



# **A-MAX Holdings Limited**

**奧瑪仕控股有限公司\***

**(To be renamed as “Amax Entertainment Holdings Limited”)**

**(將易名為「澳瑪娛樂控股有限公司」)**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 959)**

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008**

### **FINANCIAL HIGHLIGHT**

- Net asset value per share of the Company has been increased significantly by 35% from last year's HK\$0.157 per share to HK\$0.212 per share as at 31 March 2008 and equivalent to HK\$2.12 as of the date of this announcement resulting from the completion of the share consolidation of 10 old shares into 1 new share.
- Total revenue for the year increased by 224% from last year's HK\$66 million to HK\$214 million for the year ended 31 March 2008.
- Operating profit from continuing gaming and entertainment business has grown 56% from last year's HK\$116 million to HK\$181 million for the year ended 31 March 2008.
- Net loss for the year amounted to HK\$1.3 billion as a result of the one-time non-operational non-cash impairment of the intangible assets of Greek Mythology of HK\$1.4 billion.

The Directors of A-Max Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2008 as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>			
<b>Turnover</b>	4	<b>157,319</b>	5,746
Cost of sales		<u>(1,742)</u>	<u>(2,278)</u>
<b>Gross profit</b>		<b>155,577</b>	3,468
Other revenue	5	<b>1,093</b>	3
Selling and distribution expenses		<b>(2,088)</b>	–
General and administrative expenses		<b>(45,312)</b>	(11,162)
Loss on fixed assets written off		<b>(2,469)</b>	(37)
Impairment of intangible assets		<b>(32,183)</b>	–
Reduction in provision for other payables		<u>–</u>	<u>3,900</u>
<b>Profit/(loss) from operations</b>	6	<b>74,618</b>	(3,828)
Finance costs	7	<b>(55,743)</b>	(52,028)
Share of loss of an associate	13		
Share of operating profit		<b>68,841</b>	120,402
Share of impairment and amortisation of intangible assets		<b>(1,385,730)</b>	(178,075)
		<u>(1,316,889)</u>	<u>(57,673)</u>
<b>Loss before taxation from continuing operations</b>		<b>(1,298,014)</b>	(113,529)
Income tax	8	<u>7</u>	<u>(7)</u>
<b>Loss for the year from continuing operations</b>		<b>(1,298,007)</b>	(113,536)
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	9	<u>6,307</u>	<u>(5,164)</u>
<b>Loss for the year</b>		<b><u>(1,291,700)</u></b>	<b><u>(118,700)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the company		<b>(1,291,426)</b>	(118,659)
Minority interests		<b>(274)</b>	(41)
<b>Loss for the year</b>		<b><u>(1,291,700)</u></b>	<b><u>(118,700)</u></b>
<b>(Loss)/earnings per share – basic</b>			
From continuing and discontinued operations	10	<b><u>HK(8.16) cents</u></b>	<b><u>HK(1.63) cents</u></b>
From continuing operations		<b><u>HK(8.20) cents</u></b>	<b><u>HK(1.56) cents</u></b>
From discontinued operations		<b><u>HK0.04 cents</u></b>	<b><u>HK(0.07) cents</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Note	2008		2007	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)	(Restated)
<b>Non-current assets</b>	11				
Fixed assets					
– Investment property			4,112		–
– Other property, plant and equipment			5,900		4,914
			<u>10,012</u>		<u>4,914</u>
Intangible assets	12		30,407		67,821
Interest in an associate	13		1,137,708		2,454,597
Other financial asset	14		5,109,650		–
			<u>6,287,777</u>		<u>2,527,332</u>
<b>Current assets</b>					
Trade and other receivables	15	194,346		35,899	
Cash and cash equivalents		91,013		56,438	
			<u>285,359</u>		<u>92,337</u>
Assets of disposal groups classified as held for sale	16	15,737		28,121	
			<u>301,096</u>		<u>120,458</u>
<b>Current liabilities</b>					
Trade and other payables	17	(41,404)		(20,792)	
Borrowings	18	(5,000)		–	
Income tax payable		–		(7)	
			<u>(46,404)</u>		<u>(20,799)</u>
Liabilities directly associated with assets of disposal groups classified as held for sale	16	(46,506)		(65,197)	
			<u>(92,910)</u>		<u>(85,996)</u>
<b>Net current assets</b>			<u>208,186</u>		<u>34,462</u>
<b>Total assets less current liabilities</b>			<u>6,495,963</u>		<u>2,561,794</u>
<b>Non-current liabilities</b>					
Borrowings	18	(5,000)		(10,000)	
Promissory note	19	(847,305)		(791,878)	
			<u>(852,305)</u>		<u>(801,878)</u>
<b>NET ASSETS</b>			<u>5,643,658</u>		<u>1,759,916</u>

		2008		2007	
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Restated)	(Restated)
<b>CAPITAL AND RESERVES</b>	20				
Share capital			26,589		11,205
Reserves			5,647,456		1,785,131
Amounts recognised directly in equity relating to disposal group classified as held for sale			(30,440)		(36,747)
<b>Total equity attributable to equity shareholders of the Company</b>			<b>5,643,605</b>		1,759,589
<b>Minority interests</b>			<b>53</b>		327
<b>TOTAL EQUITY</b>			<b><u>5,643,658</u></b>		<b><u>1,759,916</u></b>

*Notes:*

**1. INFORMATION OF THE COMPANY**

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

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of compliance**

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, “Financial instruments: Disclosures” and the amendment to HKAS 1, “Presentation of financial statements: Capital disclosures”, there have been some additional disclosures in the financial statements.

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

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

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

- investment property; and
- financial instruments classified as available-for-sale.

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

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

### 3. SEGMENT INFORMATION

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

#### Business segments

The Group comprises the following main business segments:

#### Continuing operations:

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

#### Discontinued operations:

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

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

#### (a) Business segments

For the year ended 31 March 2008

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

**For the year ended 31 March 2007**

	<u>Continuing operations</u>	<u>Discontinued operations</u>			Inter-segment eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Gaming and entertainment <i>HK\$'000</i>	LCD products <i>HK\$'000</i>	LCD consumer products <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>		
<b>Revenue</b>						
Revenue from external customers	5,746	59,580	260	59,840	–	65,586
Inter-segment revenue*	–	3	–	3	(3)	–
<b>Total</b>	<u>5,746</u>	<u>59,583</u>	<u>260</u>	<u>59,843</u>	<u>(3)</u>	<u>65,586</u>
<b>Results</b>						
Segment results	1,934	<u>(16,090)</u>	<u>(6,565)</u>	(22,655)	<u>–</u>	(20,721)
Unallocated operating income and expenses	(9,712)			216		(9,496)
Reduction in provision for other payables	<u>3,900</u>			<u>5,284</u>		<u>9,184</u>
Loss from operations	(3,878)			(17,155)		(21,033)
Finance costs	(52,028)			(2,082)		(54,110)
Share of loss of the associate	(57,673)			–		(57,673)
Gain on disposal of subsidiaries	–			14,123		14,123
Taxation	<u>(7)</u>			<u>–</u>		<u>(7)</u>
<b>Loss for the year</b>	<u>(113,586)</u>			<u>(5,114)</u>		<u>(118,700)</u>

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

(b) **Geographical segments**

In presenting information on the basis of the geographical segment, segment revenue is based on the geographical location of the customers.

**For the year ended 31 March 2008**

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	The PRC (excluding Hong Kong and Macau) <i>HK\$'000</i>	Japan <i>HK\$'000</i>	South Korea <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>							
Attributable to continuing operations	4,260	153,059	–	–	–	–	157,319
Attributable to discontinued operations	724	–	8,671	7,125	644	39,347	56,511
Revenue from external customers	<u>4,984</u>	<u>153,059</u>	<u>8,671</u>	<u>7,125</u>	<u>644</u>	<u>39,347</u>	<u>213,830</u>

**For the year ended 31 March 2007**

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	The PRC (excluding Hong Kong and Macau) <i>HK\$'000</i>	Japan <i>HK\$'000</i>	South Korea <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>							
Attributable to continuing operations	4,615	1,131	–	–	–	–	5,746
Attributable to discontinued operations	33,973	–	6,065	3,280	13,861	2,661	59,840
Revenue from external customers	<u>38,588</u>	<u>1,131</u>	<u>6,065</u>	<u>3,280</u>	<u>13,861</u>	<u>2,661</u>	<u>65,586</u>



#### 4. TURNOVER

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Revenue from gaming operations		
– junket aggregation business (see note (a) below)	<b>131,340</b>	–
– VIP gaming operation (see note (b) below)	<b>18,195</b>	–
– LIVE Baccarat system operation (see note (c) below)	<b>1,640</b>	1,028
– slot machine operation (see note (d) below)	<b>1,884</b>	103
	<b>153,059</b>	1,131
Revenue from sales of travel package	<b>4,260</b>	4,615
	<b>157,319</b>	5,746
<b>Discontinued operations (note 9):</b>		
Sales of LCD products	<b>56,511</b>	59,580
Sales of LCD consumer products	–	260
	<b>56,511</b>	59,840
	<b>213,830</b>	65,586

*Notes:*

**(a) Junket aggregation business**

The Group, through Ace High Group Limited (“Ace High”), is engaged in financing the business of AMA International Limited (“AMA”), a company incorporated in Macau and which is the holder of a license issued by the Gaming Inspection and Coordination Bureau of the Macau Government to develop the activity of promotion of games of chance and other casino games (the “Junket business”) and receive 80% of the profits generated from this junket business of AMA, which was started on 15 December 2007. Revenue from AMA relating to the junket business of AMA is recognised in accordance with the First Profit Transfer Agreement (see note 14 below) and the Second Profit Transfer Agreement (see note 14 below).

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

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

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

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

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

(c) **LIVE Baccarat system operation**

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

(d) **Slot machine operation**

Jadepower Limited, a wholly-owned subsidiary of the Company, is engaged in the operation of 204 electronic slot machines in the Greek Mythology Casino so as to earn a share of net gaming wins from the operation of 204 electronic slot machines in the Greek Mythology Casino.

**5. OTHER REVENUE**

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

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

**6. PROFIT/(LOSS) FROM OPERATIONS**

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(a) <b>Staff costs:</b>		
<b>Continuing operations:</b>		
Contributions to defined contribution retirement plans	243	98
Equity-settled share-based payment expenses	6,872	–
Salaries, wages and other benefits	15,137	3,957
	<u>22,252</u>	<u>4,055</u>
<b>Discontinued operations (note 9):</b>		
Contributions to defined contribution retirement plans	148	161
Salaries, wages and other benefits	8,539	9,965
	<u>8,687</u>	<u>10,126</u>
	<u><b>30,939</b></u>	<u><b>14,181</b></u>

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>(b) Other items:</b>		
<b>Continuing operations:</b>		
Depreciation of property, plant and equipment	925	1,250
Amortisation of intangible assets	5,231	171
Forfeit of rental deposits	2,881	–
Loss on disposal of property, plant and equipment	2,469	37
Auditors' remuneration	600	500
Operating lease rentals:		
– property rentals	1,335	279
– hire of equipment	–	6
	<u>          </u>	<u>          </u>
<b>Discontinued operations (note 9):</b>		
Depreciation of property, plant and equipment	3,207	12,062
Amortisation of land lease premium	–	86
Gain on disposal of property, plant and equipment	–	(50)
Provision for slow-moving and obsolete inventories	–	2,206
Net foreign exchange loss	2,613	2,301
Operating lease rental in respect of premises	1,914	126
Cost of inventories	45,935	57,701
	<u>          </u>	<u>          </u>

## 7. FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Interest on bank advances and other borrowings wholly repayable within five years	316	175
Interest on convertible notes	–	52
Interest on promissory note	55,427	51,801
	<u>          </u>	<u>          </u>
	55,743	52,028
<b>Discontinued operations (note 9):</b>		
Interest on borrowings wholly repayable within five years	1,935	2,082
	<u>          </u>	<u>          </u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>57,678</u>	<u>54,110</u>

## 8. INCOME TAX

### (a) Continuing operations

Income tax in the consolidated income statement represents:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Current tax – Hong Kong profits tax</b>		
Provision for the year	–	7
Over-provision in prior year	(7)	–
	<u>          </u>	<u>          </u>
	(7)	7
	<u>          </u>	<u>          </u>

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

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

**(b) Discontinued operations (note 9)**

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

**(c) Deferred taxation not recognised**

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

**9. DISCONTINUED OPERATION**

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

The results of the discontinued operation for the years ended 31 March 2008 and 2007 were as follows.

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

## 10. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

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

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

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Continuing operations	<b>(1,297,733)</b>	(113,495)
Discontinued operations	<b>6,307</b>	(5,164)
	<b><u>(1,291,426)</u></b>	<b><u>(118,659)</u></b>

(ii) *Weighted average number of ordinary shares*

	<b>2008</b> <i>'000</i>	2007 <i>'000</i>
Issued ordinary shares at 1 April	<b>11,204,282</b>	4,824,427
Effect of convertible notes exercised	–	1,909,529
Effect of shares issued under the placing	<b>4,623,792</b>	555,887
	<b><u>15,828,074</u></b>	<b><u>7,289,843</u></b>

### Diluted (loss)/earnings per share

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

## 11. FIXED ASSETS

	Buildings for own use carried at cost <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Other fixed assets <i>HK\$'000</i>	Sub- total <i>HK\$'000</i>	Investment property <i>HK\$'000</i>	Interests in leasehold land held for own use under operating leases <i>HK\$'000</i>	Total fixed assets <i>HK\$'000</i>
<b>Cost or valuation:</b>								
At 1 April 2006	45,986	24,604	114,572	44,548	229,710	-	5,232	234,942
Additions	-	1,096	121	2,889	4,106	-	-	4,106
Disposal	-	-	(250)	(41)	(291)	-	-	(291)
Disposal of subsidiaries	(45,986)	(21,169)	-	-	(67,155)	-	(5,232)	(72,387)
Transfer to assets of disposal groups classified as held for sale	-	(1,356)	(114,443)	(44,170)	(159,969)	-	-	(159,969)
At 31 March 2007	-	3,175	-	3,226	6,401	-	-	6,401
<b>Representing:</b>								
Cost	-	3,175	-	3,226	6,401	-	-	6,401
Valuation - 2007	-	-	-	-	-	-	-	-
	<u>-</u>	<u>3,175</u>	<u>-</u>	<u>3,226</u>	<u>6,401</u>	<u>-</u>	<u>-</u>	<u>6,401</u>
At 1 April 2007	-	3,175	-	3,226	6,401	-	-	6,401
Additions	-	2,899	-	1,482	4,381	4,112	-	8,493
Disposal	-	(2,115)	-	(833)	(2,948)	-	-	(2,948)
At 31 March 2008	-	3,959	-	3,875	7,834	4,112	-	11,946
<b>Representing:</b>								
Cost	-	3,959	-	3,875	7,834	-	-	7,834
Valuation - 2008	-	-	-	-	-	4,112	-	4,112
	<u>-</u>	<u>3,959</u>	<u>-</u>	<u>3,875</u>	<u>7,834</u>	<u>4,112</u>	<u>-</u>	<u>11,946</u>
<b>Accumulation amortisation and depreciation:</b>								
At 1 April 2006	12,876	20,996	97,964	39,331	171,167	-	693	171,860
Charge for the year	1,686	2,003	6,661	2,962	13,312	-	86	13,398
Written back on disposals	-	-	(250)	(4)	(254)	-	-	(254)
Disposal of subsidiaries	(14,562)	(21,169)	-	-	(35,731)	-	(779)	(36,510)
Transfer to assets of disposal groups classified as held for sale	-	(1,014)	(104,375)	(41,618)	(147,007)	-	-	(147,007)
At 31 March 2007	-	816	-	671	1,487	-	-	1,487
At 1 April 2007	-	816	-	671	1,487	-	-	1,487
Charge for the year	-	613	-	312	925	-	-	925
Written back on disposals	-	(286)	-	(192)	(478)	-	-	(478)
At 31 March 2008	-	1,143	-	791	1,934	-	-	1,934
<b>Net book value:</b>								
At 31 March 2008	<u>-</u>	<u>2,816</u>	<u>-</u>	<u>3,084</u>	<u>5,900</u>	<u>4,112</u>	<u>-</u>	<u>10,012</u>
At 31 March 2007	<u>-</u>	<u>2,359</u>	<u>-</u>	<u>2,555</u>	<u>4,914</u>	<u>-</u>	<u>-</u>	<u>4,914</u>

## 12. INTANGIBLE ASSETS

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

## 13. INTEREST IN AN ASSOCIATE

	2008	2007
	HK\$'000	HK\$'000
Unlisted shares, at cost	–	–
Share of net assets	1,137,708	2,454,597

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

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



(b) Summary financial information on the associate

	At 31 March 2008			Year ended 31 March 2008				
	Assets HK\$'000	Liabilities HK\$'000	Equity HK\$'000	Revenues HK\$'000	Operating profit HK\$'000	Amortisation of intangible asset HK\$'000	Impairment of intangible asset HK\$'000	Net loss HK\$'000
100 per cent Group's effective interest	3,013,441	733,465	2,279,976	263,186	137,957	(356,864)	(2,420,150)	(2,639,057)
	<u>1,503,707</u>	<u>365,999</u>	<u>1,137,708</u>	<u>131,330</u>	<u>68,841</u>	<u>(178,075)</u>	<u>(1,207,655)</u>	<u>(1,316,889)</u>
	At 31 March 2007			Year ended 31 March 2007				
	Assets HK\$'000	Liabilities HK\$'000	Equity HK\$'000	Revenues HK\$'000	Operating profit HK\$'000	Amortisation of intangible asset HK\$'000	Impairment of intangible asset HK\$'000	Net loss HK\$'000
100 per cent Group's effective interest	5,622,319	703,286	4,919,033	385,193	241,287	(356,864)	-	(115,577)
	<u>2,805,537</u>	<u>350,940</u>	<u>2,454,597</u>	<u>192,211</u>	<u>120,402</u>	<u>(178,075)</u>	<u>-</u>	<u>(57,673)</u>

#### 14. OTHER FINANCIAL ASSETS

##### Available-for-sale financial asset

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

On 14 December 2007, the Group provided HK\$1.9 billion under Profit Transfer Agreement to AMA which started its junket business on 15 December 2007. The fair value of available-for-sale financial asset as at 31 March 2008 was measured using the value-in-use calculations.

#### 15. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet date:

	2008 HK\$'000	2007 HK\$'000
Current	<u>164,292</u>	<u>739</u>

## 16. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

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

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

## 17. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 1 month	–	4,233
After 1 month but within 2 months	–	5,015
After 2 months but within 3 months	–	1,594
After 3 months	1,836	5,475
	<u>1,836</u>	<u>16,317</u>

## 18. BORROWINGS

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

Notes:

- (a) Short term loans represent loans from an unrelated party, which are unsecured and repayable on demand.
- (b) Other loans represent loans from unrelated party, which bear interest ranging from 3.5% to 6.5% (2007: Nil to 3.5%) per annum, are unsecured and are not repayable within 1 year.

## 19. PROMISSORY NOTES

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

The promissory note is unsecured, non-interest bearing and repayable on 27 March 2006, being the tenth year of the date of issue of the promissory note.

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

## 20. CAPITAL AND RESERVES

	Attributable to equity shareholders of the Company						Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Fair value reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ losses HK\$'000	Amounts recognised directly in equity relating to disposal groups classified as held for sale HK\$'000			
At 1 April 2007	11,205	1,824,863	-	-	(17,262)	(59,217)	1,759,589	327	1,759,916
Shares issued under the placing	15,384	1,984,616	-	-	-	-	2,000,000	-	2,000,000
Change in fair value of available-for-sale financial assets	-	-	3,209,650	-	-	-	3,209,650	-	3,209,650
Equity settled share-based transaction	-	-	-	6,872	-	-	6,872	-	6,872
Share issuance expenses	-	(41,080)	-	-	-	-	(41,080)	-	(41,080)
(Loss)/profit for the year	-	-	-	-	(1,297,733)	6,307	(1,291,426)	(274)	(1,291,700)
At 31 March 2008	<u>26,589</u>	<u>3,768,399</u>	<u>3,209,650</u>	<u>6,872</u>	<u>(1,314,995)</u>	<u>(52,910)</u>	<u>5,643,605</u>	<u>53</u>	<u>5,643,658</u>
At 1 April 2006	4,825	1,730,399	-	581	96,233	(54,053)	1,777,985	-	1,777,985
Shares issued under the placing	1,173	99,220	-	-	-	-	100,393	-	100,393
Shares issued under conversion of convertible notes	5,207	(2,138)	-	(581)	-	-	2,488	-	2,488
Share issuance expenses	-	(2,618)	-	-	-	-	(2,618)	-	(2,618)
Capital contributions from a minority shareholders of a subsidiary	-	-	-	-	-	-	-	368	368
Loss for the year	-	-	-	-	(113,495)	(5,164)	(118,659)	(41)	(118,700)
At 31 March 2007	<u>11,205</u>	<u>1,824,863</u>	<u>-</u>	<u>-</u>	<u>(17,262)</u>	<u>(59,217)</u>	<u>1,759,589</u>	<u>327</u>	<u>1,759,916</u>

## **SIGNIFICANT EVENTS AND DEVELOPMENT**

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

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

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

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

## **FINANCIAL REVIEW**

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

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

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

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

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

## **BUSINESS REVIEW AND PROSPECTS**

### **Gaming and Entertainment Business**

#### *Junket Aggregation Business*

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

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

#### *VIP Room Management*

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

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

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

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

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

#### *Greek Mythology Casino*

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

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

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

### **LCD Manufacturing Business**

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

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

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

### **DIVIDEND**

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

### **LIQUIDITY AND FINANCIAL RESOURCES**

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

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

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

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

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

## **CAPTIAL STRUCTURE**

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

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

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

## **FOREIGN EXCHANGE AND CURRENCY RISKS**

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

## **SIGNIFICANT INVESTMENT, ACQUISITIONS AND DISPOSALS**

### **LCD Manufacturing Business**

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

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



## **Junket Aggregation Business**

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

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

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

## **CONTINGENT LIABILITIES**

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

## **EMPLOYEES AND REMUNERATION POLICY**

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

## **CORPORATE GOVERNANCE**

The Company has adopted, applied and complied with the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008 with the exception of certain deviation as further explained below:

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

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

#### **AUDIT COMMITTEE**

The Company has an audit committee which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

The annual results of the Group for the year under review had been reviewed by the audit committee.

#### **REMUNERATION COMMITTEE**

The remuneration committee comprises two independent non-executive Directors, and one executive Director. The remuneration committee was established with specific written terms of reference and is principally responsible for reviewing and approving remuneration package for Directors and senior management. No Director or senior management will determine his own remuneration.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

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

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

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

On behalf of the Board  
**Cheung Nam Chung, Brian**  
*Chairman*

Hong Kong, 25 July 2008

*As at the date of this notice, the Board of Directors of the Company comprises of Mr. Cheung Nam Chung, Brian, Mr. Chan Yat Tat, Ted, Mr. Chan Chi Yuen, Mr. Lam Cheok Va, Francis and Ms. Li Wing Sze being the Executive Directors, and Mr. Chan Chiu Hung, Alex, Mr. Lee Tsz Hong and Mr. Ng Wai Hung, Raymond being the Independent Non-executive Directors.*

\* *For identification purposes only*