. Completion of the Success Finance Agreement took place on 16 March 2009 and Success Finance is now an indirectly wholly-owned subsidiary of the Company.

FINANCIAL REVIEW

REVENUE AND LOSS ATTRIBUTABLE TO SHAREHOLDERS

During the year under review, revenue was approximately HK$12.78 million, recorded a decrease of 49.7% as compared to last year (2008: HK$25.42 million). The decrease in revenue was mainly due to the disappointing performance of the IT consulting services and gaming and entertainment businesses in Macau generally. In July 2008, the measures adopted by the Guangdong government to further tighten individual visits to Macau under the individual visit scheme and the global financial meltdown drove down the VIP gaming revenue during the year under review. With the global recession, there was a substantial decrease in the demand for customized software and related computer equipments However, the contribution from the business of provision of money lending services narrowed the decline in revenue under review. Loss attributable to shareholders was HK$37.60 million, decreased 14.0% compared to a loss of HK$43.71 million in 2008. Disregarding the impairment items such as the impairment of goodwill arising from the acquisition of Right Gateway in December 2006 and the cost associated with equity-settled share options etc., the Group recorded a loss attributable to shareholders of HK$7.66 million, decreased 18.9% compared to last year's figure.

SEGMENT PERFORMANCE

During the year under review, revenue contributed by gaming and entertainment sector was HK$1.02 million (2008: HK$6.28 million), represented a decrease of 83.8% comparing with last year. Revenue contributed by provision of money lending services was HK$1.90 million (2008: HK$0.21 million), recorded an increase of 804.8%. Revenue contributed by sales of customised software and related computer equipment was HK$6.32 million, decreased by 59.9% (2008: HK$15.75 million). Revenue from the support and maintenance services was HK$3.54 million, increased by 11.3% (2008: 3.18 million). The contribution of gaming and entertainment sector, money lending sector and IT sector to turnover for the financial year was 8% (2008: 25%); 15% (2008: 1%) and 77% (2008: 74%).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

The Group financed its operations primarily with internally generated cash flow as well as the cash flow generated from the Subscription. The Group adopted a conservative financial management and treasury policy and will continue to apply such policy in the coming year. All borrowings and substantial proportion of the cash and bank balances are denominated in Hong Kong dollars and put in short term deposits. A small proportion of the cash and bank balance is denominated in Renminbi.

As at 31 March 2009, the Group had cash and bank balances of approximately HK$2.94 million (2008: HK$19.19 million). The Group's current assets were approximately 4.80 times (2008: 11.03 times) over its current liabilities. For the year under review, the Group was financed by its own working capital and the gearing ratio which represents the total borrowings divided by total assets was zero (2008: 0.03%).

During the year under review, the Group had successfully raised funds from the Subscription in the amount of approximately HK$11 million before expenses. Funds raised from the Subscription have been used as part payment of the refundable deposit of HK$47.5 million for the Acquisition. The Group will need to raise additional funds to finance payment of the balance of the Consideration under the Acquisition. In view of the Group's current liquidity position, the Directors expect the Group will be able to raise sufficient funds to meet its operational and investment needs in the foreseeable future.

CHARGE OF GROUP'S ASSETS

As at 31 March 2009, none of the Group's assets had been pledged (2008: Nil).

FOREIGN CURRENCY EXPOSURE

The Group continues to adopt a conservative treasury policy with all deposits in Hong Kong dollars, keeping a minimum exposure to foreign exchange risks. As the sales, expenditures, assets and liabilities are mainly denominated in Hong Kong dollars and Renminbi, 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.

CONTINGENT LIABILITIES

Before 31 March 2009, a District Court action had been commenced by a customer against a subsidiary of the Group in respect of claims for damages of HK$784,320 and a return of service price of HK$10,080 paid by the customer, and interests thereon, by reason of that subsidiary's repudiatory breach of a certain computer software implementation and maintenance contract and total failure of consideration and/or money had and received.

No settlement has yet been reached for the above litigation and no judgment has yet been made against the above-mentioned subsidiary of Group in respect of the above-mentioned claims. The Directors of the Company consider that it is not possible to estimate the eventual outcome of such claims with reasonable certainty at the current stage. Nevertheless, the Directors of the Company are of the opinion that the above-mentioned subsidiary of the Group has valid defence and consider the claims mentioned above would not have material adverse impact to the financial position of the Group. Accordingly, no provision had been made for such claims as at 31 March 2009.

Save as disclosed above, the Group did not have other significant contingent liabilities.

EMPLOYEES

As at 31 March 2009, the Group had approximately 29 (2008: 26) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive directors for the year under review amounted to approximately HK$11.2 million (2008: HK$17.2 million). Employees in Hong Kong are also entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group is required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards. The remuneration policy and packages of the Group's employees are regularly reviewed by the Board. Apart from provident fund scheme, medical insurance and discretionary bonuses, share options are also awarded to employees according to the assessment of individual performance.

FUTURE PLAN OF CAPITAL INVESTMENTS

Going forward, in addition to the continual improvement of the operating performance of the existing business, the Group will seek business collaborations and investment opportunities for diversification.

PROFILE OF DIRECTORS

Profile of the Directors of the Company are set out as follows:

EXECUTIVE DIRECTORS

Mr. Wong Kam Leong, aged 45, is the chairman of the Company. And he has also been the chairman and legal representative of a PRC electric appliance company namely Zhongshan Weili Electronics Appliances Group Limited (中山威力電器集團有限公司). He has over 15 years experience in sales and marketing and property trading and development in the Mainland China. Mr. Wong is responsible for the overall strategic planning, direction and business development of the Company. Mr. Wong is the controlling shareholder of the Company.

Ms. Li Jie Yi, aged 42, has been appointed as an executive Director of the Company with effect from 15 November 2007. Ms. Li has vast experience in the gaming industry in Macau, in particular, in relation to the financial control and management of VIP lounges in casinos. Ms. Li is responsible for administrative aspects and business development of the Group.

Mr. Yip Wai Ki, aged 53, has been appointed as an executive Director of the Company with effect from 30 June 2008. Mr. Yip is a director of private companies engaging in real estate development, trading and financial investment. He has over 20 years experience in real estate development in Hong Kong and the PRC and has extensive experience in trading and business management in a number of private companies in Hong Kong. Mr. Yip is responsible for the investors relationship and business development of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS (“INED”)

Mr. Ng Kwok Chu, Winfield, aged 50, has been appointed as an INED and a member of Audit Committee and Remuneration Committee of the Company with effect from 3 January 2006. Mr. Ng has over 20 years consumer and commercial finance experiences in the markets of Hong Kong and the PRC. He is currently an executive director of China Metal Resources Holdings Limited, a company listed on the GEM Board of the Stock Exchange.

Mr. Ng Chau Tung, Robert, aged 53, has been appointed as an INED and a member of Audit Committee and Remuneration Committee of the Company with effect from 3 January 2006. Mr. Ng is currently the chief executive officer of a private company, which mainly involves in financial arrangement of new general energy development and trading. Mr. Ng holds a Bachelor of Business Administration from The Chinese University of Hong Kong. He is also the member of the Institute of Financial Accountant (U.K.) and the Registered Financial Planner. Mr Ng has over 20 years experience in the banking sector. He was also the chairman of the Hong Kong Equipment Leasing Association, and independent non-executive committee member of the Finance House Association and the Hong Kong Deposit Taking Company Association.

Mr. Cheng Tze Kit, Larry, aged 52, has been appointed as an INED and a member of Audit Committee and Remuneration Committee of the Company with effect from 30 June 2008. Mr. Cheng is a Chartered Engineer, a member of the Institution of Mechanical Engineers, a member of the Institution of Engineering and Technology and a member of the Chartered Institution of Building Services Engineers. He has over 20 years of experience in real estate development and mergers and acquisitions in Hong Kong, Canada and the PRC.

The Directors submit their report together with the audited accounts for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 18 to the accounts. An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 23. The Directors do not recommend the payment of a dividend for the year ended 31 March 2009 (2008: Nil).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 29 to the accounts and in the consolidated statement of changes in equity on page 26 respectively.

Details of distributable reserves of the Company as at 31 March 2009 are set out in note 29 to the accounts.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the accounts.

SHARE CAPITAL

Details of movements in the share capital are set out in note 27 to the accounts.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws although there is no restriction against such rights under the laws of Bermuda.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 80.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CONNECTED TRANSACTIONS

Details of the connected transactions entered into by the Company are set out in note 35 to the accounts.

Details about other related party transactions undertaken in the normal course of business but not constituting a discloseable connected transaction as defined under the GEM Listing Rules are set out in note 35 to the accounts.

DIRECTORS

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

Executive Directors
Mr. Wong Kam Leong
Ms. Li Jie Yi
Mr. Yip Wai Ki (Appointed on 30 June 2008)
Mr. Hui Siu Lun (Resigned on 30 June 2008)

Independent non-executive Directors
Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Cheng Tze Kit, Larry (Appointed on 30 June 2008)
Mr. Leung Kar Loon, Stanley (Resigned on 30 June 2008)

In accordance with the Bye-Laws of the Company, Mr. Wong Kam Leong and Mr. Ng Kwok Chu, Winfield will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

SHARE OPTIONS

A summary of the share option scheme and details of the movements in share options of the Company during the year are set out on pages 68 to 71.

DIRECTORS' SERVICE CONTRACTS

None of the Directors (including those who are proposed for re-election at the forthcoming annual general meeting) has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2009, the following Directors and chief executive of the Company had or were deemed to have interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules:

Long positions in Shares:

Name	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Total	Percentage of Shareholding
Directors					
Wong Kam Leong	Corporate Interest	852,500,000 *(Note 1)*	–	879,500,000	29.00%
	Personal Interest		27,000,000 *(Note 2)*		
Yip Wai Ki	Personal Interest	10,000,000	–	10,000,000	0.33%
Li Jie Yi	Personal Interest	–	27,000,000 *(Note 2)*	27,000,000	0.89%
Ng Kwok Chu, Winfield	Personal Interest	–	2,000,000 *(Note 3)*	2,000,000	0.07%
Ng Chau Tung, Robert	Personal Interest	–	2,000,000 *(Note 3)*	2,000,000	0.07%
Cheng Tze Kit Larry	Personal Interest	–	4,800,000 *(Note 4)*	4,800,000	0.16%

Notes:

1. The 852,500,000 shares in the Company are beneficially owned by and registered in the name of Wide Fine International Limited ("Wide Fine"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong.

2. As at 31 March 2009, 27,000,000 share options conferring rights to subscribe for 27,000,000 shares.

3. As at 31 March 2009, 2,000,000 share options conferring rights to subscribe for 2,000,000 shares.

4. As at 31 March 2009, 4,800,000 share options conferring rights to subscribe for 4,800,000 shares.

Save as disclosed above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable any of the Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, none of the Directors and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any right to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the Directors, chief executive or their associates had any interests or short position in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the year ended 31 March 2009.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2009, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Name	**Number of ordinary shares held**	**Number of underlying shares held**	**Total**	**Percentage of shareholding**
Wide Fine International Limited *(Note 1)*	852,500,000	–	852,000,000	28.12%

Notes:

1. Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.

Save as disclosed above, no other person had registered an interest or short position in the shares and underlying shares of the Company that was required to be reported pursuant to section 336 of the SFO as at 31 March 2009.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for approximately 33% of the Group's total revenue and the largest customer accounted for approximately 19% of the Group's total revenue for the year under review. The five largest service providers accounted for approximately 41% of the Group's total cost of revenue and the largest service provider accounted for approximately 23% of the Group's total cost of revenue for the year under review.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2009, the Directors were not aware of any business or interest of each Director, management shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

A report on the principles of corporate governance practices adopted by the Company is set out on pages 16 to 20 of this report.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Cheng Tze Kit, Larry with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2009.

BOARD PRACTICES AND PROCEDURES

Save as disclosed above, throughout the year ended 31 March 2009, the Company has complied with Rule 5.34 of the GEM Listing Rules concerning board practices and procedures.

AUDITORS

The accounts have been audited by AGCA CPA Limited (formerly known as "GC Alliance Limited") who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Wong Kam Leong
Chairman

Hong Kong, 26 June 2009

The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on CG Practices") contained in Appendix 15 of the GEM Listing Rules other than the deviations as disclosed in this report.

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required code of conduct and required standard of dealings.

BOARD OF DIRECTORS

As at 31 March 2009, the Board comprised 6 Directors, including 3 executive Directors, and 3 independent non-executive Directors (the "INED").

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

Executive Directors

Mr. Wong Kam Leong *(Chairman)*	
Ms. Li Jie Yi	
Mr. Yip Wai Ki	(Appointed on 30 June 2008)
Mr. Hui Siu Lun	(Resigned on 30 June 2008)

Independent non-executive Directors

Mr. Ng Kwok Chu, Winfield	
Mr. Ng Chau Tung, Robert	
Mr. Cheng Tze Kit, Larry	(Appointed on 30 June 2008)
Mr. Leung Kar Loon, Stanley	(Resigned on 30 June 2008)

Under the Bye-Laws of the Company, at each annual general meeting one-third of the Directors for the time being, shall retire from office by rotation save for any Director holding office as Chairman or Managing Director and those Directors appointed by the Board who only hold office until the forthcoming annual general meeting. The retiring Directors shall be eligible for re-election. Hence the independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation. Accordingly, Mr. Wong Kam Leong and Mr. Ng Kwok Chu, Winfield will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Detail of backgrounds and qualifications of the chairman of the Company and the other Directors are set out on page 9 of the Annual Report. The Board includes a balanced composition of executive directors and independent non-executive directors and possesses a wide spectrum of relevant skills and experience.

The Board supervises the management of the business and affairs of the Group. It has established self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced. The Board oversees the Group's overall strategic plans, approves major funding and investment proposals and reviews the financial performance of the Group.

The Board delegates the day-to-day management, administration and operation of the Company to the management. The delegated functions are reviewed by the Board periodically to ensure they remain appropriate to the needs of the Company. The Board gives clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.

The Board meets regularly and additional meetings are convened when deemed necessary by the Board. Twenty-six Board meetings were held during the year under review. Board members are provided with complete, adequate and timely information to allow the Directors to fulfill their duties properly. Details of the attendances of the Board meetings are set out below:

Directors	**Attendance**
Executive Directors	
Mr. Wong Kam Leong	26/26
Ms. Li Jie Yi	26/26
Mr. Yip Wai Ki *(Note 1)*	20/26
Mr. Hui Siu Lun *(Note 2)*	6/26
Independent Non-Executive Directors	
Mr. Ng Kwok Chu, Winfield	17/26
Mr. Ng Chau Tung, Robert	17/26
Mr. Cheng Tze Kit, Larry *(Note 1)*	13/26
Mr. Leung Kar Loon, Stanley *(Note 2)*	4/26

Note:

1. Appointed on 30 June 2008.

2. Resigned on 30 June 2008.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the Chairman and the Chief Executive Officer are both held by the same individual.

Mr. Wong Kam Leong ("Mr. Wong") assumes the role of both the Chairman and the Chief Executive Officer of the Company. Mr. Wong is responsible for business plans, strategies and policies. He ensures that the Board acts in the best interests of the Group and all key and appropriate issues are properly briefed and discussed by the Board in order for the Board functions effectively.

The role of Chairman and Chief Executive Officer of the Company rests on the same individual which deviates from the code provision A.2.1 in the Code on CG Practices of not having a clear division of responsibilities. The Board is of the view that this arrangement has not compromised accountability and independent decision making because three out of six of its members are independent and have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

In addition, Mr. Wong is a substantial shareholder of the Group. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons of high caliber and with vast experiences in the fields of accounting, financial and overseas market. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gave an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

NOMINATION OF DIRECTORS

The Board is responsible for the selection and approval of candidate for appointment and the Company has established a Nomination Committee since 9 May 2006.

In considering the nomination of Directors, the Directors took into account the qualifications, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the industry and/or other professional areas.

REMUNERATION OF DIRECTORS

The Company has established the Remuneration Committee since 9 May 2006 which currently consists of three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Cheng Tze Kit, Larry.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company and to determine specific remuneration packages of all executive Directors and senior management of the Company and to make recommendations to the Board of the remuneration of non-executive Directors. Such remuneration policy is determined based on the expertise, capability, performance and responsibility of our Directors and senior management. The Remuneration Committee also takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration. In addition to salaries, we provide staff benefits such as medical insurance and contributions to staff's mandatory provident scheme.

One Remuneration Committee meeting was held during the year under review. Details of the attendance of the Remuneration Committee meeting are as follows:

Members	**Attendance**
Mr. Ng Kwok Chu, Winfield	1/1
Mr. Ng Chau Tung, Robert	1/1
Mr. Cheng Tze Kit, Larry *(Note 1)*	1/1
Mr. Leung Kar Loon, Stanley *(Note 2)*	0/1

1. Appointed on 30 June 2008.

2. Resigned on 30 June 2008.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The Directors, have made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Company has conducted review of its system of internal control periodically to ensure an effective and adequate internal control system exists. The Company has convened meeting periodically to discuss financial, operational and risk management control. The Directors consider that the Company has implemented a series of procedures for safeguarding the Company's assets against unauthorized use or misappropriation, maintaining accounting records properly and ensuring the reliability of financial information.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group. During the year ended 31 March 2009, the Audit Committee comprised the following members, all of which were INED, namely, Mr. Ng Kwok Chu, Winfield (chairman of the Audit Committee), Mr. Ng Chau Tung, Robert and Mr. Leung Kar Loon, Stanley, who resigned on 30 June 2008 and was replaced by Mr. Cheng Tze Kit, Larry on 30 June 2008.

The Audit Committee held 4 meetings during the year under review. Details of the attendance of the Audit Committee meetings are as follows:

Members	**Attendance**
Mr. Ng Kwok Chu, Winfield	4/4
Mr. Ng Chau Tung, Robert	4/4
Mr. Cheng Tze Kit, Larry *(Note 1)*	3/4
Mr. Leung Kar Loon, Stanley *(Note 2)*	1/4

1. Appointed on 30 June 2008.

2. Resigned on 30 June 2008.

The audited consolidated results of the Group for the year ended 31 March 2009 have been reviewed by the Audit Committee.

There is no disagreement between the Audit Committee and the Board regarding the selection, appointment, resignation or dismissal of the external auditors.

AUDITORS' REMUNERATION

The amount of fees charged by the Auditors generally depends on the scope and volume of the auditors' work. For the year ended 31 March 2009, fees received and receivable by the Auditors of the Company were approximately HK$610,000 for audit services and HK$368,000 for non-audit services comprising agreed-upon procedures relating to the Company's very substantial acquisition and due diligence review.

AGCA CPA Limited
正立會計師事務所有限公司

TO THE SHAREHOLDERS OF
LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 23 to 79, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these 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.

AUDITOR'S 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 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the 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 auditor's 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 auditor considers the 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 states of affairs of the Company and the Group as at 31 March 2009 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.

AGCA CPA Limited
9th Floor, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

26 June 2009

Pang Fung Ming
Practising Certificate number P03124

Consolidated Income Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	6	**12,778**	25,424
Other income	6	**3,810**	749
Materials used and work performed and capitalised		**(6,578)**	(7,119)
Staff costs	13	**(11,401)**	(17,671)
Depreciation of property, plant and equipment		**(411)**	(241)
Impairment loss on goodwill	16	**(14,200)**	(33,376)
Impairment loss on property, plant and equipment		**(2,465)**	–
Impairment loss on trade receivables		**(235)**	(671)
Impairment loss on loan receivables		**(656)**	–
Other expenses		**(17,696)**	(8,300)
Finance costs	7	**(5)**	(619)
Loss before tax		**(37,059)**	(41,824)
Income tax expense	8	**(334)**	–
Loss for the year	9	**(37,393)**	(41,824)
Attributable to:			
Equity holders of the parent		**(37,604)**	(43,710)
Minority interests		**211**	1,886
		(37,393)	(41,824)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted (HK cents per share)	12	**(1.37)**	(2.10)

The notes on pages 29 to 79 form part of these financial statements.

Balance Sheets

As at 31 March 2009

		Group		Company	
	Note	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Non-current assets					
Intangible assets	15	**–**	–	**–**	–
Goodwill	16	**15,890**	30,000	**–**	–
Property, plant and equipment	17	**3,321**	667	**–**	–
Interests in subsidiaries	18	**–**	–	**57,980**	80,532
Available-for-sale financial assets	19	**180**	180	**–**	–
Deposit for acquisition	20	**47,500**	–	**47,500**	–
Loans receivable	21	**348**	–	**–**	–
Total non-current assets		**67,239**	30,847	**105,480**	80,532
Current assets					
Trade receivables	22	**2,746**	10,631	**–**	–
Loans receivable	21	**8,478**	8,727	**–**	–
Prepayment, deposits and other receivables	23	**1,576**	1,663	**–**	130
Available-for-sale financial assets	19	**32,000**	59,000	**–**	27,000
Cash and cash equivalents	24	**2,940**	19,189	**1,136**	130
Total current assets		**47,740**	99,210	**1,136**	27,260
Current liabilities					
Trade payables	25	**3,229**	3,497	**–**	–
Accruals and other payables		**5,679**	4,633	**1,334**	1,167
Current portion of obligations under finance lease	26	**–**	35	**–**	–
Provision for taxation		**1,033**	833	**–**	–
Total current liabilities		**9,941**	8,998	**1,334**	1,167
Net current assets (liabilities)		**37,799**	90,212	**(198)**	26,093
Total assets less current liabilities		**105,038**	121,059	**105,282**	106,625
NET ASSETS		**105,038**	121,059	**105,282**	106,625

As at 31 March 2009

	Note	Group 2009 HK$'000	Group 2008 HK$'000	Company 2009 HK$'000	Company 2008 HK$'000
Capital and reserves					
Share capital	27	**30,320**	27,273	**30,320**	27,273
Reserves	29	**74,400**	84,669	**74,962**	79,352
Equity attributable to equity holders of the parent		**104,720**	111,942	**105,282**	106,625
Minority interests		**318**	9,117	**–**	–
TOTAL EQUITY		**105,038**	121,059	**105,282**	106,625

Wong Kam Leong
Director

Li Jie Yi
Director

The notes on pages 29 to 79 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the parent								
	Share capital HK$'000	Share premium HK$'000	Merger reserve* HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Accumulated Losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2007	30,303	31,370	(341)	(85)	–	(33,318)	27,929	1,730	29,659
Exchange differences arising on translation of foreign subsidiaries recognised directly in equity	–	–	–	56	–	–	56	–	56
Loss for the year	–	–	–	–	–	(43,710)	(43,710)	1,886	(41,824)
Total recognised income and expenses	–	–	–	56	–	(43,710)	(43,654)	1,886	(41,768)
Rights Issue	30,303	9,091	–	–	–	–	39,394	–	39,394
Issue of bonus shares	30,303	(30,303)	–	–	–	–	–	–	–
Capital reduction	(81,818)	44,103	–	–	–	37,715	–	–	–
Issue of share in open offer	9,091	90,909	–	–	–	–	100,000	–	100,000
Issue of bonus shares	9,091	(9,091)	–	–	–	–	–	–	–
Share issue expenses	–	(12,609)	–	–	–	–	(12,609)	–	(12,609)
New subsidiaries	–	–	–	–	–	–	–	5,501	5,501
Equity-settled share-based payments	–	–	–	–	882	–	882	–	882
At 31 March 2008 and 1 April 2008	27,273	123,470	(341)	(29)	882	(39,313)	111,942	9,117	121,059
Exchange differences arising on translation of foreign subsidiaries recognised directly in equity	–	–	–	185	–	–	185	–	185
Loss for the year	–	–	–	–	–	(37,604)	(37,604)	211	(37,393)
Total recognised income and expenses	–	–	–	185	–	(37,604)	(37,419)	211	(37,208)
Issue of new shares	1,692	9,308	–	–	–	–	11,000	–	11,000
Share issue expenses	–	(74)	–	–	–	–	(74)	–	(74)
Issue of shares upon exercise of warrants	35	157	–	–	–	–	192	–	192
Issue of shares upon exercise of share options	1,320	7,638	–	–	(3,157)	–	5,801	–	5,801
Dividend paid to minority shareholder	–	–	–	–	–	–	–	(3,600)	(3,600)
Acquisition of minority interests	–	–	–	–	–	–	–	(5,410)	(5,410)
Equity-settled share-based payments	–	–	–	–	13,278	–	13,278	–	13,278
At 31 March 2009	**30,320**	**140,499**	**(341)**	**156**	**11,003**	**(76,917)**	**104,720**	**318**	**105,038**

* The merger reserve represents the difference between the nominal value of the share capital of subsidiaries acquired pursuant to the Group reorganisation in preparation for the listing of the Company's shares in August 2000, and the nominal value of the Company's share issued in exchange thereof.

The notes on pages 29 to 79 form part of these financial statements.

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Operating activities			
Loss before tax		**(37,059)**	(41,824)
Adjustments for:			
Equity-settled share option expense		**13,278**	882
Finance costs		**5**	619
Depreciation of property, plant and equipment		**411**	241
Impairment loss on trade receivables		**235**	671
Impairment loss on loan receivables		**656**	–
Impairment loss on goodwill		**14,200**	33,376
Impairment loss on property, plant and equipment		**2,465**	–
Loss (gain) on disposal of property, plant and equipment		**35**	(41)
Realised loss on trading securities		**64**	–
Interest income, excluding that derived from money lending operation		**(3,853)**	(279)
Operating cash flows before working capital changes		**(9,563)**	(6,355)
Decrease (increase) in trade receivables		**7,650**	(2,779)
Increase in loans receivable		**(755)**	(8,727)
Decrease (increase) in prepayment, deposits and other receivables		**87**	(951)
(Decrease) increase in trade payables		**(268)**	2,629
Increase (decrease) in accruals and other payables		**1,046**	(1,891)
Cash used in operations		**(1,803)**	(18,074)
Interest paid		**(5)**	(619)
Income tax paid		**(134)**	–
Net cash used in operating activities		**(1,942)**	(18,693)
Investing activities			
Interest received, excluding that derived from money lending operation		**3,853**	279
Deposit paid for acquisition	20	**(47,500)**	–
Proceeds from disposal of property, plant and equipment		**430**	41
Sale of trading securities		**3,097**	–
Purchase of trading securities		**(3,161)**	–
Payment of consideration for acquisitions	31	**(5,500)**	(34,877)
Decrease (increase) in available-for-sale financial assets		**27,000**	(59,180)
Purchase of property, plant and equipment		**(5,995)**	(484)
Net cash used in investing activities		**(27,776)**	(94,221)

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Financing activities			
Repayment to ultimate holding company		**–**	(1,407)
Repayment of capital elements of finance leases		**(35)**	(109)
Proceeds from issue of shares		**11,000**	139,394
Share issue expenses		**(74)**	(12,609)
Proceeds from exercise of share options		**5,801**	–
Proceeds from exercise of warrants		**192**	–
Dividend paid to minority shareholders		**(3,600)**	–
Proceeds from issuance of shares to minority shareholders of new subsidiaries		**–**	5,501
Net cash provided by financing activities		**13,284**	130,770
Net (decrease) increase in cash and cash equivalents		**(16,434)**	17,856
Cash and cash equivalents at the beginning of the year		**19,189**	1,277
Effect of foreign exchange rate changes		**185**	56
Cash and cash equivalents at the end of the year	24	**2,940**	19,189

The notes on pages 29 to 79 form part of these financial statements.

1. CORPORATE INFORMATION

Long Success International (Holdings) Limited ("the Company") is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office and principal place of business are Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and 26/F, EIB Centre, 40-44 Bonham Street, Sheung Wan, Hong Kong respectively.

The Company is an investment holding company. During the year, its subsidiaries are principally engaged in the following activities:

(i) Sale and implementation of customised software and related computer equipment;
(ii) Provision of computer-related technical support and maintenance services;
(iii) Sharing of profits of a junket representative of a VIP lounge in a casino in Macau; and
(iv) Money lending business.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs", which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Rules").

These financial statements have been prepared under the historical cost convention except for available-for-sale financial assets which are measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise stated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries (collectively the "Group") made up to 31 March. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All significant intercompany transactions and balances and any unrealised profits arising from intercompany transactions within the Group are eliminated on consolidation.

3. ADOPTION OF NEW AND REVISED HKFRSs

The Group has adopted the following new or amended HKFRSs for the first time in the preparation of current year's financial statements:

HKAS 39 & HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arragements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new or amended HKFRSs has had no significant impact on the Group's financial statements and there have been no significant changes to the accounting polices applied in these financial statements.

The Group has not early adopted the following new HKFRSs, that have been issued but not yet effective:

HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendment)	Embedded Derivatives[5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[2]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[6]
HKFRSs (Amendments)	Improvements to HKFRSs[7]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[8]

Notes:

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for annual periods beginning on or after 30 June 2009
6 Effective for transfers on or after 1 July 2009
7 Generally effective for annual periods beginning on or after 1 January 2009, except for amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009
8 Effective for annual periods beginning on or after 1 January 2010

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination which is consummated on or after the commencement of the first financial year beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Group is set out below:

(A) 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 profit or loss.

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.

(B) GOODWILL

Goodwill arising on an acquisition of a subsidiary 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 jointly controlled entity at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) GOODWILL (Continued)

Goodwill is tested annually for impairment and is allocated to cash-generating units for the purposes of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relate. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Gain or loss on disposal of an entity includes the carrying value of goodwill relating to the entity sold.

(C) SUBSIDIARIES AND MINORITY INTERESTS

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and, where it is probable that the economic benefits will flow to the Group and the revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably, is recognised as follows:

(i) Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Service income is recognised when services are provided.

(iii) Revenue from sharing of profits is recognised when the right to receive profit is established.

(iv) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(v) Dividend income from securities and other investments is recognised when the right to receive payment is established.

(E) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvement	50% or over the lease term whichever is shorter
Furniture and fixtures	25%
Computer equipment	25 – $33^1/_3$%
Motor vehicles	25%

Display gemstones which comprise collectable items are considered to have indefinite useful life and not subject to depreciation.

Major costs incurred in restoring property, plant and equipments to their normal working condition are charged to the income statement. Improvements are capitalized and depreciated over their expected useful lives to the Group.

The gain or loss on disposal of property, plant and equipments is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) INTANGIBLE ASSETS

(i) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of 3 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(ii) Software

The cost of acquisition of software is capitalised and treated as an intangible asset if the cost is not an integral part of the related hardware. Software is amortized on a straight-line basis over the remaining estimated useful life or 3 years whichever is shorter.

(G) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortization, and are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash-generating units).

(H) FINANCIAL ASSETS

A financial asset is initially measured at the fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, the Group classifies its financial assets into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) FINANCIAL ASSETS (Continued)

(i) 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 (including trade and other receivables, bank deposits and balances) 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. An impairment loss is recongised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Gains or losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as any of the other categories of financial assets. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

(I) FINANCIAL LIABILITIES

(i) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income statement over the period of the borrowing using the effective interest method.

(ii) Trade and other payables

Trade and other payables (including amounts due to related parties) are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(J) CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfill the above criteria.

For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

(K) LEASES

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Company. All other leases are classified as operating leases.

(i) Finance leases

Assets held under finance leases are recognised in the balance sheet at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as property, plant and equipments, except for those properties held to earn rental income which are classified as investment property, in the balance sheet.

Depreciation and impairment loss are calculated and recognised in the same manner as the depreciation and impairment loss on property, plant and equipments as set out in Notes 4(E) and 4(G) respectively, except for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) LEASES (Continued)

(ii) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the balance sheet as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

(L) INCOME TAX

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in reserves, in which case they are recognised in reserves.

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

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. 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 is material.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not 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 accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(N) FOREIGN CURRENCIES

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(O) EMPLOYEE BENEFITS

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Provision is made in respect of paid leave entitlement accumulated during the year, which can be carried forward into future periods for compensated absence or payment in lieu if the employee leaves employment.

The Group operates a number of defined contribution retirement plans, the assets of which are held in separate trustees administered funds. The Group's contributions to the defined contribution retirement plans are expensed when the employees have rendered services entitling them to the contributions.

(P) EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The fair value of services received is measured by reference to the fair value of share options granted at the date of grant which is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve). The equity amount is recognised in share options reserve until the option is exercised (when it is transferred to share premium account). When the option is forfeited after the vesting date or is not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

(Q) BORROWING COSTS

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Borrowing costs are expensed as incurred, except when they are directly attributable to the acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for their intended use in which case they are capitalized as part of the cost of that asset. Capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalized at the weighted average cost of the related borrowings until the asset is ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. All other borrowing cost is charged to the income statement in the year in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(R) RELATED PARTIES

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the parties are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or corporate entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related of the Group.

(S) SEGMENT REPORTING

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

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of the goodwill as at 31 March 2009 was HK$15,890,000 (2008: HK$30,000,000). More details are given in Note 16.

(ii) Impairment of trade and loans receivables

The policy for impairment assessment for trade and loans receivables of the Group is based on the evaluation of collectability and an aging analysis of the receivables and on the judgment of the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer or borrower. As at 31 March 2009, allowance for doubtful loans receivable was HK$656,000 (2008: nil), whilst allowance for doubtful trade receivables was HK$2,916,000 (2008: HK$2,686,000). If the financial conditions of borrowers or customers of the Group were to deteriorate, resulting in further impairment of their ability to make payments, additional provision may be required.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(iii) Impairment of assets

The Group assesses at least annually whether there is any indication of impairment of the Group's assets, in accordance with the relevant accounting policies. The recoverable amounts of the assets have been determined based on value in use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. For the year ended 31 March 2009, the Group recognised an impairment loss of HK$2,465,000 (2008: nil) on its property, plant and equipment (see Note 17).

(iv) Recognition of equity-settled share-based payments

The Group's directors, employees and consultants have been awarded share options under the Company's share option scheme for their services rendered to the Group. The Company has applied the Black-Scholes option pricing model to determine the grant-date fair values of the options granted. Significant judgement and estimates are required to determine the assumptions input to the Black-Scholes option pricing model, including the risk-free interest rate, the expected volatility and the expected life of the options. Changes in these assumptions could have a material effect on the fair values of the options granted, which in turn could result in a material impact on the share option expense recognised for the year. Further details of the Company's share options and share option expense are set out in Note 28.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the Group's turnover and comprised:

	2009 HK$'000	2008 HK$'000
Revenue		
Sale and implementation of customised software and related computer equipment	**6,326**	15,757
Computer-related technical support and maintenance service income	**3,537**	3,176
Profits assigned from a junket representative of a casino VIP lounge in Macau	**1,019**	6,277
Interest income from money lending business	**1,896**	214
	12,778	25,424
Other income, net		
Gain on disposal of property, plant and equipment	**–**	41
Interest income, other than that from money lending business	**3,853**	279
Sundry income	**21**	57
Realised loss on trading securities	**(64)**	
Reversal of impairment of trade receivables	**–**	372
	3,810	749

6. REVENUE AND SEGMENT INFORMATION (Continued)

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

The Group is organised into the following major business segments:

(i) Sale and implementation of customised software and related computer equipment;

(ii) Provision of computer-related technical support and maintenance services;

(iii) Sharing of profits of a junket representative of a VIP lounge in a casino in Macau, being 0.4% of the rolling turnover generated by that junket representative together with any bonus payable by that casino and/or that VIP lounge to that junket representative; and

(iv) Money lending business.

There are no sales or other transactions between the business segments.

	Customised software and related computer equipment		Computer-related technical support and maintenance		Sharing of profits of a Macau casino junket representative		Money lending business		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Segment revenue										
Sales to external customers	**6,326**	15,757	**3,537**	3,176	**1,019**	6,277	**1,896**	214	**12,778**	25,424
Segment results	**(1,938)**	(2,841)	**(472)**	1,527	**(35,104)**	(28,992)	**(2,994)**	(115)	**(40,508)**	(30,421)
Unallocated income									**3,810**	749
Unallocated expenses									**(356)**	(11,533)
Finance costs									**(5)**	(619)
Loss before tax									**(37,059)**	(41,824)
Income tax expense									**(334)**	–
Loss for the year									**(37,393)**	(41,824)
Segment assets	**3,009**	5,375	**79**	138	**21,102**	70,519	**43,289**	54,025	**67,479**	130,057
Unallocated assets									**47,500**	–
Total assets									**114,979**	130,057
Segment liabilities	**6,585**	6,513	**551**	366	**1,650**	1,286	**122**	–	**8,908**	8,165
Unallocated liabilities									**1,033**	833
Total liabilities									**9,941**	8,998
Other information										
Depreciation and amortization	**37**	133	**105**	28	**240**	74	**29**	6	**411**	241
Capital expenditure	**16**	1	**-**	4	**1,804**	159	**4,175**	320	**5,995**	484
Impairment loss on trade receivables	**-**	–	**235**	671	**-**	–	**-**	–	**235**	671
Impairment loss on loans receivable	**-**	–	**-**	–	**-**	–	**656**	–	**656**	–
Impairment loss on goodwill	**-**	–	**-**	–	**14,200**	33,376	**-**	–	**14,200**	33,376
Impairment loss on property, plant and equipment	**-**	–	**-**	–	**-**	–	**2,465**	–	**2,465**	–

6. REVENUE AND SEGMENT INFORMATION (Continued)

SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

The Group mainly operates in Hong Kong, Macau and the People's Republic of China (excluding Hong Kong and Macau) ("PRC"). In presenting information on the basis of geographical segments, segment revenue is analysed based on the geographical location of customers whereas segment assets and capital expenditures are based on geographical location of the assets.

	Revenue from external customers		Segment assets		Capital expenditure	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Hong Kong	**7,586**	14,928	**45,696**	57,625	**4,175**	317
Macau	**1,019**	6,277	**21,102**	70,519	**1,804**	159
PRC	**4,173**	4,219	**48,181**	1,913	**16**	8
	12,778	25,424	**114,979**	130,057	**5,995**	484

7. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on bank loans and overdrafts wholly repayable with five years	**–**	607
Interest element of finance leases	**5**	12
	5	619

8. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A reconciliation of the theoretical tax benefit (expense) calculated using the statutory tax rate to the actual tax benefit (expense) is as follows:

	2009 **HK$'000**	2008 HK$'000
Loss before tax	**(37,059)**	(41,824)
Tax benefit calculated at Hong Kong profits tax rate of 16.5% (2008 – 17.5%)	**6,115**	7,319
Effect of different tax rates in other jurisdictions	**17**	38
Tax effect of income not subject to tax	**490**	1,164
Tax effect of expenses not deductible for tax	**(6,051)**	(7,997)
Tax effect of temporary differences not recognised	**15**	17
Tax effect of utilisation of tax losses previously not recognised	**40**	229
Tax effect of tax losses not recognised	**(960)**	(770)
Tax expense for the year	**(334)**	–

9. LOSS FOR THE YEAR

Loss for the year is stated after charging (crediting) the following:

	2009 HK$'000	2008 HK$'000
Auditors' remuneration	610	570
Depreciation on:		
– owned assets	411	199
– leased assets	–	42
	411	241
Impairment losses on:		
– trade receivables	235	671
– loans receivable	656	–
– goodwill	14,200	33,376
– property, plant and equipment	2,465	–
Loss (gain) on disposal of property, plant and equipment	35	(41)
Minimum lease payments under operating leases in respect of leased premises	1,355	1,087
Realised loss from trading securities	64	–
Staff costs including directors' emoluments (Note 13)	11,401	17,671

10. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to equity holders of the parent dealt with in the financial statements of the Company for the year ended 31 March 2009 was HK$31,539,000 (2008: HK$45,001,000).

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year or since the balance date (2008: nil).

12. LOSS PER SHARE

	2009 **HK cent**	2008 HK cent
Basic and diluted loss per share	**(1.37)**	(2.10)

The calculations of basic and diluted loss per share are based on:

	2009 **HK$'000**	2008 HK$'000
Loss attributable to ordinary equity holders of the parent	**(37,604)**	(43,710)

	2009 **'000**	2008 '000
Shares		
Weighted average number of ordinary shares in issue	**2,750,225**	2,081,429

The basic and diluted losses per share are the same for the years ended 31 March 2009 and 2008 respectively, as the Company recorded losses attributable to equity holders of the parent and hence, the incremental shares from the assumed exercises of share options and warrants outstanding as at 31 March 2009 and 2008 are not included in calculating the diluted basic loss per share.

13. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2009 HK$'000	2008 HK$'000
Salaries and benefits	**11,248**	17,234
Contributions to defined contribution retirement schemes (i)	**153**	437
	11,401	17,671

Note:

(i) The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee's relevant monthly income, up to a maximum of HK$1,000 per month.

The employees of PRC subsidiaries of the Group are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were utilised during the year and there were no material forfeitures available to reduce the Group's future contributions at 31 March 2009 and 2008.

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2009 HK$'000	2008 HK$'000
Fees	**840**	660
Salaries, allowance and benefits	**50**	–
Performance related bonus	**–**	4,654
Employee share option benefits	**2,331**	294
Retirement scheme contributions	**–**	–
	3,221	5,608

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(A) DIRECTORS' EMOLUMENTS (Continued)

The remuneration of each individual director is set out below:

	2009				
	Fees HK$'000	Salaries, allowance and benefits HK$'000	Performance related bonus HK$'000	Employee share option benefits HK$'000	Total HK$'000
Executive directors					
Wong Kam Leong	240	50	-	783	1,073
Li Jie Yi	240	-	-	783	1,023
Yip Wai Ki (appointed on 30 June 2008)	90	-	-	593	683
Hui Siu Lun (resigned on 30 June 2008)	30	-	-	-	30
Independent non-executive directors					
Ng Kwok Chu, Winfield	80	-	-	32	112
Ng Chau Tung, Robert	80	-	-	32	112
Cheng Tze Kit Larry (appointed on 30 June 2008)	80	-	-	108	188
Leung Kar Loon Stanley (resigned on 30 June 2008)	-	-	-	-	-
	840	50	-	2,331	3,221

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(A) DIRECTORS' EMOLUMENTS (Continued)

	2008				
	Fees HK$'000	Salaries, allowance and benefits HK$'000	Performance related bonus HK$'000	Employee share option benefits HK$'000	Total HK$'000
Executive directors					
Wong Kam Leong	240	–	3,000	–	3,240
Lai Cho Wai (resigned on 29 August 2007) (i)	–	–	775	–	775
Ma Chon (resigned on 25 October 2007) (i)	–	–	879	–	879
Hui Siu Lun (appointed on 14 September 2007)	80	–	–	98	178
Li Jie Yi (appointed on 15 November 2007)	100	–	–	–	100
Independent non-executive directors					
Ieong Meng Wa (resigned on 29 August 2007) (i)	–	–	–		–
Ng Kwok Chu, Winfield	80	–	–	49	129
Ng Chau Tung, Robert	80	–	–	49	129
Leung Kar Loon Stanley (appointed on 14 September 2007)	80	–	–	98	178
	660	–	4,654	294	5,608

Note:

(i) Due to the dissatisfactory performance of the Group, during the year ended 31 March 2008, Mr. Lai Cho Wai, Mr. Ma Chon and Mr. Ieong Meng Wa have agreed to waive emoluments in the amounts of HK$525,000, HK$441,000 and HK$50,000 respectively payable to them.

Save for the above, there was no arrangement under which a director waived or agreed to waive any emoluments for the years ended 31 March 2009 and 2008.

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include two (2008: three) directors whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining three (2008: two) individuals during the year are as follows:

	2009 HK$'000	2008 HK$'000
Salaries, bonus and allowances	**1,235**	2,384
Employee share options benefits	**1,715**	441
Retirement scheme contributions	**82**	29
	3,032	2,854

The emoluments of the three (2008: two) non-director highest paid individuals fell within the following band:

	Number of individuals	
	2009	2008
Nil to HK$1,000,000	**1**	–
HK$1,000,000 – HK$1,500,000	**2**	2
	3	2

15. INTANGIBLE ASSETS

GROUP

	Development expenditure HK$'000	Software HK$'000	Total HK$'000
Cost			
At 1 April 2007	8,268	1,300	9,568
Write-off	(8,268)	–	(8,268)
31 March 2008	–	1,300	1,300
Write-off	–	(1,300)	(1,300)
31 March 2009	–	–	–
Accumulated amortisation and impairment			
At 1 April 2007	8,268	1,300	9,568
Write-off	(8,268)	–	(8,268)
At 31 March 2008	–	1,300	1,300
Write-off	–	(1,300)	(1,300)
At 31 March 2009	–	–	–
Carrying amount			
At 31 March 2009	**–**	**–**	**–**
At 31 March 2008	–	–	–

16. GOODWILL

	Group	
	2009	2008
	HK$'000	HK$'000
Carrying amount at beginning of year	**30,000**	63,376
Acquisition (Note 31)	**90**	–
Impairment loss recognised	**(14,200)**	(33,376)
Carrying amount at end of year	**15,890**	30,000
At 31 March:		
Cost	**63,466**	63,376
Less: Accumulated impairment	**(47,576)**	(33,376)
Net carrying amount	**15,890**	30,000

IMPAIRMENT TEST FOR GOODWILL

Goodwill has been allocated to the Group's cash-generating units (CGU) identified according to business segments as follows:

	2009	2008
	HK$'000	HK$'000
Sharing of profits of a Macau casino junket representative	**15,800**	30,000
Money lending business (Note 31)	**90**	–
Net carrying amount	**15,890**	30,000

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

16. GOODWILL (Continued)

IMPAIRMENT TEST FOR GOODWILL (Continued)

Key assumptions used for value-in-use calculations for the segment of sharing of profits of a Macau casino junket representative are as follows:

	2009	2008
Growth rate	**3.00%**	3.00%
Discount rate	**16.66%**	19.79%

The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the gaming segment in Macau.

With the global economic downturn following the financial turmoil in late 2008, Macau's gaming markets have continued to remain stagnant. The directors, by estimating the recoverable amount of the CGU of sharing of profits of a Macau casino junket representative, have determined to write down the goodwill relating to this segment to HK$15,800,000 (2008: HK$30,000,000), and recognise an impairment loss of HK$14,200,000 for the year ended 31 March 2009 (2008: 33,376,000).

17. PROPERTY, PLANT AND EQUIPMENT

	Group					
	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Display gemstones HK$'000	Total HK$'000
Cost						
At 1 April 2007	512	1,098	2,603	457	–	4,670
Additions	126	14	24	320	–	484
Disposals	–	–	–	(457)	–	(457)
At 31 March 2008 and 1 April 2008	638	1,112	2,627	320	–	4,697
Additions	1,743	46	30	180	3,996	5,995
Disposals	–	–	–	(500)	–	(500)
At 31 March 2009	**2,381**	**1,158**	**2,657**	**-**	**3,996**	**10,192**
Accumulated depreciation and impairment						
At 1 April 2007	497	1,092	2,200	457	–	4,246
Charges for the year	68	3	163	7	–	241
Write-back on disposals	–	–	–	(457)	–	(457)
At 31 March 2008 and 1 April 2008	565	1,095	2,363	7	–	4,030
Charges for the year	217	10	156	28	–	411
Impairment loss recognised	–	–	–	–	2,465	2,465
Write-back on disposals	–	–	–	(35)	–	(35)
At 31 March 2009	**782**	**1,105**	**2,519**	**-**	**2,465**	**6,871**
Carrying amount						
At 31 March 2009	**1,599**	**53**	**138**	**-**	**1,531**	**3,321**
At 31 March 2008	73	17	264	313	–	667

During the year, the Group recognised an impairment loss of approximately HK$2,465,000 (2008: nil) on display gemstones to write down their carrying amount to estimated recoverable amount.

As at 31 March 2009, the carrying amount of property, plant and equipment held under finance leases amounted to nil (2008: HK$144,000).

18. INTERESTS IN SUBSIDIARIES

	Company 2009 HK$'000	Company 2008 HK$'000
Unlisted shares, at cost	**63,795**	63,795
Due from subsidiaries	**75,804**	80,009
Due to subsidiaries	**(4,417)**	(270)
	135,182	143,534
Less: Accumulated impairment losses	**(77,202)**	(63,002)
	57,980	80,532

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

The following is a list of the Company's principal subsidiaries as of 31 March 2009:

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective equity interest attributable to the Company Directly	Effective equity interest attributable to the Company Indirectly	Principal Activities
Cherry Oasis (Far East) Limited	Hong Kong	1 ordinary share of HK$1 each	100%	–	Investment holding
Right Gateway Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	–	Investment holding
Right Idea Investments Limited	British Virgin Islands	100 ordinary shares of US$1 each	–	70%	Sharing of profits of a junket representative of a Macau casino VIP lounge
Success Finance Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Money lending business
Glory Smile Enterprises Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	–	Investment holding
Magic Business Solutions Limited	Hong Kong	250,000 ordinary shares of HK$1 each	–	100%	Investment holding

18. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective equity interest attributable to the Company Directly	Indirectly	Principal Activities
CyberM Information Technology Limited	Hong Kong	700,000 ordinary shares of HK$1 each	–	100%	Sale and implementation of software and hardware equipment
Magic Information Technology Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Sale and implementation of software and hardware equipment
MagicPlus Solutions Limited	Hong Kong	750,000 ordinary shares of HK$1 each	–	60%	Lease of software licences, trading of hardware equipment and provision of consultancy services
Mcmanners Management Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	100%	–	Investment holding
CyberM (Guangzhou) Information Technology Limited#	People's Republic of China	HK$1,750,000	–	100%	Sale and implementation of software and hardware equipment
SchoolPlus Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Sale and implementation of software and hardware equipment
Unlimited Solutions Limited	Hong Kong	1 ordinary share of HK$1 each	–	100%	Sale and implementation of software and hardware equipment

wholly-foreign-owned enterprise established in the People's Republic of China.

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

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009 **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Non-current				
Club membership	**180**	180	**–**	–
Current				
Time deposits	**32,000**	59,000	**–**	27,000

The time deposits are placed with a VIP lounge of a casino in Macau, have maturity of four months and carry fixed-rate interests at 5% or 8% per annum. Full principal amount will be repaid on maturity dates, subject to renewal at the Group's request. The Group recorded total interest income of HK$3,699,000 (2008: HK$270,000), calculated using the effective interest method, for the year ended 31 March 2009.

20. DEPOSIT FOR ACQUISITION

Deposit of HK$47,500,000 as at 31 March 2009 (2008: nil) represented the refundable deposit paid by the Company under an acquisition agreement dated 10 February 2009 and a supplemental agreement dated 30 March 2009 (together the "Acquisition Agreement") entered into by Glory Smile Enterprises Limited ("Glory Smile"), a wholly-owned subsidiary of the Group, and an unrelated seller. Pursuant to the Acquisition Agreement, Glory Smile agreed to acquire from the seller the entire equity interest in Mega Bright Investment Development Limited ("Mega Bright"), which in turn holds 51% equity interest in Jining Gangning Paper Co., Ltd. ("Jining Gangning") for an aggregate consideration of HK$190 million, payable as follows:

- HK$47,500,000 in cash as a refundable deposit;
- HK$56,000,000 in cash payable within 4 month after the approval of the Acquisition Agreement and the transactions contemplated thereunder at a special general meeting of the Company;
- HK$40,000,000 by issue of convertible bonds ("Convertible Bonds") convertible into 333,333,333 ordinary shares of the Company at a conversion price of HK$0.12 per share by the Company within 1 month upon completion of the Acquisition ("Completion"); and
- HK$46,500,000 by issue of 36-month promissory notes by the Company which bear an interest of 1% above the prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited within 1 month upon Completion.

Mega Bright is an investment holding company whereas Jining Gangning is principally engaged in paper products manufacturing and sale in the People's Republic of China. However, as at 31 March 2009, Jining Gangning had not carried out substantive operations except that it had entered into certain agreements to purchase property, plant and equipment and inventories. Jining Gangning commenced its business on 10 April 2009.

20. DEPOSIT FOR ACQUISITION (Continued)

The Acquisition Agreement constituted a very substantial acquisition of the Company and is subject to various conditions precedent, including but not limited to the approval of the shareholders of the Company. Further details of the Acquisition Agreement were disclosed in the Company's circular dated 14 May 2009.

The Acquisition Agreement was approved by the Company's shareholders at a special general meeting held on 3 June 2009. However, up to the date of the approval of these financial statements, the Acquisition Agreement has not been completed, pending the fulfillment of other conditions precedent.

21. LOANS RECEIVABLE

Loans receivable have arisen from the Group's money lending operations during the year. Interest rates and credit periods are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

	Group	
	2009	2008
	HK$'000	HK$'000
Secured loans receivable	**858**	1,324
Unsecured loans receivable	**8,624**	7,403
	9,482	8,727
Less: Allowance for individual impairments	**(656)**	–
	8,826	8,727

Loans receivable that are determined to be individually impaired as at March 31, 2009 (2008: nil) relates to several independent borrowers who have defaulted payments.

21. LOANS RECEIVABLE (Continued)

Movements in the allowance for impairments are as follows:

	2009 HK$'000	2008 HK$'000
At beginning of year	**–**	–
Impairment losses recognised	**656**	–
At end of year	**656**	–

Impairment losses in respect of loans receivable are recorded using an allowance account unless the Company considers that the recovery of an amount is remote, in which case, an impairment loss is recognised by directly writing down the carrying amount of the loans receivable.

The Groups holds the second charge on certain properties with an estimated fair value of HK$3,880,000 as at 31 March 2009 (2008: HK$4,218,000) and certain motor vehicles as collaterals over the secured loans receivable.

The loans receivable at the balance sheet dates carry interest at fixed rates and are analysed by the remaining periods to their contractual maturity dates as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Repayable:		
On demand	**724**	–
Within three months	**3,431**	8,427
In three to six months	**3,495**	300
In six months to one year	**828**	–
In one to two years	**348**	–
Total	**8,826**	8,727
Amount classified as current assets	**8,478**	8,727
Amount classified as non-current assets	**348**	–

21. LOANS RECEIVABLE (Continued)

The ageing analysis of past due but not impaired loans receivable is as follows:

	2009 HK$'000	2008 HK$'000
Past due but not impaired:		
– Less than three months past due	270	–
– Over three months but within six months past due	454	–
	724	–
Neither past due nor impaired	8,102	8,727
	8,826	8,727

The past due but not impaired loans receivable as at 31 March 2009 relate to several borrowers. The directors have assessed that no allowance was required for these loans based on the Group's review of the borrowers' creditworthiness and their settlement status subsequent to the balance sheet date.

22. TRADE RECEIVABLES

	Group	
	2009 HK$'000	2008 HK$'000
Trade receivables	5,662	13,317
Less: Allowance for individual impairments	(2,916)	(2,686)
	2,746	10,631

Trade receivables that are determined to be individually impaired as at 31 March 2009 and 2008 relate to a number of customers who have delayed payments.

22. TRADE RECEIVABLES (Continued)

The ageing analysis of trade receivables, net of allowance, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within three months	**731**	2,775
Over three months but within six months	**165**	2,623
Over six months but within one year	**1,185**	3,056
Over one year but within two years	**665**	2,177
	2,746	10,631

Movements in the allowance for impairments are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**2,686**	2,387
Impairment losses recognised	**235**	671
Impairment losses reversed	**–**	(372)
Amount written off as uncollectible	**(5)**	–
At end of year	**2,916**	2,686

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group considers that the recovery of an amount is remote, in which case, an impairment loss is recognised by directly writing down the carrying amount of the trade receivables.

Included in the Group's trade receivables as at 31 March 2009 are debtors with an aggregate carrying amount of HK$1,849,000 (2008: HK$5,441,000) which are past due but not impaired at the balance sheet date, as the directors have assessed that these debtors will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

22. TRADE RECEIVABLES (Continued)

The ageing analysis of the receivables that are past due but not impaired, along with receivables that are neither past due nor impaired, is as follows:

	2009 HK$'000	2008 HK$'000
Past due but not impaired:		
– Less than three months past due	218	3,141
– Over three months but within six months past due	470	123
– Over six months but within one year past due	1,161	785
– Over one year past due	–	1,392
	1,849	5,441
Neither past due nor impaired	897	5,190
	2,746	10,631

Trade receivables that are neither past due nor impaired related to a number of independent customers who have no recent history of default. The Group does not hold any collaterals over these balances.

The Group normally grants its customers credit periods as follows:

(i) 0 to 14 days for sales of goods;

(ii) payment terms as stipulated in respective contracts for development of customised software, sales of related computer equipment, sales and lease of packaged software, the provision of technical support and maintenance services; and

(iii) 6 months for profits assigned from a junket representative of a casino VIP lounge in Macau.

23. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

Prepayment, deposits and other receivables are expected to be recovered or recognised as expense within one year. None of these assets is either past due or impaired. Other receivables related to debtors with no recent history of defaults.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and in hand	**2,940**	14,189	**1,136**	130
Time deposit with bank	**–**	5,000	**–**	–
	2,940	19,189	**1,136**	130

The time deposit outstanding as at 31 March 2008 had an effective interest rate of 0.5% per annum and a maturity of 1 day.

25. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within three months	**214**	906
Over three months but within six months	**512**	762
Over six months but within one year	**345**	32
Over one year but within two years	**2,158**	1,797
	3,229	3,497

26. OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments		Present value of minimum Lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	**-**	40	**-**	35
Future finance charges	**-**	(5)	**-**	–
Present value of lease obligations	**-**	35	**-**	35
Amount classified as current liabilities			**-**	(35)
Amount classified as non-current liabilities			**-**	–

It is the Group's policy to lease certain of its office equipment under finance leases. The average lease term is 2 years. Interest rates underlying all obligations under finance leases are fixed at the respective contract dates. For the year ended 31 March 2009, the average effective interest rate was 7% (2008: 7%). These leases have no terms of renewal and escalation clauses. No arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

27. SHARE CAPITAL

ORDINARY SHARES

	Number of shares		Amount	
	2009	2008	**2009 HK$'000**	2008 HK$'000
Authorised				
At beginning of year – HK$0.01 (2008: HK$0.1) each	**10,000,000,000**	1,000,000,000	**100,000**	100,000
Share Subdivision (iv)	**-**	9,000,000,000	**-**	–
At end of year – HK$0.01 each	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid				
At beginning of year	**2,727,270,684**	303,030,000	**27,273**	30,303
Issue of shares (i)	**169,232,000**	–	**1,692**	–
Exercise of share options (ii)	**132,000,000**	–	**1,320**	–
Exercise of warrants	**3,479,344**	684	**35**	–
Issue of shares in rights issue (iii)	**-**	303,030,000	**-**	30,303
Issue of bonus shares (iii)	**-**	303,030,000	**-**	30,303
Capital Reduction (iv)	**-**	–	**-**	(81,818)
Issue of shares in open offer (v)	**-**	909,090,000	**-**	9,091
Issue of bonus shares (v)	**-**	909,090,000	**-**	9,091
At end of year	**3,031,982,028**	2,727,270,684	**30,320**	27,273

27. SHARE CAPITAL (Continued)

ORDINARY SHARES (Continued)

Notes:

(i) Pursuant to a subscription agreement dated 24 February 2009, 169,232,000 new ordinary shares in the Company were allotted and issued at HK$0.065 per share in cash.

(ii) During the year, options were exercised to subscribe for 132,000,000 ordinary shares in the Company for an aggregate consideration of approximately HK$5,801,000 of which HK$1,320,000 was credited to share capital and the balance of HK$4,481,000 was credited to the share premium account. Approximately HK$3,157,000 was transferred from share option reserve to share premium.

(iii) Pursuant to the approval of the Company's shareholders at a special general meeting ("SGM") held on 3 August 2007, the Company issued 303,030,000 new shares by way of rights issue at a subscription price of HK$0.13 per rights share ("Rights Shares") on the basis of one Rights Share for every existing share held on 3 August 2007. In conjunction with the rights issue, each of the registered holders of fully-paid Rights Share was issued one bonus share for every Rights Share.

(iv) Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company reduced its paid-up capital by HK$81,818,000 by way of reduction of the nominal value of the then 909,090,000 issued shares of the Company from HK$0.10 to HK$0.01 ("Capital Reduction"). Upon the Capital Reduction becoming effective, each of the Company's 90,910,000 authorised but unissued shares of HK$0.10 each was subdivided into 10 adjusted shares of HK$0.01 each ("Share Subdivision"). The credit of approximately HK$81,818,000 arising from the Capital Reduction has been transferred to the contributed surplus of the Company and part of the contributed surplus has been applied to set off in full against the then accumulated loss of the Company of approximately HK$37,715,000.

(v) Pursuant to the approval of the Company's shareholders at a SGM held on 4 January 2008, the Company issued 909,090,000 new shares ("Offer Shares") at a price of HK$0.11 per Offer Share on the basis of one Offer Share for every existing share held on 20 December 2007. In conjunction with the issue of the Offer Shares, each of the registered holders of fully-paid Offer Shares was issued one Bonus Share for every Offer Share.

WARRANTS

Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company made a bonus issue of warrants to the shareholders whose names appeared on the register of members of the Company on 20 December 2007 ("Record Date") on the basis of two warrants for every ten existing shares held on the Record Date, resulting in 181,818,000 warrants having been issued. Each warrant entitled the holder thereof to subscribe for one ordinary share of HK$0.01 each immediately following the Share Subdivision discussed in note (iv) above at a subscription price of HK$0.055 per share, payable in cash and subject to adjustment, from 31 January 2008 to 31 January 2009 (both days inclusive).

During the year ended 31 March 2009, 3,479,344 (2008: 684) warrants were exercised at a subscription price of HK$0.055 per share, resulting in the issue of 3,479,344 (2008: 684) ordinary shares of HK$0.01 each. The remaining 178,337,972 (2008: nil) warrants expired on 31 January 2009. As at 31 March 2009, there were no (2008:181,817,316) warrants outstanding.

28. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS AND SHARE OPTIONS

A share option scheme (the "Scheme") was approved and adopted by the shareholders of the Company at an annual general meeting held on 21 August 2006 and has a term of 10 years.

The purpose of the Scheme is to enable the Group to provide its participants with incentives or rewards for their contribution to the Group. Under the Scheme, the directors of the Company are authorised to grant options to the participants of the Group including any employee, Director, adviser, consultant, licensors, distributors, suppliers, agents, customers, joint venture partners, strategic partners and services providers to or of any member of the Group whom the Board considers in its sole discretion to subscribe for shares of the Company.

The maximum aggregate number of shares permitted to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme was 10% of the total number of issued shares of the Company at 30 July 2008, being the date of approval of the refreshment of the maximum limit under the Scheme. As at 31 March 2009, a total of 166,857,722 (2008: 25,303,000) shares were available for issue under the Scheme, which represented approximately 5.5% (2008: 0.93%) of the Company's issued share capital as at 31 March 2009.

The maximum number of shares issued and to be issued upon exercise of options granted under the Scheme to any one participant may not exceed 1% of the shares of the Company in issue from time to time in a 12-month period.

The board of the Company may at its absolute discretion determine the period during which an option may be exercised, such period is to expire not later than 10 years after the date of the grant of the option. The Scheme does not specify a minimum period for which an option must be held. However, the board may stipulate that an option would be subject to a minimum holding period and/or a participant may have to achieve a performance target before the option and/or any other terms can be exercised in whole or in part. An offer of a grant of an option may be accepted within 14 days from the date of grant and upon payment of HK$1.

The exercise price of an option is determined by the board of the Company at its absolute discretion and will be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of an option; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an option is granted; and (iii) the nominal value of the Company's shares.

28. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS AND SHARE OPTIONS (Continued)

Movements in the share options outstanding and their related weighted average exercise prices were as follows:

	2009 Weighted average exercise price HK$	**2009** Shares underlying the options '000	2008 Weighted average exercise price HK$	2008 Shares underlying the options '000
Outstanding at beginning of year	**0.061**	**18,000**	–	–
Granted during the year	**0.047**	**492,800**	0.061	18,000
Exercised during the year	**0.044**	**(132,000)**	–	–
Outstanding at end of year	**0.048**	**378,800**	0.061	18,000
Exercisable at end of year	**0.048**	**378,800**	0.061	18,000

Details of the share options outstanding under the Scheme are as follows:

Grantee	As at 1 April 2008	Granted during the year	Exercised during the year	As at 31 March 2009	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy)	Exercise price (HK$)
Directors							
Cheng Tze Kit, Larry	–	4,800,000	–	**4,800,000**	07/07/08	07/07/08 to 06/07/18	0.036
Hui Siu Lun#	2,000,000	–	–	**2,000,000**	22/02/08	22/02/08 to 21/02/18	0.062
Leung Kar Loon Stanley#	2,000,000	–	–	**2,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
Li Jie Yi	–	27,000,000	–	**27,000,000**	09/05/08	09/05/08 to 08/05/18	0.048
Ng Kwok Chu, Winfield	1,000,000	–	–	**1,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
Ng Kwok Chu, Winfield	–	1,000,000	–	**1,000,000**	02/05/08	02/05/08 to 01/05/18	0.049
Ng Chau Tung, Robert	1,000,000	–	–	**1,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
Ng Chau Tung, Robert	–	1,000,000	–	**1,000,000**	02/05/08	02/05/08 to 01/05/18	0.049
Wong Kam Leong	–	27,000,000	–	**27,000,000**	09/05/08	09/05/08 to 08/05/18	0.048
Yip Wai Ki	–	26,000,000	26,000,000	**-**	07/07/08	07/07/08 to 06/07/18	0.036
Sub-total	6,000,000	86,800,000	26,000,000	**66,800,000**			

28. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS AND SHARE OPTIONS (Continued)

Grantee	As at 1 April 2008	Granted during the year	Exercised during the year	As at 31 March 2009	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy)	Exercise price (HK$)
Employees and consultants							
In aggregate	12,000,000	–	–	**12,000,000**	20/02/08	20/02/08 to 19/02/18	0.061
In aggregate	–	18,000,000	–	**18,000,000**	02/05/08	02/05/08 to 01/05/18	0.049
In aggregate	–	150,000,000	–	**150,000,000**	09/05/08	09/05/08 to 08/05/18	0.048
In aggregate	–	160,000,000	54,000,000	**106,000,000**	17/09/08	17/09/08 to 16/09/18	0.0506
In aggregate	–	52,000,000	52,000,000	**-**	30/09/08	30/09/08 to 29/09/18	0.041
In aggregate	–	26,000,000	–	**26,000,000**	31/12/08	30/12/08 to 30/12/18	0.035
Sub-total	12,000,000	406,000,000	106,000,000	**312,000,000**			
Total	18,000,000	492,800,000	132,000,000	**378,800,000**			

Grantee	As at 1 April 2007	Granted during the year	Exercised during the year	As at 31 March 2008	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy)	Exercise price (HK$)
Directors							
Leung Kar Loon Stanley#	–	2,000,000	–	2,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Ng Kwok Chu, Winfield	–	1,000,000	–	1,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Ng Chau Tung, Robert	–	1,000,000	–	1,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Hui Siu Lun#	–	2,000,000	–	2,000,000	22/02/08	22/02/08 to 21/02/18	0.062
Sub-total	–	6,000,000	–	6,000,000			
Employees and consultants							
In aggregate	–	12,000,000	–	12,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Total	–	18,000,000	–	18,000,000			

Mr. Hui Siu Lun and Mr. Leung Kar Loon Stanley both resigned as a director of the Company on 30 June 2008. However, both of them have become employees of the Group and continue to be entitled to the share options after their resignation as a director of the Company.

28. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS AND SHARE OPTIONS (Continued)

The aggregate fair value of the share options granted during the year ended 31 March 2009 amounted to approximately HK$13,278,000 (2008: HK$882,000), which has fully been recognised as share option expense for the year. The fair values of the share options were estimated as at the date of grant by using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the valuation model are as follows:

Date of grant	**20/02/08**	**22/02/08**	**02/05/08**	**09/05/08**	**07/07/08**	**17/09/08**	**30/09/08**	**31/12/08**
Closing share price at date of grant (HK$)	0.060	0.060	0.048	0.047	0.034	0.042	0.033	0.035
Exercise price (HK$)	0.061	0.062	0.049	0.048	0.036	0.0506	0.041	0.035
Risk-free interest rate per annum	2.42%	2.40%	2.368%	2.373%	3.317%	2.389%	2.568%	1.194%
Expected life of option (years)	5	5	5	5	5	5	5	5
Expected volatility	112%	112%	83%	83%	84%	88%	89%	97%
Expected dividend per annum	–	–	–	–	–	–	–	–
Estimated fair value per share option (HK$)	0.0489	0.0497	0.0318	0.0290	0.0228	0.0263	0.0220	0.0256

Notes:

(i) The risk-free rate was the yield of 5-year Hong Kong Monetary Authority exchange fund notes quoted as at the date of grant.

(ii) The expected life of option is based on management's best estimates for the effects of non-transferability, exercise restriction and behavioral consideration. It is not necessarily indicative of the actual exercise patterns that may occur.

(iii) The expected volatility is based on the Company's 1250-day (2008: 900-day) historical share prices before the date of grant.

29. RESERVES

(A) GROUP

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

(B) COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 April 2007	31,370	(37,715)	–	(6,345)
Issue of shares in rights issue	9,091	–	–	9,091
Issue of bonus share in rights issue	(30,303)	–	–	(30,303)
Capital reduction	44,103	37,715	–	81,818
Issue of shares in open offer	90,909	–	–	90,909
Issue of bonus shares in open offer	(9,091)	–	–	(9,091)
Share issuance expenses	(12,608)	–	–	(12,608)
Equity-settled share-based payment	–	–	882	882
Loss for the year	–	(45,001)	–	(45,001)
At 31 March 2008 and 1 April 2008	123,471	(45,001)	882	79,352
Issue of shares	9,308	–	–	9,308
Share issuance expenses	(74)	–	–	(74)
Exercise of warrants	156	–	–	156
Exercise of share options	7,638	–	(3,157)	4,481
Equity-settled share-based payment	–	–	13,278	13,278
Loss for the year	–	(31,539)	–	(31,539)
At 31 March 2009	**140,499**	**(76,540)**	**11,003**	**74,962**

30. DEFERRED TAXATION

The Group has not recognised deferred tax asset (liabilities) in respect of the following temporary differences:

	Group	
	2009	2008
	HK$'000	HK$'000
Tax losses that may be carried forward indefinitely	**4,924**	3,984
Accelerated tax depreciation	**(38)**	(80)
Allowance for impairment of trade receivables	**481**	443
	5,367	4,347

Deferred tax assets have not been recognised in respect of the above temporary differences because it is uncertain that there would be sufficient future taxable profits to utilise the tax benefits from them.

31. BUSINESS COMBINATIONS

(A) SUCCESS FINANCE ACQUISITION

On 16 March 2009, the Group completed the acquisition of the remaining 10% of the issued share capital of its 90%-owned subsidiary, Success Finance Limited ("Success Finance") from the minority shareholders (the "Sellers") for a cash consideration of HK$5,500,000 ("Success Finance Acquisition"). As a result, Success Finance has become a wholly-owned subsidiary of the Group.

The Sellers, being directors of Success Finance, were connected persons of the Company and hence, the Success Finance Acquisition constituted a connected transaction of the Company under the GEM Rules. Further details of the Acquisition were disclosed in the Company's announcement dated 9 March 2009.

The directors of the Company, including the independent non-executive directors, are of the view that the terms of the Success Finance Acquisition are fair and reasonable, on normal commercial terms, and in the ordinary and usual course of business of the Group and the Success Finance Acquisition is in the interests of the Group and shareholders of the Company as a whole.

31. BUSINESS COMBINATIONS (Continued)

(A) SUCCESS FINANCE ACQUISITION (Continued)

The net assets acquired and the goodwill arising from the Success Finance Acquisition are as follows:

	Pre-acquisition carrying amount HK$'000	Fair value adjustment HK$'000	Recognised values on acquisition HK$'000
10% of net assets of Success Finance:			
Property, plant and equipment	400	(247)	153
Available-for-sale financial assets	3,200	–	3,200
Cash and cash equivalents	40	–	40
Loans receivable	936	–	936
Other current assets	1,109	–	1,109
Tax payable	(22)	–	(22)
Other current liabilities	(6)	–	(6)
Net identifiable assets and liabilities	5,657	(247)	5,410
Goodwill (Note 16)			90
Total consideration satisfied by cash			5,500

(B) RIGHT GATEWAY ACQUISITION

On 28 December 2006, the Group completed the acquisition of the entire issued share capital of Right Gateway Limited ("Right Gateway") for an adjusted consideration comprising (i) 50,000,000 shares of the Company (that was issued and allotted and credited as fully paid on 28 December 2006), and (ii) cash of HK$34,877,000 ("Revised Cash Consideration), pursuant to a consideration supplemental agreement dated 21 May 2007. The Revised Cash Consideration was fully settled during the year ended 31 March 2008.

32. COMMITMENTS UNDER OPERATING LEASES

As of 31 March 2009, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,488**	680
In the second to fifth years inclusive	**666**	216
Total	**2,154**	896

33. CONTINGENT LIABILITIES

Before 31 March 2009, a District Court action had been commenced by a customer against a subsidiary of the Group in respect of claims for damages of HK$784,320 and a return of service price of HK$10,080 paid by the customer, and interests thereon, by reason of that subsidiary's repudiatory breach of a certain computer software implementation and maintenance contract and total failure of consideration and/or money had and received.

No settlement has yet been reached for the above litigation and no judgment has yet been made against the above-mentioned subsidiary of Group in respect of the above-mentioned claims. The directors of the Company consider that it is not possible to estimate the eventual outcome of such claims with reasonable certainty at the current stage. Nevertheless, the directors of the Company are of the opinion that the above-mentioned subsidiary of the Group has valid defence and consider the claims mentioned above would not have material adverse impact to the financial position of the Group. Accordingly, no provision has been made for such claims as at 31 March 2009.

34. POST BALANCE SHEET EVENTS

(A) ACQUISITION OF MEGA BRIGHT

As discussed in Note 20, at the special general meeting held on 3 June, 2009, an ordinary resolution was passed to approve the Acquisition Agreement in respect of the acquisition of Mega Bright and all the transactions contemplated under the Acquisition Agreement.

(B) ISSUE OF CONVERTIBLE NOTE

On 19 June 2009, the Company entered into a subscription agreement ("Subscription Agreement") with a subscriber pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Company's convertible note ("Convertible Note") in a principal amount of HK$15,000,000 due one year from the date of issue at a conversion price of HK$0.13 per conversion share, subject to the terms and conditions of the Subscription Agreement.

Assuming full conversion of the Convertible Note at the conversion price of HK$0.13 per conversion share, the Convertible Note will be convertible into 115,384,615 shares of the Company. The estimated net proceeds from the Convertible Note of approximately HK$14,800,000 will be applied towards financing the acquisition of Mega Bright (see Note 20) and as general working capital of the Group.

35. RELATED PARTY TRANSACTIONS

(A) SUCCESS FINANCE ACQUISITION

As discussed in Note 31, on 16 March 2009, the Group acquired the remaining 10% of the issued share capital of its 90%–owned subsidiary, Success Finance, from two minority shareholders, who being directors of Success Finance are connected persons of the Company, for a total cash consideration of HK$5,500,000.

(B) KEY MANAGEMENT COMPENSATION

The Company considers that all members of key management consist of directors of the Company. Details of the compensation of directors of the Company are included in Note 14 to the financial statements.

The emoluments of directors are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(A) CAPITAL MANAGEMENT

The primary objective of the Company's capital management policy is to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Company review the capital structure on a periodical basis. As a part of this view, the directors of the Company consider the cost of capital and the risks associated with each class of capital, to balance its overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a debt to equity ratio derived from the consolidated balance sheets. The following table analyses the Group's capital structure as at 31 March 2009:

	2009 **HK$'000**	2008 HK$'000
Total liabilities	**9,941**	8,998
Total equity	**105,038**	121,059
Debt to equity ratio	**9.5%**	7.4%

(B) FINANCIAL RISK FACTORS

The Group is exposed to credit, liquidity, interest rate and currency risks arising in the normal course of its businesses.

Theses risks are regularly monitored by the management and limited by the Group's financial management policies and practices described below.

(i) Credit risk

The Group's credit risk is primarily attributable to bank balances, time deposits placed with other entities, trade and loans receivables. Bank balances are deposited with banks of high credit ratings such that the risk of bank failure is minimised. The credit quality of the counterparties regarding time deposits has been assessed with reference to external credit ratings (if available) or historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. As regards loans and trade receivable, the management continuously evaluates the credit worthiness and payment patterns of each borrower or customer and these credit risks are closely monitored on an ongoing basis. At each balance sheet date, the Group reviews the recoverable amount of each individual debt to ensure that adequate impairment losses are made for irrecoverable amounts. Normally the Group does not obtain collateral from customers against trade receivables. In addition, as at 31 March 2009, 91% (2008: 85%) of the loans receivable are unsecured.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(B) FINANCIAL RISK FACTORS (Continued)

(i) Credit risk (Continued)

The Group has certain concentration risk. As at 31 March 2009, funds in the total sum of HK$32,000,000 (2008: HK$59,000,000) that are not needed for immediate use have been placed as time deposits with a VIP lounge of a casino in Macau. In addition, approximately 61% (2008: 57%) and 90% (2008: 77%) of its trade receivables as at 31 March 2009 was attributable to one single customer and five customers respectively. Furthermore, approximately 23% (2008: 24%) and 63% (2008: 81%) of the Group's loans receivable as at 31 March 2009 was attributable to one single borrower and five borrowers respectively. The management will monitor the level of exposure to ensure that follow-up actions and/or corrective actions will be taken promptly to lower exposure.

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

(ii) Liquidity risk

The management regularly monitors current and expected liquidity requirements, to ensure that the Group maintains sufficient reserves of cash meet its liquidity requirements in the short and longer term.

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

	Within 1 year or on demand		**Total**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Trade payables	**3,229**	3,497	**3,229**	3,497
Finance lease and interest payment	**–**	40	**–**	40
	3,229	3,537	**3,229**	3,537

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(B) FINANCIAL RISK FACTORS (Continued)

(iii) Cash flow and fair value interest rate risk

As at 31 March 2009, except for the loans receivable of HK$8,826,000 (2008: HK$8,727,000) held at average effective interest rate of 22% per annum (2008: 15%), and time deposits of HK$32,000,000 in total (2008: HK$64,000,000) held at average effective interest rate of 5% per annum (2008: 5.9%), the Group had no significant interest bearing assets and liabilities.

The effect on the Group's loss or other components of equity would be insignificant if the market interest rates as at 31 March 2009 and 2008 had been higher or lower within a reasonable range with all other variables held constant.

(iv) Foreign currency risk

During the year, the Group had insignificant exposure to foreign currency risk as its business transactions, assets and liabilities were primarily conducted and recorded in the functional currency of the respective entities to which they relate. The Group currently has no particular hedging vehicles to hedge its exposure to foreign exchange risk. However, the management continuously monitors foreign exchange exposure and will consider making use of appropriate hedging measures when the need arises.

As at 31 March 2009 and 2008, the Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

(C) FAIR VALUE ESTIMATION

The directors consider the fair value of cash and bank deposits, trade and other receivables, trade and other payables are not materially different from their carrying amounts because of immediate or short-term maturity of these financial instruments. The directors also consider the carrying amounts of loans receivables, which carry interest rates with reference to the market rates and the specific risks applicable to the borrowers, approximate their fair values.

37. APPROVAL OF ACCOUNTS

These financial statements were approved and authorised for issue by the Company's board of directors on 26 June 2009.

RESULTS

	For the year ended 31 March				
	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
Revenue/Turnover	**12,778**	25,424	35,432	47,498	24,160
(Loss)/profit attributable to shareholders	**(37,604)**	(43,710)	(4,262)	2,849	(2,414)

ASSETS AND LIABILITIES

	As of 31 March				
	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
Total assets	**114,979**	130,057	74,305	16,522	13,088
Total liabilities	**(9,941)**	(8,998)	(44,646)	(11,084)	(13,044)
Minority interests	**(318)**	(9,117)	(1,730)	–	–
Net assets	**104,720**	111,942	27,929	5,438	44