AMAX
Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 959)

Annual Report 2010

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Board of Directors

Executive

Ms. Li Wing Sze
Mr. Victor Ng (appointed on 7 August 2009)
Mr. Huang Xiang Rong (resigned on 6 August 2009)
Mr. Li Kin Ho (appointed on 7 August 2009 and resigned on 10 May 2010)

Non-executive

Mr. Cheung Nam Chung (re-designated from executive director on 9 July 2010)
Mr. Lau Dicky (appointed on 2 November 2009)
Mr. Leung Kin Cheong, Laurent (resigned on 16 July 2010)

Independent Non-executive

Mr. Cheng Kai Tai, Allen
Mr. Fang Ang Zeng
Prof. Zeng Zhong Lu (appointed on 16 April 2009 and resigned on 7 April 2010)
Attorney Lorna Patajo Kapunan (resigned on 6 May 2010)
Mr. Chan Chiu Hung, Alex (resigned on 6 July 2010)

Company Secretary

Mr. Chan Him, Alfred (appointed on 9 June 2010)
Mr. Chan Chin Wang, Keith (appointed on 2 November 2009 and resigned on 9 June 2010)
Mr. Wong Lee Ping (removed on 2 November 2009)

Auditor

CCIF CPA Limited
Certified Public Accountants
34/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

Legal Advisor

Michael Li & Co.
14th Floor, Printing House
6 Duddell Street
Central, Hong Kong

Corporate Governance Consultant

Corporate Advisory Consultant
Howath Corporate Advisory Services Limited
Room 1601–1602, 16th Floor
One Hysan Avenue
Causeway Bay
Hong Kong

Stock Code

959

Branch Share Registrar

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business

2701 Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

Chairman's Statement

Dear Shareholders,

The past financial year was a year of changes for the Group, marked by unexpected regulatory changes which inevitably led to the restructuring of our business. The main catalyst for these changes was the new regulations on VIP gaming commissions enacted by the Macau government. Under the new regulation regime, we saw negative impacts on our investments portfolio. Faced with this adverse operating environment, the Group has been actively pursuing a "road-map of resolution" with our business partners in Macau. On-going discussion around loan recoverability and future profit source is the main emphasis of the dialogue. We remain hopeful that the final outcome of this restructuring process to be viewed favorably by the market and shareholders despite the short-term setback. Furthermore, as an investment holding company, we are always seeking new investment opportunities in other sectors and regions in an effort to maximize investment returns for our shareholders.

During the year under review, the world economic conditions gradually improved and overall market sentiment recovered rapidly. Through the past financial year, investor risk appetite for emerging market investments rebounded strongly; this was evident in the "V-shaped" recovery touted by mainstream media. Macau gaming market benefitted from this recovery and the relaxation of visas given to mainland Chinese tourists. Unfortunately, due to the unique challenges faced by our Macau business partners, we did not enjoy the full business volume increase as expected. The Group pursed the following major gaming projects during the year: (i) Ownership of 49.9% equity interest in Greek Mythology (Macau) Entertainment Group Corporate Limited ("Greek Mythology"), and (ii) an 80% loan-for-profits agreement with AMA International Limited ("AMA"), which is suffering loss due to underperformance by AMA and unforeseen circumstances. In addition, the Group invested in the operation of gaming related business including slot machines and profit-sharing rights of five VIP tables.

On behalf of the Board of Directors, I would like to extend my sincere thanks to our management team and staff for their dedication and hard work during the past year. My thanks also goes to my fellow Directors, our business partners, customers, banks and shareholders for their continuous support and trust over the years. In the coming year, let us continue to work together to overcome difficulties and create a bright and outstanding future for the Group.

Cheung Nam Chung
Chairman
30 July 2010

Chief Executive Officer's Statement

Dear Shareholders,

I recently rejoined the Group as CEO of the company, and it is my intention to usher in a new era of corporate governance and compliance to Amax. Our new management team aims to achieve these goals: (i) foster a culture of transparency & strong corporate governance; (ii) to reconnect with our investor base through proactive investor relation activities (iii) assist the Board of Directors in the planning of future development strategies and a roadmap for the long-term benefit of the company and shareholder return; (iv) turn our focus to the exploration of new merger & acquisition opportunities as we emerge from the company's past performance.

A major focus I bring to the Group would be corporate governance and transparency. To this end, we have commissioned a Corporate Governance Review to an external professional consultancy to ensure the Company's corporate governance reaches its highest level. Also, openness is crucial to the Group's long term success, which is the exact aim of the management team. By making the above changes, and to better communicate to our investor base — both individual and institutional investors, it is my sincere hope that such message will be reflected in the company value in the near future.

Another focus of my tenure will be to bring new business opportunities to the Group as part of the on-going restructuring process. Since the underperformance of AMA, it is the Company's plan to utilize our expertise on the behavior of high-end customers by connecting with our client base. We are also seeking appropriate opportunities to cooperate with casinos in the greater Asia-Pacific region.

The impairment losses from our investment activities has had a negative impact to our company during the past year; despite these setbacks, the company management remain determined to seek new business opportunities in the region, both inside and outside the gaming industry to redefine the Group. We foresee that the company will soon to embark on a new direction, delivering value to our shareholders.

Wong Lee Ping
Chief Executive Officer
30 July 2010

Management Discussion and Analysis

During the financial year ended 31 March 2010, the Group's sole investment was gaming and casino related business in Macau. Its core investments were the 49.9% equity investment in Greek Mythology Casino and the loan-for-profit contractual agreement with AMA International Limited ("AMA").

Significant Events and Development

2009/10 was a challenging year for the Group and its Macau business partners. Despite the economic recovery, more specifically the Macau gaming industry's stellar performance, the Group did not experience the swift recovery in business performance as expected. This is mainly due to the unique business model of the Group and its Macau business partner, AMA. As the biggest junket aggregator at the time of inception, the loan-for-profit business model benefits from the difference in commission received and paid-out by AMA; however, the unforeseen changes in regulatory environment, namely the 1.25% commission cap enacted by the Macau government late 2009, proved to be detrimental to the existing business model of AMA.

Our Macau Business partner, AMA was not profitable for the year. This was in part due to AMA's collaborators circumvented the original cooperation model and directly entered into separate agreements with the Gaming Operator. Furthermore, as the AMA's collaborators cease to cooperate with AMA, some refused to schedule the repayment time and have not yet settle the debts. Therefore the impairment for dubious debt overshadowed the HK$2 Billion revenue received by AMA during the financial year.

Under these dramatic and negative events impacting our investments in Macau, the Group faced difficult decisions such as making major impairments.

Financial Review

- Group's share of operating profit before amortization from an associate was $90.4 million, more than triple when compared to the prior year of $24.0 million.

- Turnover for the Group declined significantly to HK$5.6 million for the past financial year, compared to HK$416 million mainly due to a loss of AMA, our Macau business partner and main source of revenue.

- Due to the large impairment loss related to the investment in junket related operations, the Group's loss for the financial year amounts to HK$2.48 billion, compared to a profit of HK$78 million in the prior year.

During the financial year under review, the Group was principally engaged in investment in gaming promotion and other casino related business in Macau.

The Group loss HK$2.48 billion on revenue of $5.6 million; this disappointing result was mainly due to AMA, our Macau business partner with whom the loan-for-profits agreement is signed, ceased to operate profitably and therefore the need to make impairment for all investment related to AMA.

Business Review and Prospects

During the financial year under review, the Group made principal investments in the following areas:

Greek Mythology Casino

The Group owns 49.9% of equity stake in Greek Mythology Casino, which has approximately 105 mass market tables. Greek Mythology is accounted for as an associated company of the Group.

During the financial year ended 31 March 2010, the Group's share of operating profit before impairment charges of tangible and intangible assets of Greek Mythology Casino for the year ended 31 March 2010 was HK$90.4 million (2009: HK$24.0 million). The Group's share of loss in Greek Mythology Casino for the financial year ended 31 March 2010 was HK$557 million, as compared to a loss of HK$250 million a year ago. This underperformance was mainly due to an HK$647 million amortization and impairment loss incurred.

Greek Mythology Casino is primarily a mass market casino and its results reflects that the overall improvement in the Macau gaming industry. However, at a less favorable location and relatively small and of a less fancy design when compared with the new giant casinos of different themes, the casino has not benefited fully from the market recovery, and its growth has been subpar when compared to other aforementioned casinos and the overall gaming revenue growth. Nevertheless, Greek Mythology will continue to serve the mass market.

Investment in VIP Gaming Related Operation and Other Gaming Related Business

The Group, through certain subsidiaries, have invested in the businesses of (i) promotion, sales and advertising, client development, coordination and operation of high rolling gaming area, and (ii) operation of electronic slot machines in Greek Mythology Casino.

During the financial year under review, the Group recorded gross revenue of HK$5.6 million from these operations compared to HK$6.3 million in the prior year, a 12.5% decline.

The dismal performance of these businesses is attributed to the cease of operation of the technical consultancy services in respect of electronic LIVE baccarat system; slots machine operation also declined year on year due to strong market competition and less-than-ideal casino location.

Investment in Junket Related Operation

In 2007, the Company entered into a loan-for-profit agreement with Ace High Group Limited ("Ace High"), pursuant to which the Group provided a loan of HK$1.9 billion to Ace High which in turn on-lent the same amount to AMA. AMA aggregates business of different junket collaborators and deals directly with Altira Macau Casino to receive commissions commenced on 15 December 2007.

The loan-for-profits agreement with AMA was the greatest profit driver for the Group. However, due to unforeseen changes in the regulatory environment, namely the 1.25% commission cap enacted by the Macau government late 2009, the Group's working relationship with AMA halted when collaborators under AMA signed directly with gaming operator and therefore no longer profits from the original business model.

Deterioration of the Group's investment in junket related operation has lead to the impairment loss recorded in this financial year, amounting to HK$2.48 billion. This line of business is still in the process of restructuring and continuous efforts to recuperate any outstanding loans owed to the Group.

Outlook

The Group is undergoing internal restructuring prompted by the sudden collapse in the junket related business investment. Despite these setbacks, the Company management remains determined to seek new business opportunities in the region, both inside and outside the gaming industry to redefine the Group.

Since the underperformance of AMA, it is the Company's plan to utilize our expertise on the behavior of high-end customers by connecting with our client base. We are also seeking appropriate opportunities to cooperate with casinos in the greater Asia-Pacific region. We foresee that the company will soon to embark on a new direction, delivering value to our shareholders.

Dividend

The Board of Directors does not recommend payment of final dividend for the year ended 31 March 2010. There was no interim dividend payment during the financial year.

Liquidity and Financial Resources

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

As at 31 March 2010, the Group had total assets and net assets of approximately HK$632 million (2009: HK$3,725) and HK$293 million (2009: HK$2,671) respectively which were financed by shareholders' funds of HK$293 million (2009: HK$2,671), current liabilities of HK$113 million (2009: HK$147 million) and non-current liabilities of HK$227 million (2009: HK$907) which are repayable in March 2016 at a face value of approximately HK$855 million.

As at 31 March 2010, the Group's gearing ratio, calculated as a ratio of total borrowings (including promissory notes) to shareholders' funds and current ratio, calculated as current assets over current liabilities, were approximately 79% (2009: 34%), and 1.47 (2009: 4.86), respectively. During the year ended 31 March 2010, the Group recorded a net cash outflow of HK$61 million (2009: inflow of HK$29 million) from operating activities. As at 31 March 2010, the Group had cash and cash equivalents of HK$17 million (2009: HK$78 million). The Group considers that it has sufficient financial resources to meet operation and development requirements for the foreseeable future.

Share Capital Structure

In May 2009, the Company allotted and issued 1,000,000,000 new shares of an aggregate nominal value of HK$10 million at a subscripted price of HK$0.4 per Share to Mr. Ng Man Sun ("Mr. Ng") pursuant to the subscription agreement was entered between the Company and Mr. Ng on 20 March 2009 and approved by shareholders of the Company on the Special General Meeting the ("SGM") held on 11 May 2009.

In July 2009, the Company allotted and issued 140,000,000 new shares each at a subscription price of HK$0.82 per subscription share to the Subscriber, who is an independent third party to the Company pursuant to the subscription agreement and the supplemental agreement entered between the Company and the subscriber on 15 June 2009 and 17 June 2009 respectively.

The Company issued 7,100,000 shares with par value of HK$0.01 each, including 2,600,000 shares at an exercise price of HK$0.1332 per share and 4,500,000 shares at an exercise price of HK$0.158 per share upon the exercise of the granted options during the period under review.

Foreign Exchange and Currency Risks

It is the Groups policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The principal businesses of the Group are conducted and recorded in Hong Kong dollars and Macau Patacas. As its exposure to foreign exchange fluctuation is minimal, the Group does not see the need for using any heading tools.

Employees and Remuneration Policy

As at 31 March, 2010, the Group had a total of approximately 15 employees in Hong Kong and Macau. The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses and decided with reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund ("MPF") scheme in Hong Kong and similar scheme for eligible employees in Macau and provides employees with medical insurance coverage. A share Option Scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

Contingent Liabilities

The Group and the Company had no significant contingent liabilities as at 31 March 2009.

Investor Relations

The Group believes that maintaining active communication and operational transparency is vital to building good investor relations. During the year, its investor relations team maintained continuous communication with various investors and held meetings regularly with analysts and institutional investors from around the world. The Group will continue to actively enhance communication with shareholders and investors so as to foster the best investor relations possible.

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

Code on Corporate Governance Practices

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

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

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

The Company has applied the Principles and the Code Provisions as set out in the CG Code and complied with all the Code Provisions throughout the year ended 31 March 2010 with the exception of certain deviation as further explained below. The Company also put in place certain Recommended Best Practices as set out in the CG Code.

Code provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Cheung Nam Chung, the Chairman of the Company held the position of Acting Chief Executive Officer from 16 March 2009 to 5 May 2009 and from 10 June 2010 to 24 June 2010 after the departure of Mr. Chan Chi Yuen as the Acting Chief Executive Officer and Mr. Li Kin Ho as the Chief Executive Officer in late January 2009 and mid May 2010 respectively. During the period, the Board was identifying suitable candidate to fill in the role of Chief Executive Officer and on 25 June 2010, Mr. Wong Lee Ping was appointed as the Chief Executive Officer of the Company.

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 non-executive Directors of the Company are appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, all non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each independent non-executive Director and has grounds to believe that they are independent of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code Provision.

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

The Board

Responsibilities

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

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

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

Roles of Chairman and Chief Executive Officer

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

The Company fully supports the division of responsibility between the Chairman and the CEO. After the departure of Mr. Chan Chi Yuen as the Acting Chief Executive Officer in late January 2009 and Mr. Li Kin Ho as the Chief Executive Officer in mid May 2010, Mr. Cheung Nam Chung held both positions of Chairman and Acting Chief Executive Officer on temporary basis until 5 May 2009 and 24 June 2010 when Mr. Li Kin Ho, Kenny and Mr. Wong Lee Ping were appointed as the Chief Executive Officer on 6 May 2009 and 25 June 2010 respectively to ensure a balance of power and authority. Their respective responsibilities are clearly defined and set out in writing.

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

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

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. As at 31 March 2010, the Board comprised four Executive Directors, two Non-executive directors and five Independent Non-executive Directors. The details of the Directors of the Company during the year ended 31 March 2010 and up to the date of this report are set out on pages 18 to 19.

During the year ended 31 March 2010, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications in accounting or related financial management expertise.

From 6 July 2010 to the date of this report, following the resignation of an Independent Non-executive director, Mr. Chan Chiu Hung, Alex, the Company cannot fulfill the Rules 3.10(1) of the Listing Rules which the Company cannot fulfill the minimum number requirement of Independent Non-executive director. The Board shall use its best endeavour to look for a suitable candidate to fill the vacancy of Independent Non-executive director for compliance with the Listing Rules.

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

Appointment and Succession Planning of Directors

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

Board Meetings

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

The attendance of each Director at Board meetings during the year ended 31 March 2010 is as follows:

Directors		**Attendance**
Executive Directors		
Ms. Li Wing Sze		7/24
Mr. Victor Ng	(appointed on 6 May 2009)	0/22
Mr. Huang Xiang Rong	(resigned on 6 August 2009)	6/10
Mr. Li Kin Ho	(appointed on 7 August 2009 and resigned on 10 May 2010)	12/14
Non-executive Directors		
Mr. Cheung Nam Chung	(re-designated from executive director to non-executive director on 9 July 2010)	24/24
Mr. Lau Dicky	(appointed on 2 November 2009)	2/7
Mr. Leung Kin Cheong, Laurent	(resigned on 16 July 2010)	4/24
Independent Non-executive Directors		
Mr. Cheng Kai Tai, Allen		6/24
Mr. Fang Ang Zeng		6/24
Prof. Zeng Zhong Lu	(appointed on 16 April 2009 and resigned on 7 April 2010)	3/23
Attorney Lorna Patajo Kapunan	(resigned on 6 May 2010)	10/24
Mr. Chan Chiu Hung, Alex	(resigned on 6 July 2010)	7/24

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

Board Committees

Three committees, namely, the audit committee, remuneration committee and nomination committee, were established under the Board to oversee their respective functions. The committees are allowed to obtain independent professional advice and service at the Company's expense.

Audit Committee

As at 31 March 2010, the audit committee comprises one Non-executive Director and five Independent Non-executive Directors. The audit committee was established with specific written terms of reference, and is mainly responsible for reviewing and providing supervision over the Company's financial reporting process and internal controls. Mr. Chan Chiu Hung, Alex, who has substantial accounting experience, was chairman of the audit committee during the year ended 31 March 2010.

The main duties of the Audit Committee include the following:

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

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

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

Based on the reviews and discussions by the Audit Committee, the Audit Committee had:

— recommend to the Board for the approval of the audited financial statements of the financial year under review together with the auditor's report thereto attached before the announcement of the annual result.

— recommend to the Board for the proposal for the re-appointment of CCIF CPA Limited as the auditor of the Company in the forthcoming AGM of the Company.

Five audit committee meetings were held during the year ended 31 March 2010. The Composition of the Audit Committee and the respective attendance of each member is set out as follows:

Members		**Attendance**
Mr. Cheng Kai Tai, Allen		2/5
Mr. Fang Ang Zeng		3/5
Prof. Zeng Zhong Lu	(appointed on 16 April 2009 and resigned on 7 April 2010)	3/5
Attorney Lorna Patajo Kapunan	(resigned on 6 May 2010)	3/5
Mr. Chan Chiu Hung, Alex	(resigned on 6 July 2010)	3/5
Mr. Leung Kin Cheong, Laurent	(resigned on 16 July 2010)	3/5

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

During the year ended 31 March 2010, the Audit Committee at all times met the requirement under Rules 3.21 of the Listing Rules in which the minimum number of the Audit Committee members should be 3.

From 16 July 2010 to the date of this report, following the resignation of Mr. Leung Kin Cheong, Laurent, the number of the Audit Committee members falls below the minimum number requirement of 3 members. The Board shall use its best endeavour to look for a suitable candidate to fill the vacancy of member of the Audit Committee, for compliance with the Listing Rules.

Remuneration Committee

As at 31 March 2010, 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. Attorney Lorna Patajo Kapunan was chairlady for the year ended 31 March 2010 and is responsible for reporting the meeting results and recommendations of the remuneration committee to the Board. Subsequent to the resignation of Attorney Lorna Patajo Kapunan on 6 May 2010, Mr. Cheng Kai Tai, Allen was appointed as the Chairman of the remuneration committee on 8 June 2010.

The main duties of the Remuneration Committee include the following:

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

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

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

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

Six remuneration committee meetings were held during the year ended 31 March 2010. The composition of the Remuneration Committee and the respective attendances of the members are presented as follows:

Members		Attendance
Attorney Lorna Patajo Kapunan	(resigned on 6 May 2010)	6/6
Mr. Lau Dicky	(appointed on 12 May 2010)	0/0
Mr. Cheng Kai Tai, Allen	(appointed on 12 May 2010)	0/0
Mr. Cheung Nam Chung	(resigned on 12 May 2010)	6/6
Mr. Chan Chiu Hung, Alex	(resigned on 6 July 2010)	1/6

The summary of the work performed by the Remuneration Committee for the financial year included the following:

— review and approve of the remuneration package of each director and senior management including benefit in kind, pension right, bonus payment and compensation payable.

During the year ended 31 March 2010, the Remuneration Committee at all times met the requirements of the Code Provisions of the CG Code under Appendix 14 of the Listing Rules in which majority of the members of the Remuneration Committee should be Independent Non-executive Directors.

From 6 July 2010 to the date of this report, following the resignation of the Remuneration Committee cannot fulfill the majority of the members of the Remuneration Committee should be Independent Non-executive Directors. The Board shall use its best endeavour to look for a suitable candidate to fill the vacancy of member of the Remuneration Committee for compliance with the Code Provisions of the CG Code.

Nomination Committee

A Nomination Committee was established on 9 June 2010. The nomination committee comprises 1 Non-executive Director and 2 Independent Non-executive Directors. The Nomination Committee was established with specific written terms of reference, and is mainly responsible for nominating potential candidates for directorship, reviewing the nomination and resignation of directors, assessing the independence of independent Non-executive directors and making recommendations to the Board on such appointments.

The main duties of the Nomination Committee include the following:

(a) To make recommendations to the Board on matters relating to the resignation and re-election of directors.

(b) To make recommendations to the Board on matters relating to the appointment and change of senior management and committee members.

(c) To conduct an annual review of the independence of the independent non-executive directors.

(d) To review the renewal of term of appointment of a Non-executive director.

All new appointment of directors and nomination of directors proposed for re-election at the annual general meeting are first considered by the Nomination Committee. The recommendations of the Nomination Committee will then be put to the Board for decision. New directors appointed by the Board are subject to re-election by shareholders at the next following general meeting (in the case of filling a casual vacancy) or annual general meeting (in the case of an addition to the Board) pursuant to the Bye-laws of the Company. In considering the new appointment or nomination of directors proposed for re-election, the Nomination Committee will assess the candidate or incumbent on criteria such as integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively etc.

No nomination committee meeting was held from the date of establishment 9 June 2010 to the date of this report.

The composition of the Nomination Committee are as follows:

Members

Mr. Lau Dicky	(appointed on 9 June 2010)
Mr. Cheng Kai Tai, Allen	(appointed on 9 June 2010)
Mr. Fang Ang Zeng	(appointed on 9 June 2010)

Director's Remuneration

The remuneration paid to and/or entitled by each of the Directors for the financial year under review is set out in note 8 to the financial statement.

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 2010.

Auditor's Remuneration

During the year ended 31 March 2010, the remuneration paid and payable to the auditors of the Company, CCIF CPA Limited, for provision of the Group's statutory audit and other non-audit services were approximately HK$580,000 and HK$210,000 respectively.

Acknowledgement of Responsibility for Financial Statement

The Directors acknowledged their responsibilities for preparing the accounts of the Group. In preparing the accounts for the financial year under review, the Directors have:

- based on a going concern basis;
- selected suitable accounting policies and applied them consistently; and
- made judgments and estimates that were prudent, fair and reasonable.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 23 to 24.

Review of Internal Control

The Board, recognizing its overall responsibility in ensuring the system of internal controls of the Company and for reviewing its effectiveness, is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Company. Procedures have been designed for the management of credit risk and collectability risk over the investment of the Company, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable law, rules and regulations. The procedures provide a reasonable but not absolute assurance and prevention of material untrue statements or losses, as well as prevention of the interruption of the Company's management system and monitoring of risks existing in the course of arriving at the Company's objectives. The management of the Company has conducted a review on the Company's internal control and risk management system including functions of financial, operation, risk management and compliance.

Communication with Shareholders

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

The Directors present their report and audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2010.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of its subsidiaries during the year are set out in note 18 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 15 to the financial statements.

Results and Dividends

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statement on pages 25 to 26.

The Directors do not recommend the payment of any final dividends for the year ended 31 March 2010.

Summary Financial Information

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 111.

Non-Current Assets

Details of the movements of the non-current assets of the Group and the Company during the year are set out in note 16 to the financial statements.

Subsidiaries

Details of the Company's subsidiaries as at 31 March 2010 are set out in note 18 to the financial statements.

Share Capital and Share Options

Details of the movements in the Company's share capital during the year are set out in note 26 to the financial statements.

Share Options Scheme

The Company's share option scheme (the "Share Option Scheme") was adopted on 12 August 2002 with a purpose to recognise the contribution of certain employees, directors, executives or officers, suppliers, consultants and agents of the Group to the growth of the Group.

Under the terms of the Share Option Scheme, the Board may, at its discretion, grant share options to employees, directors, executives or officers of the Group, and any suppliers, consultants or agents who have provided services to the Group at a price not less than the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the offer date, the closing price of the shares on the Stock Exchange on the offer day or the nominal value of the shares, whichever is higher.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme will not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one participant will not exceed 30% of the maximum number of shares in issue from time to time. At the date of report, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme must not exceed 38,059,897 shares, representing 10% of the shares in issue as at 18 March 2008, the date of the special general meeting approving the refreshment of the 10% limit on the grant of options.

A nominal consideration of HK$1 is payable within 30 days from the offer date for each lot of share options granted. An option may be exercised in accordance with the terms of the Share Option Scheme during a period to be notified by the Board.

The Share Option Scheme is valid for a period of 10 years commencing from 12 August 2002. During the financial year ended 31 March 2010, the Company had granted a total 37,900,000 share options under the Share Option Scheme.

27,400,000 share options to Board of Directors, 9,500,000 share options to Senior Management and 1,000,000 share options to employees.

Details of the movement of the Company's Share Option Scheme are set out in note 27 to the financial statements.

The particulars of the movement of the Company's share options during the year ended 31 March 2010 is as follows:

				No. of share options ('000)				
	Date of Grant	Exercise period	Exercise price per share HK$	As at 1 April 2009	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 March 2010
Director								
Mr. Cheung Nam Chung	28/01/2008 *(Note 1)*	28/01/2008 – 27/01/2013	0.736	4,500	—	—	—	4,500
	23/04/2009	23/04/2010 – 22/04/2019	0.193	—	4,000	—	—	4,000
	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	2,500	—	—	2,500
Ms. Li Wing Sze	28/01/2008 *(Note 1)*	28/01/2008 – 27/01/2013	0.736	5,500	—	—	—	5,500
	23/04/2009	23/04/2010 – 22/04/2019	0.193	—	3,000	—	—	3,000
	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	2,500	—	—	2,500
Mr. Lam Cheok Va, Francis *(resigned on 20 March 2009)*	28/01/2008 *(Note 1)*	28/01/2008 – 27/01/2013	0.736	1,000	—	—	1,000	—
Mr. Huang Xiang Rong *(resigned on 6 August 2009)*	23/04/2009	23/04/2010 – 22/04/2019	0.193	—	3,000	—	3,000	—
	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	2,000	—	2,000	—
Mr. Hau Chi Kit *(resigned on 30 March 2009)*	20/10/2008	20/10/2008 – 19/11/2013	0.133	2,600	—	2,600	—	—
Mr. Kou Hoi In *(resigned on 20 March 2009)*	20/10/2008	20/10/2008 – 19/11/2013	0.133	2,600	—	—	2,600	—
Mr. Leung Kin Cheong, Laurent	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	2,600	—	—	2,600
Mr. Chan Chiu Hung, Alex	20/10/2008	20/10/2008 – 19/11/2013	0.133	2,600	—	—	—	2,600
Attorney Lorna Patajo Kapunan	20/10/2008	20/10/2008 – 19/11/2013	0.133	2,600	—	—	—	2,600
Mr. Cheng Kai Tai, Allen	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	2,600	—	—	2,600
Mr. Fang Ang Zeng	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	2,600	—	—	2,600
Prof. Zeng Zhong Lu	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	2,600	—	—	2,600
Eligible Employees	28/01/2008 *(Note 1)*	28/01/2008 – 27/01/2013	0.736	11,000	—	—	1,600	9,400
	12/03/2009	05/04/2009 – 11/03/2019	0.158	4,500	—	4,500	—	—
	23/04/2009	23/04/2010 – 22/04/2019	0.193	—	7,000	—	6,000	1,000
	12/05/2009	12/05/2010 – 11/05/2019	0.229	—	3,500	—	3,500	—
In aggregate				36,900	37,900	7,100	19,700	48,000

Notes:

1. *The first batch of share options has been granted to certain directors, employees and consultants on 28 January 2008. The vesting date and exercisable periods of the options are as follow:*

Vesting Date	*Exercise Periods*	*Number of Share Options*	*Number of share options lapsed during the year*	*Total Number of share options lapsed up to 31 March 2010*
28 January 2008	*28 January 2008 to 27 January 2009*	*161,600,000*	*1,040,000*	*7,360,000*
28 January 2009	*28 January 2009 to 27 January 2010*	*121,200,000*	*780,000*	*5,520,000*
28 January 2010	*28 January 2010 to 27 January 2013*	*121,200,000*	*780,000*	*5,520,000*

The exercise price of the above share options has been changed from HK$0.0736 to HK$0.736 as a result of the share consolidation passed by the shareholders' approval at a special general meeting held on 7 April 2008, every 10 shares of the Company of HK$0.001 each were consolidated into 1 new share of the company of HK$0.01 each.

Reserves

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

Distributable Reserves

As at 31 March 2010, in the opinion of the Directors of the Company, the reserves of the Company available for distribution to shareholders amounted to nil (2009: HK$1,892,541,000).

Directors

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

Executive Directors

Ms. Li Wing Sze
Mr. Victor Ng *(appointed on 7 August 2009)*
Mr. Huang Xiang Rong *(resigned on 6 August 2009)*
Mr. Li Kin Ho
(appointed on 7 August 2009 and resigned on 10 May 2010)

Non-executive Directors

Mr. Cheung Nam Chung *(redesignated from executive director to non-executive director on 9 July 2010)*
Mr. Lau Dicky *(appointed on 2 November 2009)*
Mr. Leung Kin Chong, Laurent *(resigned on 16 July 2010)*

Independent Non-executive Directors

Mr. Cheng Kai Tai, Allen
Mr. Fang Ang Zeng
Prof. Zeng Zhong Lu *(resigned on 7 April 2010)*
Attorney Lorna Patajo Kapunan *(resigned on 6 May 2010)*
Mr. Chan Chiu Hung, Alex *(resigned on 6 July 2010)*

Biographical Details of Directors and Senior Management

Executive Directors

Ms. LI Wing Sze, aged 31, has over 10 years of experience in technologies and administrative management in Macau gaming industry. Being one of the few lady gaming executives in Macau, she has witnessed the change of gaming operational landscape during the last five years. Ms. Li is mainly responsible for the overseeing of the local gaming operational matters of the Group.

Mr. Victor NG, aged 22, has been appointed as an Executive Director of the Company with effect from 7 August 2009. Mr. Ng studies in Purdue University in USA and he is majoring in Mechanical Engineering. Mr. Ng is a new comer to the industry and he will be under the back up support of his father, Mr. Ng Man Sun, a substantial Shareholder of the Company and controlling shareholder of Greek Mythology. Mr. Ng Man Sun is a business executive primarily engaged in the gaming, entertainment, transportation and hotel industries in Macau for more than 40 years. He is the Charter President and executive director of the Macau Professional Gaming Association.

Non-Executive Director

Mr. CHEUNG Nam Chung, aged 66, is the Chairman of the Board since 18 July 2006 and has been re-designation from Executive Director to Non-executive Director with effect from 9 July 2010. Mr. Cheung holds a diploma in Business Administration from The Chinese University of Hong Kong and a Master of Business Administration degree from the University of East Asia, Macau. Mr. Cheung held senior executive positions in a number of local and foreign banks and served as General Manager in a listed property development/ construction and finance consortium in the late 70's. He was Executive Vice President of SBS Financial Corporation in Toronto, Canada during the period from 1989 to 1994 focusing on project finance and fund management. From early 1995, Mr. Cheung joined Liu Chong Hing Bank as Senior Manager until July 2006. An active figure in the social circle, Mr. Cheung has been Director and Advisor of Yan Chai Hospital, President of Peninsula Lions Club and Zone Chairman of Lions International District 303, etc. He is currently an Overseas Senior Advisor to the Haikou Municipal Government, Hainan.

Mr. LAU Dicky, aged 35, has been appointed as a Non-executive Director of the Company with effect from 2 November 2009 and has been further appointed as a member of Remuneration Committee with effect from 12 May 2010. Mr. Lau studied Business Management at Bronx Community College, The City University of New York. Mr. Lau has worked in New Century Hotel ("New Century") and Greek Mythology Casino in Macau ("Greek Mythology", is an associate company of the Company) since 1997. At present, he is the Executive Director of New Century & Head of Greek Mythology.

Independent Non-Executive Directors

Mr. CHENG Kai Tai, Allen, aged 46, has been appointed as Independent Non-executive Director and a member of the audit committee with effect from 20 March 2009 and has been further appointed as the Chairman of Remuneration Committee with effect from 8 June 2010. Mr. Cheng is a qualified accountant and a fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has practised as a Certified Public Accountant in Hong Kong for over 13 years. Mr. Cheng has extensive professional experience in audit, taxation, financial management, corporate recovery and restructuring. He holds a Master degree of accountancy in Jinan University in Mainland China, and is now acting as a consultant of a number of international companies with business interests in textile, retailing, metal trading and manufacturing in Mainland China. Other than the present appointment, Mr. Cheng currently serves as an independent non-executive director of New Environmental Energy Holdings Ltd (stock code: 3989) and Lo's Enviro-Pro Holdings Limited (stock code: 309), both companies are listed on the main board of the Stock Exchange.

Mr. FANG Ang Zhen, aged 43, has been appointed as Independent Non-executive Director and a member of the audit committee with effect from 30 March 2009. Mr. Fang graduated with a master degree in economics from Jinan University in 1994. He also acquired his Attorney's Certificate of PRC in 1994. Mr. Fang was formerly the fund manager and vice president of Assets Operation of Nanshan Investment Fund Management Co., Ltd.. Mr. Fang is currently the director and vice president of Centergate VC Management Co., Ltd.; and the vice president of China Equity Platform Holding Group Limited. He has over 15 years profound experience in equity investment, security investment and capital running. Mr. Fang has also published books in securities, futures, investment funds, real estate and commercial banking. His writings include "Gaming With The Futures Market Wisely"; "Brokerage Practices: Equities, Investment Funds, Futures and Real Estate"; and "Modern Commercial Banking Practices".

Senior Management

Chief Executive Officer

Mr. WONG Lee Ping, aged 45, is the CEO of the Company. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants. He is also a PhD student of the Business School of Jinan University of PRC. He has held various management position in Hong Kong listed companies, bringing more than 20 years of experience to the Group.

Financial Controller and Company Secretary

Mr. Chan Him, Alfred, aged 46, joins the Company on 24 May 2010 and is the financial controller and company secretary of the Company. He has over 20 years of experience in auditing, accounting, taxation, company secretary and financial management in Hong Kong and the PRC. Mr. Chan is a fellow member of both the Hong Kong Institute of Certified Pubic Accountants and the Association of Chartered Certified Accountants.

Directors' Service Contracts

Each of Cheung Nam Chung, Ms. Li Wing Sze and Mr. Victor Ng has a service contract with the Company which may be terminated by either party by written notice of not less than three months.

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

Directors' Interests in Contracts

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

Directors' Interests in Competing Business

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

Save as disclosed below, as at 31 March 2010, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Name of Directors/Chief Executive	Number of shares held	Underlying shares held *(Note)*	Total	Approximate percentage of shareholding
Mr. Cheung Nam Chung	30,000	11,000,000	11,030,000	0.29%
Ms. Li Wing Sze	—	11,000,000	11,000,000	0.29%
Mr. Leung Kin Cheong, Laurent	—	2,600,000	2,600,000	0.07%
Attorney Lorna Patajo Kapunan	—	2,600,000	2,600,000	0.07%
Mr. Chan Chiu Hung, Alex	20,000	2,600,000	2,620,000	0.07%
Mr. Cheng Kai Tai, Allen	—	2,600,000	2,600,000	0.07%
Mr. Fang Ang Zeng	—	2,600,000	2,600,000	0.07%
Prof. Zeng Zhong Lu	—	2,600,000	2,600,000	0.07%

Note: Detailed in the section headed "Share Options Scheme" of Directors' Report.

Arrangements to Acquire Shares or Debentures

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

Substantial Shareholder

As at 31 March 2010, the register of interests and short position in the shares and underlying shares of the Company kept under section 336 of the SFO showed that, the following shareholders had an interest of 5% or more in the issued share capital of the Company.

Name of Shareholders	Number of Shares	Approximate percentage of shareholding
Mr. Ng Man Sun *(Note 1)*	1,006,147,335	26.44%
Janus Capital Management LLC *(Note 2)*	341,529,194	8.97%
UBS AG *(Note 3)*	237,860,000	6.25%

Notes:

1. *These Shares in which Mr. Ng Man Sun is interested in comprise (1) 1,000,000,000 shares being personal interest; and (ii) 6,147,335 shares being interest held by East Legend Holdings Limited, Mr. Ng Man Sun is interested in the entire issued share capital of East Legend Holdings Limited, and he is deemed to be interested in the 6,147,335 shares held by East Legend Holdings Limited.*

2. *Janus Capital Management LLC is the investment management company which is owned by Janus Capital Group Inc., a company with its issued shares listed on the New York Stock Exchange (NYSE).*

3. *UBS AG is a diversified global financial services company, with its main headquarters in Basel and Zurich, Switzerland. It is the world's largest manager of private wealth assets, "the world's biggest manager of other people's money" and is also the second-largest bank in Europe, by both market capitalization and profitability.*

Major Customers and Suppliers

During the year, less than 30% of the Group's revenue were attributed by the Group's five largest customers (2009: 99%).

Amount paid to the Group's five largest services providers accounted for approximately Nil (2009: Nil) of the total cost of services provided for the year and amount paid to the largest service providers included therein accounted for approximately Nil (2009: Nil).

Retirement Benefit Schemes

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

Employment and Remuneration Policy

At the end of the financial year under review, the Group employed approximately 15 (2009: 20) permanent employees, in Hong Kong and Macau. 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 the Share Option Scheme based on the performance of the Group and individual employees.

Issue of Shares

In May 2009, the Company allotted and issued 1,000,000,000 new Shares of an aggregate nominal value of HK$10 million at a subscripted price of HK$0.4 per share to Mr. Ng Man Sun ("Mr. Ng") pursuant to the subscription agreement entered between the Company and Mr. Ng on 20 March 2009 and approved by the shareholders of the Company on the Special General Meeting (the "SGM") held on 11 May 2009.

In July 2009, the Company allotted and issued 140,000,000 new shares each at a subscription price of HK$0.82 per subscription share to the Subscriber, who is an independent third party to the Company pursuant to the subscription agreement and the supplemental agreement entered between the Company and the subscriber on 15 June 2009 and 17 June 2009 respectively.

For the year ended 31 March 2010, the Company issued 7,100,000 shares with par value of HK$0.01 each, including 2,600,000 shares at an exercise price of HK$0.1332 per share and 4,500,000 shares at an exercise price of HK$0.158 per share upon the exercise of the granted options during the period under review.

Promissory Note

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

Related Party Transactions

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

Purchase, Redemption or Sale of the Company's Listed Securities

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

Pre-Emptive Rights

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

Sufficiency of Public Float

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

Corporate Governance

Throughout the year, the Company has compiled with all the code provision contained in the Appendix 14 to the Listing Rules. Principal Corporate Governance Practice adopted by the Company are set out in the Corporate Governance Report on pages 8 to 14 of this Annual report.

Confirmation of Independence

The Company has received a written confirmation in respect of independence from each of the current Independent Non-executive Directors of the Company in compliance with rule 3.13 of the Listing Rules, and the Company still considers that each of them to be independent.

Auditor

CCIF CPA Limited was the auditor of the Group for the years ended 31 March 2006, 2007, 2008, 2009 and 2010.

CCIF CPA Limited shall retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cheung Nam Chung
Chairman

Hong Kong, 30 July 2010

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AMAX HOLDINGS LIMITED
(FORMERLY KNOWN AS AMAX ENTERTAINMENT HOLDINGS LIMITED)
(Incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Amax Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 25 to 110, which comprise the consolidated and Company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. However, because of the matters described in the scope limitation paragraphs of the basis for disclaimer opinion section, we are unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Scope limitation — Available-for-sale financial asset

Included in the consolidated statement of financial position as at 31 March 2010 was an available-for-sale financial asset carried at an amount of approximately HK$121,860,000 (2009: HK$2,095,268,000) held by Ace High Group Limited, a subsidiary of the Company. As detailed in note 20(b) to the financial statements, subsequent to the implementation of a 1.25% cap on junket commissions by the Macau government with effect from 1 December 2009, material changes to the business cooperation practices occurred. As a result, AMA failed to derive further income from a majority of its collaborators and to recover the credit granted to its collaborators. The financial position of AMA was adversely affected and hence the Company considered the recoverability of an amount of approximately HK$1,973,408,000 is uncertain. Impairment losses were made by reference to a valuation report prepared by an independent professional valuer, of which approximately HK$1,778,140,000 was charged to the consolidated income statement and approximately HK$195,268,000 was charged to the consolidated statement of comprehensive income for the year ended 31 March 2010. The valuation was made based on value-in-use calculations by reference to the cash flow projections prepared by the directors of the Company. The cash flow projections were made by the directors of the Company on the assumptions that (i) cash from AMA's debts will be received in accordance with the Repayment Schedules and Repayment Agreements entered into between AMA and its collaborators, (ii) nil amount will be received from those collaborators with which no Repayment Schedules have been agreed on and no Repayment Agreements have been entered into, and (iii) AMA will repay all amounts collected from its collaborators to the Group before settling its other liabilities notwithstanding a creditor has taken legal action against AMA for the recovery of debts due by AMA.

In the opinion of the directors of the Company, due to the absence of available information and supporting documents from AMA and its collaborators regarding the above assumptions, there is inadequate information for assessing the fairness and appropriateness of the assumptions used in the calculations and therefore they are uncertain whether the impairment loss made against the available-for-sale financial asset is fair and appropriate. Due to the lack of sufficient and appropriate evidence for the above mentioned, we are unable to satisfy ourselves as to whether the impairment loss as determined by the directors of the Company against the available-for-sale financial asset, and in consequence the carrying amount of the available-for-sale financial asset as at 31 March 2010 are fairly stated.

We are unable to carry out alternative audit procedures to satisfy ourselves as to the matters set out above.

Any adjustments that might have been found to be necessary in respect of the matters set out in the paragraph above would have a consequential effect on the financial position of the Company or the Group as at 31 March 2010 and the loss and cash flows of the Group for the year then ended and the related disclosures in the financial statements.

Disclaimer of Opinion: Disclaimer on View Given by the Financial Statements

Because of the significance of the effects of the limitations in evidence made available to us as set out in the basis for disclaimer of opinion section, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(b) to the consolidated financial statements which indicate that the Group incurred total comprehensive loss attributable to equity owners of the Company of approximately HK$2,672,767,000 for the year ended 31 March 2010 and the Company's current liabilities exceeded its current assets by approximately HK$38,381,000 as at 31 March 2010. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the success of the measures as stated in note 2(b) for the Group, to obtain settlement of trade receivables, the continuing financial support from an associate and the attainment by the Group and the Company of profitable operations and positive cash flows. These conditions, along with other matters as set forth in note 2(b), indicate the existence of an uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 30 July 2010

Betty P.C. Tse
Practising Certificate Number P03024

Consolidated Income Statement

For the year ended 31 March 2010 (Expressed in Hong Kong Dollars)

	Note	2010 HK$'000	2009 HK$'000
Continuing operations:			
Turnover	4, 15	5,551	416,094
Cost of sales		—	—
Gross profit		5,551	416,094
Fair value gain/(loss) on investment properties	16	140	(722)
Other revenue	4	39,091	603
Compensation income for bad and doubtful debts	25	400,106	—
Selling and distribution expenses		(3,365)	(1,447)
General and administrative expenses		(31,033)	(48,593)
Loss on disposal of property, plant and equipment		—	(1)
Impairment of trade receivable	21	(468,294)	—
Impairment of other receivable	21	(28,800)	—
Impairment of intangible assets	17	(10,433)	(7,951)
Impairment of available-for-sale financial assets	20	(1,778,140)	—
(Loss)/profit from operations	5	(1,875,177)	357,983
Finance costs	6	(45,376)	(59,632)
Share of profit/(loss) of an associate	19		
Share of operating profit		90,393	24,047
Share of amortisation of intangible assets and impairment losses of property, plant and equipment and intangible asset		(647,339)	(273,933)
		(556,946)	(249,886)
(Loss)/profit before taxation from continuing operations		(2,477,499)	48,465
Income tax	7	—	—
(Loss)/profit for the year from continuing operations		(2,477,499)	48,465
Discontinued operations:			
Profit for the year from discontinued operations	10(a)	—	30,325
(Loss)/profit for the year		(2,477,499)	78,790
Attributable to:			
Equity owners of the Company	12, 26(a)	(2,477,499)	78,843
Minority interests	26(a)	—	(53)
(Loss)/profit for the year	26(a)	(2,477,499)	78,790

Consolidated Income Statement

For the year ended 31 March 2010 (Expressed in Hong Kong Dollars)

	Note	2010 HK$'000	2009 HK$'000
(Loss)/earnings per share			
From continuing and discontinued operations			
— basic	*14(a)*	**(HK72.14 cents)**	HK2.97cents
— diluted	*14(b)*	**(HK72.14 cents)**	HK2.96 cents
From continuing operations			
— basic	*14(a)*	**(HK72.14 cents)**	HK1.83 cents
— diluted	*14(b)*	**(HK72.14 cents)**	HK1.82 cents
From discontinued operations			
— basic	*14(a)*	**nil**	HK1.14 cents
— diluted	*14(b)*	**nil**	HK1.14 cents

The notes on pages 33 to 110 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010 (Expressed in Hong Kong Dollars)

	Note	**2010** **HK$'000**	2009 HK$'000
(Loss)/profit for the year		**(2,477,499)**	78,790
Other comprehensive loss for the year:			
Available-for-sale financial asset			
Decrease in fair value reserve	*20(b)*	**(195,268)**	(3,014,382)
Income tax relating to components of other comprehensive (loss)		**—**	—
Total comprehensive (loss) for the year		**(2,672,767)**	(2,935,592)
Total comprehensive (loss) attributable to:			
Equity owners of the Company		**(2,672,767)**	(2,935,539)
Minority interests		**—**	(53)
		(2,672,767)	(2,935,592)

The notes on pages 33 to 110 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2010 (Expressed in Hong Kong Dollars)

	Note	2010 HK$'000	2010 HK$'000	2009 HK$'000	2009 HK$'000
Non-current assets	*16*				
— Investment properties			3,530		3,390
— Other property, plant and equipment			2,298		5,040
			5,828		8,430
Intangible assets	*17*		7,678		19,921
Interest in an associate	*19*		330,876		887,822
Other financial asset	*20*		121,860		2,095,268
			466,242		3,011,441
Current assets					
Trade and other receivables	*21*	149,617		634,973	
Cash and cash equivalents	*22*	16,547		78,209	
		166,164		713,182	
Current liabilities					
Trade and other payables	*23*	(108,048)		(140,019)	
Borrowings	*24*	(5,000)		(6,600)	
		(113,048)		(146,619)	
Net current assets			53,116		566,563
Total assets less current liabilities			519,358		3,578,004
Non-current liabilities					
Promissory notes	*25*		(226,726)		(906,612)
NET ASSETS			292,632		2,671,392
CAPITAL AND RESERVES	*26*				
Share capital			38,060		26,589
Reserves			254,572		2,644,803
Total equity attributable to equity owners of the Company			292,632		2,671,392
Minority interests			—		—
TOTAL EQUITY			292,632		2,671,392

Approved and authorised for issue by the Board of Directors on 30 July 2010.

Cheung Nam Chung
Director

Li Wing Sze
Director

The notes on pages 33 to 110 form part of these financial statements.

Statement of Financial Position

As at 31 March 2010 (Expressed in Hong Kong Dollars)

	Note	2010 HK$'000	2010 HK$'000	2009 HK$'000	2009 HK$'000
Non-current assets	16				
— Investment properties			3,530		3,390
— Other property, plant and equipment			2,143		4,731
			5,673		8,121
Investments in subsidiaries	18		74,462		80,383
Interest in an associate	19		330,876		887,822
Other financial asset	20		144,651		1,850,000
			555,662		2,826,326
Current assets					
Trade and other receivables	21	120,859		61,595	
Cash and cash equivalents	22	1,679		32,571	
		122,538		94,166	
Current liabilities					
Trade and other payables	23	(155,919)		(80,848)	
Borrowings	24	(5,000)		(6,600)	
		(160,919)		(87,448)	
Net current (liabilities)/assets			(38,381)		6,718
Total assets less current liabilities			517,281		2,833,044
Non-current liabilities					
Promissory notes	25		(226,726)		(906,612)
NET ASSETS			290,555		1,926,432
CAPITAL AND RESERVES	26				
Share capital			38,060		26,589
Reserves			252,495		1,899,843
TOTAL EQUITY			290,555		1,926,432

Approved and authorised for issue by the Board of Directors on 30 July 2010.

Cheung Nam Chung
Director

Li Wing Sze
Director

The notes on pages 33 to 110 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010 (Expressed in Hong Kong Dollars)

		Attributable to equity owners of the Company									
	Note	**Share capital** HK$'000	**Share premium** *HK$'000*	**Special reserve** HK$'000	**Contributed surplus** HK$'000	**Capital reserve** HK$'000	**Fair value reserve** HK$'000	**Retained profits/ (accumulated losses)** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 April 2008		26,589	3,768,399	(22,470)	—	6,872	3,209,650	(1,345,435)	5,643,605	53	5,643,658
Cancellation of share premium	*26(c)(ii)*	—	(3,768,399)	—	2,219,909	—	—	1,548,490	—	—	—
Share options forfeited during the year		—	—	—	—	(2,779)	—	2,779	—	—	—
Dividend–2009 interim	*13*	—	—	—	(39,883)	—	—	—	(39,883)	—	(39,883)
Equity settled share-based transaction		—	—	—	—	3,209	—	—	3,209	—	3,209
Profit for the year		—	—	—	—	—	—	78,843	78,843	(53)	78,790
Other comprehensive (loss)		—	—	—	—	—	(3,014,382)	—	(3,014,382)	—	(3,014,382)
Total comprehensive income for the year		—	—	—	—	—	(3,014,382)	78,843	(2,935,539)	(53)	(2,935,592)
At 31 March 2009 and 1 April 2010		26,589	—	(22,470)	2,180,026	7,302	195,268	284,677	2,671,392	—	2,671,392
Share issued against the promissory notes		11,400	278,180	—	—	—	—	—	289,580	—	289,580
Share issued under employee share options scheme		71	1,452	—	—	(466)	—	—	1,057	—	1,057
Share options forfeited during the year		—	—	—	—	—	—	—	—	—	—
Equity settled share-based transaction		—	—	—	—	3,370	—	—	3,370	—	3,370
Share options forfeited during the year		—	—	—	—	(501)	—	501	—	—	—
Loss for the year		—	—	—	—	—	—	(2,477,499)	(2,477,499)	—	(2,477,499)
Other comprehensive (loss)		—	—	—	—	—	(195,268)	—	(195,268)	—	(195,268)
Total comprehensive loss for the year		—	—	—	—	—	(195,268)	(2,477,499)	(2,672,767)	—	(2,672,767)
At 31 March 2010		38,060	279,632	(22,470)	2,180,026	9,705	—	(2,192,321)	292,632	—	292,632

The notes on pages 33 to 110 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2010 (Expressed in Hong Kong Dollars)

	Note	2010 HK$'000	2010 HK$'000	2009 HK$'000	2009 HK$'000
Operating activities					
(Loss)/profit from operations					
— From continuing operations		(1,875,177)		357,983	
— From discontinued operations	10(b)	—		(2,848)	
		(1,875,177)		355,135	
Adjustments for:					
(Increase)/decrease in fair value of investment properties	16(a)	(140)		722	
Interest income	4(b)	(3,617)		(340)	
Depreciation of property, plant and equipment	16(a)	1,706		2,477	
Amortisation of intangible assets	17	1,810		2,535	
Impairment of trade receivable	21	468,294		—	
Impairment loss for intangible assets	17	10,433		7,951	
Impairment for available-for-sale financial asset	20(b)	1,778,140		—	
Gain on offsetting promissory notes for the loss of available-for-sale of financial asset	25	(400,106)		—	
Impairment loss of other receivable	21	28,800		—	
Gain on fair value upon shares issued to offset the promissory notes	4(b)	(35,251)		—	
Loss on disposal of property, plant and equipment		691		1	
Equity-settled share-based payment expenses	27	3,370		3,209	
Foreign exchange loss		—		419	
Operating (loss)/profit before changes in working capital		(21,047)		372,109	
Decrease in inventories		—		597	
Increase in trade and other receivables		(8,122)		(438,518)	
(Decrease)/increase in trade and other payables		(32,296)		94,638	
Net cash (used in)/generated from operating activities			(61,465)		28,826
Investing activities					
Payments for purchase of property, plant and equipment		(50)		(1,316)	
Proceeds from sales of property, plant and equipment		395		11	
Net cash outflow in respect of disposal of subsidiaries	29	—		(1,543)	
Proceeds from shares issued under employee share options scheme		1,057		—	
Interest received		1		340	

Consolidated Cash Flow Statement

For the year ended 31 March 2010 (Expressed in Hong Kong Dollars)

		2010		2009	
	Note	**HK$'000**	**HK$'000**	HK$'000	HK$'000
Net cash generated from/(used in) investing activities			**1,403**		(2,508)
Financing activities					
Proceeds from new other borrowings		**(1,600)**		8,284	
Repayment of other borrowings		**—**		(10,183)	
Dividend paid to equity shareholders of the Company		**—**		(39,883)	
Net cash used in financing activities			**(1,600)**		(41,782)
Net decrease in cash and cash equivalents			**(61,662)**		(15,464)
Cash and cash equivalents at 1 April	*22*		**78,209**		93,673
Cash and cash equivalents at 31 March	*22*		**16,547**		78,209

The notes on pages 33 to 110 form part of these financial statements.

1. Information of the Company

Amax Holdings Limited (formerly known as "Amax Entertainment Holdings Limited") (the "Company") was incorporated and domiciled in Bermuda as an exempted company with limited liability with its shares listed on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding and investments in gaming and entertainment related business. The Group's manufacturing and trading of LCD products was discontinued during the year ended 31 March 2009.

2. Significant Accounting Policies

(a) Statement of compliance

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

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2010 comprise the Group and the Group's interest in an associate.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollar ("HKD"), rounded to the nearest thousand except for per share data. HKD is the Company's functional and presentation currency.

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 (see note 2(g)); and

— available-for-sale financial assets (see note 2(f)).

2. Significant Accounting Policies *(Continued)*

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

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

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

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

In preparing the financial statements, the directors of the Company have considered the future liquidity of the Group and the Company notwithstanding:

— the total comprehensive loss attributable to equity shareholders of the Company approximately HK$2,672,767,000 for the year ended 31 March 2010;

— the net current liabilities of approximately HK$38,060,000 of the Company as at 31 March 2010; and

— the current difficulties faced by AMA as set out in note 20(b)

The directors adopted the going concern basis in the preparation of the financial statements and implemented the following measures in order to improve the working capital position, immediate liquidity and cash flow position of the Group and the Company:

— The Group will receive the settlement of remaining trade receivable of HK$25,000,000 from the undertaking of AMA as set out in note 21(b);

— Greek Mythology (Macau) Entertainment Group Corporation Limited, the associate of the Company, has undertaken to provide continuous financial support to the Group so as to enable the Group to continue it daily operation as a viable going concern notwithstanding any present and future difficulties to be experienced by the Group; and

— The Group and the Company would take relevant measures in order to tighten cost controls over various operating expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the directors, in light of the various measures/arrangements implemented to date together with the expected results of other measures, the Group and the Company will have sufficient working capital for its current requirements and it is reasonable to expect the Group and the Company to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2. Significant Accounting Policies *(Continued)*

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

Should the Group and the Company be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

(c) Subsidiaries and minority interests

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

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

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

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated statement of financial position 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 exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)).

(d) Associate

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

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

2. Significant Accounting Policies *(Continued)*

(d) Associate *(Continued)*

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

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

In the Company's statement of financial position, investment in an associate is stated at cost less impairment losses (see note 2(l)), unless it is classified as held for sale.

(e) Goodwill

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

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

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

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

(f) Available-for-sale financial assets

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

2. Significant Accounting Policies *(Continued)*

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

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

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

(h) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses (see note 2(l)).

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

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

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

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

2. Significant Accounting Policies *(Continued)*

(i) Intangible assets (other than goodwill)

Intangible assets that the acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(l)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

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

— Rights in sharing of Profit Streams for VIP gaming related operation and slot machine related operation	14 years

Both period and method of amortisation are reviewed annually.

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

(j) Leased assets

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

(i) Classification of assets leased to the Group

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

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

(ii) Operating lease charges

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

2. Significant Accounting Policies *(Continued)*

(k) Trade and other receivables

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

(l) Impairment of assets

(i) Impairment of financial assets

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

— significant financial difficulty of the debtor;

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

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

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

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

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

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

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

2. Significant Accounting Policies *(Continued)*

(l) Impairment of assets *(Continued)*

(i) Impairment of financial assets (Continued)

— For available-for-sale financial assets which are stated at fair value when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognised in profit or loss even though the financial assets has not been derecognized. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

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

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

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

(ii) Impairment of other assets

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

— property, plant and equipment (other than investment properties carried at revalued amounts);

— intangible assets; and

— investments in subsidiaries and associate (except for those classified as being held for sale).

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

2. Significant Accounting Policies *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting , in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and (ii)). Impairment losses recognised in an interim period in respect of intangible assets and available-for-sale financial assets are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2. Significant Accounting Policies *(Continued)*

(m) Inventories

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

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

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

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

(n) Interest-bearing borrowings

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

(o) Trade and other payables

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

(p) Cash and cash equivalents

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

(q) Employee benefits

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

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

2. Significant Accounting Policies *(Continued)*

(q) Employee benefits *(Continued)*

(ii) Share-based payments

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

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

(iii) Termination benefits

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

(r) Income tax

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

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

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

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

2. Significant Accounting Policies *(Continued)*

(r) Income tax *(Continued)*

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

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

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

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

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

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

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

  — the same taxable entity; or

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

2. Significant Accounting Policies *(Continued)*

(s) Provisions and contingent liabilities

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

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

(t) Revenue recognition

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

(i) Investments in gaming and entertainment related business

Revenue from investments in gaming and entertainment related business, representing the sharing of net gaming wins and commissions received are recognised when the relevant services have been rendered and are measured when the entitlement of economic inflow from the business to the Group is probable.

(ii) Sale of goods

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

(iii) Rental income from operating leases

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

(iv) Income from investments

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

(v) Interest income

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

(u) Translation of foreign currencies

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

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

2. Significant Accounting Policies *(Continued)*

(u) Translation of foreign currencies *(Continued)*

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity.

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

(v) Borrowing costs

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

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

(w) Discontinued operations

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

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

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

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

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

2. Significant Accounting Policies *(Continued)*

(x) Related parties

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

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

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

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

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

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

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

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

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. Changes in Accounting Policies

The HKICPA has issued one new HKFRSs, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised 2007), Presentation of financial statements
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, Consolidated and separate financial statements — cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to HKFRS 7, Financial instruments: Disclosures — improving disclosures about financial instruments
- HKAS 23 (revised 2007), Borrowing costs
- Amendments to HKFRS 2, Share-based payment — vesting conditions and cancellations

The amendments to HKAS 23, HKFRS 2 and Improvement to HKFRs (2008) have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the consolidated financial statements. The impact of the remainder of these developments on the consolidated financial statements is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which has been based on a disaggregation of the Group's financial statements into segments based on business and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the group's most senior executive management, and has resulted in additional reportable segments being identified and presented (see note 15). As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the consolidated financial statements which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this consolidated financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

3. Changes in Accounting Policies *(Continued)*

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognized in the Company's consolidated statement of comprehensive income and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognizing dividend income in consolidated statement of comprehensive income, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

4. Turnover and Other Revenue

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

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Revenue from investments in gaming and entertainment related business		
— Investment in Junket related operation *(see note (i) below)*	—	409,750
— Investment in VIP gaming related operation *(see note (ii) below)*	4,759	4,481
— Investment in LIVE Baccarat system related operation *(see note (iii) below)*	—	586
— Investment in slot machine related operation *(see note (iv) below)*	792	1,277
	5,551	416,094
Discontinued operations *(note 10)*:		
Sales of LCD products	—	25,170
	5,551	441,264

Notes:

(i) Investment in Junket related operation

The Group, through its subsidiary, Ace High Limited ("Ace High"), invested, on 14 December 2007, in the junket related operation of AMA International Limited ("AMA"). AMA was incorporated in Macau and is holding a junket license issued by the Gaming Inspection and Coordination Bureau of the Macau Government to develop the activity of promoting games of chance and other casino games. AMA's business is to aggregate the business of different junket collaborators in the Altira Macau Casino and receives commissions therefrom (the "Junket related operation"). With effect from 15 December 2007, Ace High receives 80% of the profits generated by AMA from the Junket related operation, in accordance with the First Profit Transfer Agreement (see note 20(b)) and the Second Profit Transfer Agreement (see note 20(b)).

4. Turnover and Other Revenue *(Continued)*

(a) *(Continued)*

Notes: (Continued)

(i) Investment in Junket related operation (Continued)

The revenue and expenses related to the Junket related operation of AMA are summarised as follows:

	2010 HK$'000	2009 HK$'000
Commission from the Altira Macau Casino	2,283,645	4,598,406
Income from other promotion services	46,040	82,449
Other income	644	4,568
	2,330,329	4,685,423
Operating expenses		
Special gaming tax and funds to the Macau Government	(16,790)	(34,253)
Direct cost of promotion services	(60,380)	(107,227)
Commission to collaborators	(2,006,438)	(3,990,846)
Staff costs	(24,794)	(22,648)
Administrative expenses and others	(12,323)	(18,261)
	(2,120,725)	(4,173,235)
Contribution from junket aggregation business	209,604	512,188
Impairment for bad and doubtful debt*	(2,515,674)	—
Net contribution from junket aggregation business	(2,306,070)	512,188
Entitlement attributable to a shareholder of AMA	(41,920)	(102,438)
Impairment for bad and doubtful debt attributable to a shareholder of AMA	503,135	—
Net entitlement attributable to a shareholder of AMA	461,215	(102,438)
Net contribution attributable to the Group#	(1,844,855)	409,750

* *During the year, most AMA's collaborators entered into separate agreements with the Gaming Operator (note 20(b)). As a result, AMA no long have business with these collaborators. AMA demanded for repayment of the loans granted, for purpose of running the gaming business, to these collaborators. Upon agreeing to reducing the loans amount, few collaborators entered into repayment agreements setting down the repayment schedule of loans and repaid by installments on agreed due date.*

The rest of collaborators of HK$372,850,000 due to AMA was fully impaired under the following situation that:

— *the collaborator was bankruptcy; or*
— *AMA was waiting for the result of litigation action already taken; or*
— *AMA loss contact with the collaborators: or*
— *the repayment ability of collaborators*

There was another collaborator with an amount approximately HK$2,142,824,000 due to AMA. The collaborator declared that the whole amount was lent to its sub-collaborators for operating gaming promotion business and the collaborator was demanding them to repay the amount due. The collaborator will repay the debt to AMA when the collaborator received the amounts from its sub-collaborators. Hence, AMA is unable to estimate the recoverable amount of the debt owned by the collaborator and therefore a full impairment was made by AMA.

\# *According to the First Profit Transfer Agreement, Ace High only shared the distributed profit from AMA. Since AMA did not have distributable profit for the year, no distributable profit was shared for the year ended 31 March 2010.*

4. Turnover and Other Revenue *(Continued)*

(a) *(Continued)*

Notes: (Continued)

(ii) Investment in VIP gaming related operation

Thousand Ocean Investments Limited, a wholly-owned subsidiary of the Company, was engaged in the investment in the high rolling gaming area (the "VIP room") in the Greek Mythology Casino reserved exclusively for high-wagering patrons in consideration for a share of the net gaming wins from the VIP room (2009 – also included chip commission and fees and allowances).

	2010 **HK$'000**	2009 HK$'000
Share of net gaming wins	**30,806**	12,363
Chip commission*	—	10,214
Fees and allowances*	—	2,469
	30,806	25,046
Operating expenses		
Special gaming tax and funds to the Macau Government*	—	(124)
Commission to collaborators	**(24,858)**	(18,858)
	(24,858)	(18,982)
Contribution from VIP gaming operation	**5,948**	6,064
Shared by the Greek Mythology casino	**(1,189)**	(1,583)
Net contribution attributable to the Group	**4,759**	4,481

* *Pursuant to the new arrangement with the gaming operator. Thousand Ocean Investments Limited should bear the operating expenses and share the net gaming wins from VIP room only.*

(iii) Investment in LIVE Baccarat system related operation

Gold Faith Development Limited, a wholly-owned subsidiary of the Company, was engaged in the investment in the provision of technical consultancy services to an independent third party in respect of the latter's electronic LIVE Baccarat system in consideration for a share of net gaming wins from the operation of LIVE Baccarat system. The business ceased during the year ended 31 December 2009 due to the poor performance of operation.

(iv) Investment in slot machine related operation

Jadepower Limited, a wholly-owned subsidiary of the Company, was engaged in the investment in the operation of 90 (2009: 90) electronic slot machines in the Greek Mythology Casino and was entitled to a percentage of the net gaming wins from the operation.

4. Turnover and Other Revenue *(Continued)*

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

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Interest income from banks *(see note below)*	**1**	340
Interest income from loans to promissory note holders	**3,616**	—
Rental income	**216**	180
Sundry income	**7**	83
Gain on fair value upon shares issued against the promissory notes*	**35,251**	—
	39,091	603
Discontinued operations *(note 10)*:		
Interest income from banks *(see note below)*	**—**	1
Sundry income	**—**	48
	—	49
	39,091	652

Note:

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

	2010 HK$'000	*2009 HK$'000*
Interest income from banks:		
— continuing operations	***1***	*340*
— discontinued operations	***—***	*1*
Interest income from loans to promissory note holders	***3,616***	*—*
	3,617	*341*

* *The amount represents the difference between the carrying amount of promissory notes being offset and the fair value of the shares issued. The details are set out in note 25 and note 26(c)(iii).*

5. (Loss)/Profit from Operations

(Loss)/profit from operations is arrived at after charging/(crediting):

	2010 HK$'000	2009 HK$'000
(a) Staff costs:		
Continuing operations:		
Contributions to defined contribution retirement plans	**279**	552
Equity-settled share-based payment expenses *(note 27)*	**3,370**	3,209
Salaries, wages and other benefits	**12,690**	18,386
	16,339	22,147
Discontinued operations *(note 10)*:		
Contributions to defined contribution retirement plans	**—**	21
Salaries, wages and other benefits	**—**	4,509
	—	4,530
	16,339	26,677
(b) Other items:		
Continuing operations:		
Depreciation of property, plant and equipment	**1,706**	1,966
Amortisation of intangible assets	**1,810**	2,535
Auditor's remuneration		
— audit services	**580**	500
— other services	**210**	358
Operating lease charges in respect of premises:		
— minimum lease payments	**3,233**	3,221
Gross rental income from investment properties less direct outgoings of HK$69,000 (2009: HK$69,000)	**(147)**	(111)
Discontinued operations *(note 10)*:		
Depreciation of property, plant and equipment	**—**	511
Net foreign exchange loss	**—**	556
Operating lease charges in respect of premises:	**—**	
— minimum lease payments	**—**	934
Cost of inventories	**—**	20,594

6. Finance Costs

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	325	325
Interest on promissory note *(note 25)*	45,051	59,307
	45,376	59,632
Discontinued operations *(note 10)*:		
Interest on borrowings wholly repayable within five years	—	1,124
Total interest expense on financial liabilities not at fair value through profit or loss	45,376	60,756

7. Income Tax in the Consolidated Income Statement

(a) Continuing operations

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

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 years ended 31 March 2010 and 2009.

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

	2010 HK$'000	2009 HK$'000
(Loss)/profit before taxation	(2,477,499)	48,465
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits/(loss) in the tax jurisdictions concerned	(408,787)	7,996
Tax effect of non-deductible expenses	478,514	54,784
Tax effect of non-taxable income	(72,773)	(68,903)
Tax effect of unused tax losses not recognised	3,046	6,123
Actual tax credit	—	—

7. Income Tax in the Consolidated Income Statement *(Continued)*

(b) Discontinued operations (note 10)

(i) No provision for Hong Kong profits tax and overseas income tax has been made as the companies comprising the discontinued operations have no estimated assessable profits during the year ended 31 March 2009.

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

	2009 HK$'000
Loss before taxation	(3,972)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the tax jurisdictions concerned	(655)
Tax effect of non-deductible expenses	362
Tax effect of non-taxable income	(33)
Tax effect of unused tax losses not recognised	326
Actual tax expense	—

(c) Deferred taxation

There was no material unprovided deferred taxation. The Group did not recognise deferred tax assets in respect of cumulative tax losses of approximately HK$1 million (2009: HK$89 million) at 31 March 2010 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 entities. The tax losses do not expire under current tax legislation.

8. Directors' Emoluments

Directors' emoluments disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

		2010						
	Note	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Share-based payments (note (o) below) HK$'000	Total HK$'000
Executive directors								
Mr. Cheung Nan Chung	*(n)*	—	1,560	—	78	1,638	968	2,606
Ms. Li Wing Sze		—	456	—	35	491	899	1,390
Mr. Huang Xiang Rong	*(d)*	—	275	—	18	293	—	293
Mr. Victor Ng		—	1,892	—	8	1,900	—	1,900
Mr. Li Kiu Ho, Kenny	*(j)*	—	78	—	4	82	—	82
Non-executive directors								
Mr. Leung Kin Cheong, Laurent	*(h)*	121	—	—	—	121	323	444
Mr. Dicky Lau	*(k)*	49	—	—	—	49	—	49
Independent non-executive directors								
Mr. Chan Chiu Hung, Alex	*(m)*	152	—	—	—	152	—	152
Mr. Cheung Kai Tai, Allen	*(d)*	124	—	—	—	124	323	447
Ms. Loma Patajo Kapunan	*(e) & (i)*	153	—	—	—	153	—	153
Mr. Fang Ang Zheng	*(h)*	121	—	—	—	121	323	444
Mr. Zeng Zhong Lu	*(l)*	—	—	—	—	—	—	—
		720	4,261	—	143	5,124	2,836	7,960

8. Directors' Emoluments *(Continued)*

		2009						
	Note	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Share-based payments (note (o) below) HK$'000	Total HK$'000
Executive directors								
Mr. Cheung Nan Chung	*(n)*	—	2,190	200	119	2,509	644	3,153
Mr. Chan Ying Tat	*(a)*	—	4,050	—	101	4,151	—	4,151
Mr. Chan Chi Yuen	*(b)*	—	2,079	150	105	2,334	—	2,334
Mr. Lam Cheok Va, Francis	*(c)*	—	822	80	53	955	—	955
Ms. Li Wing Sze		—	709	65	47	821	788	1,609
Mr. Huang Xiang Rong	*(d)*	—	19	—	—	19	—	19
Non-executive directors								
Mr. Leung Kin Cheong, Laurent	*(h)*	—	—	—	—	—	—	—
Mr. Hau Chi Kit	*(f)*	117	—	—	—	117	128	245
Independent non-executive directors								
Mr. Chan Chiu Hung, Alex	*(m)*	158	—	—	—	158	128	286
Mr. Cheung Kai Tai, Allen	*(d)*	—	—	—	—	—	—	—
Ms. Loma Patajo Kapunan	*(e) & (i)*	118	—	—	—	118	128	246
Mr. Kou Hoi In	*(e) & (c)*	112	—	—	—	112	—	112
Mr. Fang Ang Zheng	*(h)*	—	—	—	—	—	—	—
Mr. Lee Tsz Hong	*(g)*	40	—	—	—	40	—	40
Mr. Ng Wai Hung, Raymond	*(g)*	40	—	—	—	40	—	40
		585	9,869	495	425	11,374	1,816	13,190

There was no amount paid during the years ended 31 March 2010 and 2009 to the Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which the above Directors of the Company waived or agreed to waive any emoluments during the years ended 31 March 2010 and 2009.

8. Directors' Emoluments *(Continued)*

Notes:

(a) *Appointed on 15 December 2007 and resigned on 13 November 2008.*

(b) *Resigned on 31 January 2009.*

(c) *Resigned on 20 March 2009.*

(d) *Appointed on 20 March 2009.*

(e) *Appointed on 29 August 2008.*

(f) *Appointed as independent non-executive director on 29 August 2008, redesignated as non-executive director on 6 October 2008 and resigned on 30 March 2009.*

(g) *Retired on 29 August 2008.*

(h) *Appointed on 30 March 2009.*

(i) *Resigned on 6 May 2010.*

(j) *Appointed on 7 August 2009 and resigned on 10 May 2010.*

(k) *Appointed on 2 November 2009.*

(l) *Appointed on 16 April 2009 and resigned on 7 April 2010.*

(m) *Resigned on 6 July 2010.*

(n) *Redesignated as non-executive director on 9 July 2010.*

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

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 27.

9. Individuals with Highest Emoluments

Of the five individuals with the highest emoluments in the Group, three (2009: four) are Directors of the Company whose emoluments are disclosed in note 8 above. The emoluments of the remaining two (2009: one) individuals are as follows:

	2010 **HK$'000**	2009 HK$'000
Salaries and other emoluments	**928**	660
Share-based payments	**385**	1,232
Retirement scheme contributions	**22**	12
	1,335	1,904

The emoluments of the two (2009: one) individuals with highest emoluments are within the following band:

	2010 **Number of** **individuals**	2009 Number of individuals
HK$		
Nil–1,000,000	**2**	—
1,500,001–2,000,000	**—**	1

During the years ended 31 March 2010 and 2009, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office.

10. Discontinued Operations

The Group's manufacturing and trading of LCD consumer products and LCD products were discontinued following the disposal of (i) the entire interests in Profit Goal Holdings Limited and its subsidiaries (the "Profit Goal Group") to an independent third party, resulting in net gain on disposal of approximately HK$34,297,000 in the year ended 31 March 2009 (see note 29).

(a) The gain for the year from the discontinued operations analysed as follows:

	2009 HK$'000
Loss of the discontinued operations for the year	(3,972)
Gain on disposal of the discontinued operations *(see note 29)*	34,297
	30,325

(b) The results of the discontinued operations up to the date of completion of disposal, which have been included in the consolidated income statement for the year ended 31 March 2009 were as follows:

	Note	2009 HK$'000
Turnover	*4, 15*	25,170
Cost of sales*		(20,315)
Gross profit		4,855
Other revenue	*4*	49
Selling and distribution expenses		(2,832)
General and administrative expenses		(4,920)
Loss from operations	*5*	(2,848)
Finance costs	*6*	(1,124)
Loss before taxation		(3,972)
Income tax	*7*	—
Loss for the year		(3,972)

10. Discontinued Operations *(Continued)*

* *The analysis of the amount of inventories recognised as an expense is as follows:*

	2009
	HK$'000
Carrying amount of inventories sold	*20,315*
Write down of inventories	*279*
	20,594

Due to unsatisfactory sales records in certain inventories which were held by Profit Goal Group for more than one year, the estimated net realisable value of the inventories was written down by approximately HK$279,000.

(c) The net cash flows contributed by the discontinued operations up to the date of completion of disposal, which have been included in the consolidated cash flow statement for the year ended 31 March 2009 were as follows:

	Profit Goal Group
	2009
	HK$'000
Net cash outflow from operating activities	(2,379)
Net cash outflow from investing activities	(196)
Net cash inflow from financing activities	1,459
Net cash outflow incurred by the discontinued operation	(1,116)

(d) No charge or credit arose on gain on discontinuance of the operations.

(e) The carrying amounts of the assets and liabilities of the discontinued operations at the date of completion of disposal are disclosed in note 29.

11. Retirement Benefit Schemes

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

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

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

The total costs charged to the consolidated income statement of approximately HK$279,000 (2009: HK$391,000) represent contributions payable to the retirement benefit schemes in Hong Kong and the PRC by the Group for the year at rates specified in the rules of the relevant schemes.

12. (Loss)/Profit Attributable to Equity Owners of the Company

The consolidated (loss)/profit attributable to equity owners of the Company includes a loss of approximately HK$1,929,885,000 (2009: HK$395,290,000) which has been dealt with in the financial statements of the Company.

13. Dividends

	2010 **HK$'000**	2009 HK$'000
Dividends payable to equity shareholders of the company attributable to the year:		
Interim dividend declared and paid: HK1.5 cent per ordinary share	—	39,883

14. (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per share

For continuing and discontinued operations

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

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

	2010 HK$'000	2009 HK$'000
Continuing operations	**(2,477,499)**	48,518
Discontinued operations	**—**	30,325
	(2,477,499)	78,843

(ii) Weighted average number of ordinary shares

	2010 '000	2009 '000
Issued ordinary shares at 1 April	**2,658,889**	26,588,897
Effect of share consolidation *(see note 27(c)(ii))*	**—**	(23,930,008)
Effect of share issued against promissory notes	**771,475**	—
Shares issued under employee share options scheme	**4,132**	—
Weighted average number of ordinary shares at 31 March	**3,434,496**	2,658,889

For continuing operations

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity owners of the Company from continuing operations of HK$2,477,499,000 (2009: profit of HK$48,518,000) and the weighted average number of ordinary shares of 3,434,496,000 shares (2009: 2,658,889,000 shares) in issue during the year.

For discontinued operations

For the year ended 31 March 2010, the diluted (loss)/earnings per share for discontinued operation is not presented as the Company does not have any discontinued operation.

For the year ended 31 March 2009, the calculation of basic earnings per share is based on the profit attributable to equity owners of the Company from discontinued operations of HK$30,325,000 and the weighted average number of ordinary shares of 2,658,889,000 shares in issue during the year.

14. (Loss)/Earnings Per Share *(Continued)*

(b) Diluted (loss)/earnings per share

For continuing and discontinued operations

For the year ended 31 March 2010, the diluted loss per share is equal to the basic loss per share as the outstanding share options were anti-dilutive.

For the year ended 31 March 2009, the calculation of diluted earnings per share is based on the profit attributable to equity owners of the Company of HK$78,843,000 and the weighted average number of ordinary shares of 2,660,194,000 shares calculated as follows:

Weighted average number of ordinary shares (diluted)

	2009 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	2,658,889
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(note 28)*	1,305
Weighted average number of ordinary shares (diluted) for the purpose of diluted earnings per share	2,660,194

For continuing operations

For the year ended 31 March 2010, the diluted loss per share is equal to the basic loss per share as the outstanding share options were anti-dilutive.

For the year ended 31 March 2009, the calculation of diluted earnings per share is based on the profit attributable to equity owners of the Company from continuing operations of HK$48,518,000 and the weighted average number of ordinary shares of 2,660,194,000 shares in issue during the year.

For discontinued operations

For the year ended 2010, the diluted loss per share for discontinued operation is not presented as the Company does not have any discontinued operation.

For the year ended 31 March 2009, the calculation of basic earnings/(loss) per share is based on the profit attributable to equity owners of the Company from discontinued operations of HK$30,325,000 and the weighted average number of ordinary shares of 2,660,194,000 shares in issue during the year.

The computation of diluted (loss)/earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise price of those options is higher than the average market price for both 2010 and 2009.

15. Segment Information

The Group manages its businesses by divisions. On first-time adoption of HKFRS 8, operating segments and in a manner consistent with the way in which information is reported internally to the chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations

Investments in gaming and entertainment related business segment:

— investments in companies involving in the promotion, client development, co-ordination, operation of gaming related business and provision of technical consultancy services.

Discontinued operation

LCD products segment:

— the manufacturing and sales of LCD and LCD modules.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the chief operating decision maker for the purposes of assessing segment performance and allocating resources between segments. In this regard, the chief operating decision maker monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and current assets with the exception of other corporate assets. Segment liabilities include trade creditors and accruals attributable to the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. To arrive at reportable segment (loss)/profit, the Group's earnings are further adjusted for items not specifically attributed to individual segment, such as directors' and auditor's remuneration and other corporate administration costs.

In addition to receiving segment information concerning reportable segment (loss)/profit, the chief operating decision maker is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

15. Segment Information *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

An analysis of the Group's reportable segment (loss)/profit before taxation for the period by operating segment is as follows:

	Continuing operations	Discontinued operation	
	Investments in gaming and entertainment related business HK$'000	LCD products HK$'000	Total HK$'000
For the year ended 31 March 2010			
Revenue			
Revenue from external customers	5,551	—	5,551
Reportable segment loss before taxation (including share of profit of an associate)	(2,423,812)	—	(2,423,812)
Interest income from bank deposit	—	—	—
Financial costs	45,376	—	45,376
Share of profit of an associate	(556,946)	—	(556,946)
Gain on disposal of subsidiaries	—	—	—
Depreciation and amortisation during the year	(1,810)	—	(1,810)
Impairment of			
— trade receivables	(468,294)	—	(468,294)
— intangible assets	(10,433)	—	(10,433)
— available-for-sale financial assets	(1,778,140)	—	(1,778,140)
At 31 March 2010			
Reportable segment assets	559,295	—	559,295
Addition to non-current assets	—	—	—
Reportable segment liabilities	331,552	—	331,552

15. Segment Information *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

	Continuing operations	Discontinued operation	
	Investments in gaming and entertainment related business HK$'000	LCD products HK$'000	Total HK$'000
For the year ended 31 March 2009			
Revenue			
Revenue from external customers	416,094	25,170	441,264
Reportable segment profit before taxation (including share of profit of an associate)	90,795	30,325	121,120
Interest income from bank deposit	—	—	—
Financial costs	(59,306)	(1,124)	(60,430)
Share of loss of an associate	(249,886)	—	(249,886)
Gain on disposal of subsidiaries	—	34,297	34,297
Depreciation and amortisation during the year	(2,535)	(511)	(3,046)
Impairment of			
— trade receivables	—	—	—
— intangible assets	(7,951)	—	(7,951)
— available-for-sale financial assets	—	—	—
Compensation income for impairment of bad and doubtful debt in AMA	—	—	—
At 31 March 2009			
Reportable segment assets	3,676,458	—	3,676,458
Additions to non-current asset	—	—	—
Reportable segment liabilities	1,043,551	—	1,043,551

15. Segment Information *(Continued)*

(b) Reconciliations of reportable segment profit or loss, assets and liabilities

	2010 HK$'000	2009 HK$'000
(LOSS)/PROFIT		
Reportable segment (loss)/profit derived from Group's external customers	(2,423,812)	121,120
Bank interest income	1	340
Other interest income	3,616	—
Depreciation and amortisation during the year	(1,706)	(1,966)
Impairment of		
— other receivable	(28,800)	—
Fair value gain/(loss) on investment properties	140	(722)
Unallocated head office and corporate expenses	(26,938)	(39,982)
(Loss)/profit before taxation from continuing operations and profit from discontinued operation	(2,477,499)	78,790
ASSETS		
Reportable segment assets	559,295	3,676,458
Unallocated head office and corporate assets	73,111	48,165
Total assets	632,406	3,724,623
LIABILITIES		
Reportable segment liabilities	331,552	1,043,551
Unallocated head office and corporate liabilities	8,222	9,680
Total liabilities	339,774	1,053,231

15. Segment Information *(Continued)*

(c) Geographical segments

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; (ii) segment assets and (iii) segment capital expenditure. The geographical location of customers is based on the location at which services were provided or the goods delivered. The geographical location of segment asset and segment capital expenditure is based on the physical location and operation of the asset.

For the year ended 31 March 2010

	Hong Kong HK$'000	Macau HK$'000	The PRC (excluding Hong Kong and Macau) HK$'000	United States HK$'000	Japan HK$'000	South Korea HK$'000	Others HK$'000	Total HK$'000
Segment revenue								
Attributable to continuing operations	—	5,551	—	—	—	—	—	5,551
Attributable to discontinued operations	—	—	—	—	—	—	—	—
Revenue from external customers	—	5,551	—	—	—	—	—	5,551
Segment assets								
— Continuing operations	66,493	564,150	—	—	—	—	—	630,643
— Discontinued operations	—	—	—	—	—	—	—	—
	66,493	564,150	—	—	—	—	—	630,643
— Unallocated assets								1,763
								632,406
Segment capital expenditure								
— Continuing operations	50	—	—	—	—	—	—	50
— Discontinued operations	—	—	—	—	—	—	—	—
	50	—	—	—	—	—	—	50

15. Segment Information *(Continued)*

(c) Geographical segments *(Continued)*

For the year ended 31 March 2009

	Hong Kong HK$'000	Macau HK$'000	The PRC (excluding Hong Kong and Macau) HK$'000	United States HK$'000	Japan HK$'000	South Korea HK$'000	Others HK$'000	Total HK$'000
Segment revenue								
Attributable to continuing operations	—	416,094	—	—	—	—	—	416,094
Attributable to discontinued operations	382	—	3,875	17,485	2,957	378	93	25,170
Revenue from external customers	382	416,094	3,875	17,485	2,957	378	93	441,264
Segment assets								
— Continuing operations	9,700	3,682,336	—	—	—	—	—	3,692,036
— Discontinued operations	—	—	—	—	—	—	—	—
	9,700	3,682,336	—	—	—	—	—	3,692,036
— Unallocated assets								32,587
								3,724,623
Segment capital expenditure								
— Continuing operations	1,118	—	—	—	—	—	—	1,118
— Discontinued operations	—	198	—	—	—	—	—	198
	1,118	198	—	—	—	—	—	1,316

16. Non-current Assets

(a) The Group

	Leasehold improvements HK$'000	Other non-current assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total non-current assets HK$'000	Assets of disposal groups classified as held for sale HK$'000
Cost or valuation:						
At 1 April 2008	3,959	3,875	7,834	4,112	11,946	132,182
Additions	213	905	1,118	—	1,118	198
Disposals	—	(15)	(15)	—	(15)	—
Disposal of subsidiaries	—	—	—	—	—	(132,380)
Fair value adjustment	—	—	—	(722)	(722)	—
At 31 March 2009	4,172	4,765	8,937	3,390	12,327	—
Representing:						
Cost	4,172	4,765	8,937	—	8,937	—
Valuation — 2009	—	—	—	3,390	3,390	—
	4,172	4,765	8,937	3,390	12,327	—
At 1 April 2009	4,172	4,765	8,937	3,390	12,327	—
Additions	45	5	50	—	50	—
Disposals	(888)	(753)	(1,641)	—	(1,641)	—
Fair value adjustment	—	—	—	140	140	—
At 31 March 2010	3,329	4,017	7,346	3,530	10,876	—
Representing:						
Cost	3,329	4,017	7,346	—	7,346	—
Valuation — 2010	—	—	—	3,530	3,530	—
	3,329	4,017	7,346	3,530	10,876	—

16. Non-current Assets *(Continued)*

(a) The Group *(Continued)*

	Leasehold improvements HK$'000	Other non-current assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total non-current assets HK$'000	Assets of disposal groups classified as held for sale HK$'000
Depreciation and impairment:						
At 1 April 2008	1,143	791	1,934	—	1,934	130,470
Charge for the year	1,051	915	1,966	—	1,966	511
Write back on disposals	—	(3)	(3)	—	(3)	—
Disposal of subsidiaries	—	—	—	—	—	(130,981)
At 31 March 2009	2,194	1,703	3,897	—	3,897	—
At 1 April 2009	2,194	1,703	3,897	—	3,897	—
Charge for the year	786	920	1,706	—	1,706	—
Write back on disposals	(319)	(236)	(555)	—	(555)	—
At 31 March 2010	2,661	2,387	5,048	—	5,048	—
Net carrying value:						
At 31 March 2010	668	1,630	2,298	3,530	5,828	—
At 31 March 2009	1,978	3,062	5,040	3,390	8,430	—

16. Non-current Assets *(Continued)*

(b) The Company

	Leasehold improvements HK$'000	Other non-current assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total non-current assets HK$'000
Cost or valuation:					
At 1 April 2008	2,898	3,103	6,001	4,112	10,113
Additions	213	905	1,118	—	1,118
Disposals	—	(15)	(15)	—	(15)
Fair value adjustment	—	—	—	(722)	(722)
At 31 March 2009	3,111	3,993	7,104	3,390	10,494
Representing:					
Cost	3,111	3,993	7,104	—	7,104
Valuation — 2009	—	—	—	3,390	3,390
	3,111	3,993	7,104	3,390	10,494
At 1 April 2009	3,111	3,993	7,104	3,390	10,494
Additions	45	5	50	—	50
Disposals	(888)	(753)	(1,641)	—	(1,641)
Fair value adjustment	—	—	—	140	140
At 31 March 2010	2,268	3,245	5,513	3,530	9,043
Representing:					
Cost	2,268	3,245	5,513	—	5,513
Valuation — 2010	—	—	—	3,530	3,530
	2,268	3,245	5,513	3,530	9,043

16. Non-current Assets *(Continued)*

(b) The Company *(Continued)*

	Leasehold improvements HK$'000	Other non-current assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total non-current assets HK$'000
Depreciation and impairment:					
At April 2008	82	482	564	—	564
Charge for the year	1,052	760	1,812	—	1,812
Write back on disposals	—	(3)	(3)	—	(3)
At 31 March 2009	1,134	1,239	2,373	—	2,373
At April 2009	1,134	1,239	2,373	—	2,373
Charge for the year	786	766	1,552	—	1,552
Write back on disposals	(319)	(236)	(555)	—	(555)
At 31 March 2010	1,601	1,769	3,370	—	3,370
Net carrying value:					
At 31 March 2010	667	1,476	2,143	3,530	5,673
At 31 March 2009	1,977	2,754	4,731	3,390	8,121

(c) All investment properties of the Group and the Company carried at fair value were revalued as at 31 March 2010 on an open market value basis calculated by reference to recent market transactions in comparable properties. The valuations were carried out by an independent firm of surveyors, Grant Sherman Appraisal Limited, who has among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(d) As at 31 March 2010 and 2009, all investment properties of the Group and the Company are held in Hong Kong on long leases.

(e) Investment properties leased out under operating leases

The Group leases out certain of the Group's investment properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingents rentals.

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

16. Non-current Assets *(Continued)*

(e) (Continued)

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2010 HK$'000	2009 HK$'000
Within 1 year	**216**	180
After 1 year but within 5 years	**5**	375
	221	555

17. Intangible Assets

The Group

	Rights in sharing of Profit Streams for		Total
	VIP gaming related operation HK$'000	**Slot machine operation** HK$'000	HK$'000
Cost:			
At 1 April 2008, 31 March 2009, 1 April 2009 and 31 March 2010	20,000	47,992	67,992
Amortisation and impairment:			
At 1 April 2008	1,541	36,044	37,585
Impairment loss	3,708	4,243	7,951
Charge for the year	1,537	998	2,535
At 31 March 2009 and 1 April 2009	6,786	41,285	48,071
Impairment loss	4,336	6,097	10,433
Charge for the year	1,200	610	1,810
At 31 March 2010	12,322	47,992	60,314
Net carrying value:			
At 31 March 2010	7,678	—	7,678
At 31 March 2009	13,214	6,707	19,921

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

17. Intangible Assets *(Continued)*

Impairment loss

The intangible assets represents the rights in sharing the net gaming wins, chip commission and fees and allowance ("Profit Streams") from VIP gaming related operation and slot machine operation in the Greek Mythology Casino in Macau for 14 years starting from 16 February 2007. Such intangible assets are carried at cost less accumulated amortisation and impairment losses.

During the year ended 31 March 2010, the Group review the present status of the slot machines in the Greek Mythology and the slot machines have been running several years, the Group identify that the intangible assets maybe further impaired and re-assesses the recoverable amount of the intangible assets.

During the year ended 31 March 2010, in view of the keen market competition for VIP related operation, the Group identified that the intangible assets maybe further impaired and re-assesses the recoverable amount of the intangible assets.

The recoverable amounts of the above intangible asset are determined based on value-in-use calculation. These calculations use cash flow projections based on financial budgets approved by the management covering a four-year period, and cash flows for the following six years (2009: seven years) are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

For the year ended 31 Mach 2010

	Right in sharing of profit streams	
	VIP gaming related operation %	**Slot machine operation %**
— Growth in revenue year-on-year	**6**	**0**
— Discount rate	**18.1**	**18.1**

For the year ended 31 March 2009

	Right in sharing of profit streams	
	VIP gaming related operation %	Slot machine operation %
— Growth in revenue year-on-year	3.0–8.0	3.0–7.0
— Discount rate	14.9	14.9

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

17. Intangible Assets *(Continued)*

Impairment loss *(Continued)*

The above value-in-use calculations as at 31 March 2010 and 2009 were carried out by an independent professional valuer, Grant Sherman Appraisal Limited who has recent experience in the category of intangible assets being valued.

Based on the above assessments, the carrying amounts of the right in sharing of profit streams for VIP gaming related operation and slot machine operation are greater than its recoverable amount and the management considered that impairment losses of approximately HK$4,336,000 and HK$6,097,000 respectively (2009: HK$3,708,000 and HK$4,243,000 respectively) are necessary and are recognised in the consolidated income statement for the year ended 31 March 2010.

18. Investments in Subsidiaries

	2010 **HK$'000**	2009 HK$'000
Unlisted shares, at cost	**118,790**	118,790
Less: impairment loss *(note (a))*		
1 April	**(38,407)**	—
Reversal of/(provided for) during the year	**(5,921)**	(38,407)
31 March	**(44,328)**	(38,407)
	74,462	80,383

(a) Impairment on investments in subsidiaries:

At 31 March 2009, the investment costs of two subsidiaries which are engaged in investments in slot machine operation and sales of travel package respectively, were determined to be impaired as operating performances of these two subsidiaries were unsatisfactory. After considering the profitability, cash flow position, financial position, business development forecast and future prospect of these two subsidiaries, the directors concluded that it is appropriate to make an impairment loss of approximately HK$38,407,000 on the investment costs. The recoverable amounts of the investments in these two subsidiaries, based upon which impairment loss is arrived at, are their respective fair value less cost to sell.

Since the performance of the subsidiary engaged in slot machine operation was worsening, the directors of the Company consider it is appropriate to make further impairment of HK$5,921,000 for the year ended 31 March 2010.

18. Investments in Subsidiaries *(Continued)*

(b) Particulars of the subsidiaries at 31 March 2010 are as follows:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid-up share capital	Proportion of equity interest: Group's effective interest	Proportion of equity interest: Held by the Company	Principal activities
Ace High Group Limited	The British Virgin Islands ("BVI")	US$10,000	100%	100%	Investment in junket related operation
GMC Management Limited	Hong Kong	HK$10,000	100%	100%	Provision of administrative support to Group companies
Hong Kong Macau Express Limited	Hong Kong	HK$750,000	51%	51%	Inactive
Gold Faith Development Limited	BVI	US$50,000	100%	100%	Investment in LIVE Baccarat system operation
Jadepower Limited	BVI	US$1,000	100%	100%	Investment in slot machine operation
Super Peak Limited	BVI	US$1,000	100%	100%	Not yet commence business
Thousand Ocean Investments Limited	BVI	US$1,000	100%	100%	Investment in VIP gaming related operation
Tower Champion Limited	HK	US$1	100%	100%	Not yet commence business

19. Interest in An Associate

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Unlisted shares, at cost	**—**	—	**2,332,479**	2,332,479
Share of net assets	**330,876**	887,822	**—**	—
Sub-total	**330,876**	887,822	**2,332,479**	2,332,479
Less: Impairment loss				
1 April	**—**	—	**(1,444,657)**	(1,194,779)
Provided during the year	**—**	—	**(556,946)**	(249,878)
31 March	**—**	—	**(2,001,603)**	(1,444,657)
	330,876	887,822	**330,876**	887,822

19. Interest in An Associate *(Continued)*

(a) The followings are the particulars of the associate of the Group, which is an unlisted corporate entity:

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 related business

(b) Summary financial information on the associate

	At 31 March 2010			Year ended 31 March 2010				
	Total assets HK$'000	Total liabilities HK$'000	Total equity HK$'000	Revenue HK$'000	Operating profit HK$'000	Amortisation of intangible assets HK$'000	Impairment of property, plant and equipment and intangible assets HK$'000	Net profit HK$'000
100 per cent	**1,444,174**	**781,096**	**663,078**	**307,051**	**181,149**	**(124,559)**	**(1,172,716)**	**(1,110,124)**
Group's effective interest	**720,643**	**389,767**	**330,876**	**153,218**	**90,393**	**(62,154)**	**(585,185)**	**(556,946)**

	At 31 March 2009			Year ended 31 March 2009				
	Total assets HK$'000	Total liabilities HK$'000	Total equity HK$'000	Revenue HK$'000	Operating profit HK$'000	Amortisation of intangible assets HK$'000	Impairment of property, plant and equipment and intangible assets HK$'000	Net profit HK$'000
100 per cent	2,534,428	755,226	1,779,202	163,831	48,191	(155,184)	(393,782)	(500,775)
Group's effective interest	1,264,680	376,858	887,822	81,752	24,047	(77,436)	(196,497)	(249,886)

19. Interest in An Associate *(Continued)*

(c) Impairment of intangible assets of the associate

Certain gaming areas of Greek Mythology are used by other party in return of a HK$1,000,000 monthly fee, resulting that the net win from gaming tables within these areas are no longer shared by Greek Mythology and that the other party competes with Greek Mythology Casino adversely affected the performance of Greek Mythology. The management of the associate reviews internal and external sources of information in respect of the gaming operations of the Greek Mythology Casino under the gaming concession from SJM, which owns one of the gaming concessions in Macau, to identify indications that the relevant intangible assets which is a right in sharing of Profit Streams from gaming related operation in the Greek Mythology Casino having an estimated useful life of 14 years from 1 April 2006, may be impaired.

The recoverable amount of the above intangible asset is determined based on value-in-use calculation. These calculations use cash flow projections based on financial budgets approved by the management covering a four-year period, and cash flows for the following seven years (2009: eight years) are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	2010	2009
	%	%
— Growth in revenue year-on-year	**3–12**	3–12
— Discount rate	**13.3**	10.5

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

The above value-in-use calculations as at 31 March 2010 were contained in a report based on a valuation carried out by an independent professional valuer, Grant Sherman Appraisal Limited with recent experience in conducting business and intangible assets valuation in gaming and entertainment industry in Macau.

Based on above valuations, the carrying amount of the intangible asset as at 31 March 2010 and 2009 respectively is greater than its recoverable amount, and the management considered that an impairment loss of approximately HK$1,172,716,000 (2009: HK$336,898,000) is necessary at the associate level. The Group's share of impairment loss of the intangible asset of HK$585,185,000 (2009: HK$168,112,000) is included in the "share of loss of an associate" in the consolidated income statement for the year ended 31 March 2010.

(d) Impairment of property, plant and equipment of the associate

For the year ended 31 March 2009, the management of the associate carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of an impairment loss of HK$56,884,000, which has been recognised at the associate level. The Group's share of impairment loss of the property, plant and equipment of HK$28,385,000 is included in the "share of loss of an associate" in the consolidated income statement for the year ended 31 March 2009.

20. Other Financial Asset

	Note	The Group 2010 HK$'000	The Group 2009 HK$'000	The Company 2010 HK$'000	The Company 2009 HK$'000
Loan to a controlled subsidiary	(a)	—	—	1,850,000	1,850,000
Less: Impairment loss		—	—	(1,705,349)	—
		—	—	144,651	1,850,000
Available-for-sale financial asset	(b)	2,095,268	2,095,268	—	—
Less: Impairment loss*					
— through income statement		(1,778,140)	—	—	—
— through statement of comprehensive income		(195,268)	—	—	—
		(1,973,408)	—	—	—
		121,860	2,095,268	144,651	1,850,000

* *Analysis of impairment loss made during the year:*

	Note	The Group 2010 HK$'000	The Group 2009 HK$'000	The Company 2010 HK$'000	The Company 2009 HK$'000
Impairment loss made in					
Interim period ended					
— through income statement		(1,294,978)	—	—	—
— through statement of comprehensive income		(195,268)	—	—	—
Annual year ended					
— through income statement		(483,162)	—	—	—
		(1,973,408)	—	—	—

(a) Loan to a controlled subsidiary

The loan agreement dated 23 August 2007 (as amended and supplemented by the extension letters dated 21 September 2007 and 22 October 2007 respectively) was entered into between the Company and Ace High (the "Loan Agreement") whereby the Company agreed to provide a term loan facility up to a maximum amount of HK$3 billion (the "Loan") to Ace High to enable it to finance the junket aggregation business of AMA. On 4 December 2007, Ace High and the Company signed a confirmation letter to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion. According to the Loan Agreement, the Company has an option (the "Call Option") to capitalise the principal amount of HK$50 million in respect of the Loan into 9,999 shares of US$1 each in the issued share capital of Ace High (the "Capitalisation"), representing 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation. On 11 February 2008, the Company served a Capitalisation notice to Ace High pursuant to the Loan Agreement. The Capitalisation was approved by the shareholders of the Company at the special general meeting held on 12 June 2008.

20. Other Financial Assets *(Continued)*

(a) Loan to a controlled subsidiary *(Continued)*

Through the call option to capitalise HK$50 million of the loan into 99.99% of the equity interest in Ace High, the Company has the decision-making powers to obtain complete control of Ace High and rights to obtain all profits generated from Ace High. Accordingly, Ace High is considered as an entity wholly-controlled by the Company.

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

The loan is secured by a deed of guarantee executed by Mr. Albino in favour of the Company.

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

In light of the events and circumstances of AMA in relation to the junket aggregation business as set out in note 20(b) below, the directors of the Company are of the opinion that the recoverability of the loan provided to AMA is doubtful and it lead to damage the capability of repayment of Ace High to the Company, it is appropriate to make impairment of HK$1,705,349,000 (2009: nil) during the year ended 31 March 2010.

(b) Available-for-sale financial asset

On 10 September 2007, Ace High Group Limited ("Ace High"), a subsidiary of the Group, entered into a loan and profit transfer agreement (the "First Profit Transfer Agreement") with AMA. Pursuant to the First Profit Transfer Agreement, the Group agreed to grant a loan facility of up to the maximum aggregate amount of HK$3 billion for the operating capital of AMA to carry out the junket related business. In return, AMA agreed to transfer all profits (the "Profits") generated by AMA from the junket related operation under the gaming promotion agreement dated 21 August 2007 entered into between AMA and Melco PBL Gaming (Macau) Limited (the "Gaming Operator"). The profits represent the aggregate commissions and bonuses payable by the Gaming Operator to AMA after deducting (a) the total commissions and bonuses payable by AMA to its collaborators under the gaming intermediary agreements entered into by AMA with its collaborators, and (b) all the relevant operational and administrative expenses incurred and tax payable to the Macau Government. On the same day, Ace High and Mr. Francisco Xavier Albino ("Mr. Albino") made another profit transfer agreement (the "Second Profit Transfer Agreement") where under Ace High agreed to transfer 20% of the profits from AMA under the First Profit Transfer Agreement to Mr. Albino.

On 14 December 2007, Ace High provided a HK$1.9 billion loan ("Loan") under the First Profit Transfer Agreement to AMA which started its junket aggregation business on 15 December 2007.

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

In the opinion of the Company's Directors, the Loan is a non-derivative financial asset and is designated as an available-for-sale financial asset upon initial recognition.

20. OTHER FINANCIAL ASSETS *(Continued)*

(b) Available-for-sale financial asset *(Continued)*

On 23 December 2009, the Gaming Operator revoked the then existing Gaming promotion agreement between AMA and entered into a new agreement with AMA, whereby the commission rate for AMA was decreased from 1.35% to 1.20%, following the implementation of a 1.25% cap on junket commission by the Macau Government.

The Gaming Operator unilaterally entered into separate agreements with some of AMA's collaborators and some collaborators ceased their business in the premises of the Gaming Operator in December 2009. As a result, these collaborators by passed AMA and dealt directly with the Gaming Operator. AMA is no longer to shares the gaming wins of these collaborators and commission and bonus from the gaming operator. AMA's only remaining enforceable agreement was with a collaborator who agreed to share 5 basis points (0.05%) commission on the rolling volume generated at the casino with AMA.

The agreement on gaming promotion is still effective and AMA still has the operating right at the casino. Same as the collaborators, AMA, as an independent gaming promoter, will be entitled to a commission on the rolling volume generated at the casino. However, due to the changes mentioned above and because certain AMA's collaborators failed to repay the debts due to AMA, AMA sustained a loss of HK$2,306,070,000 and a net liabilities of HK$2,305,970,000 at 31March 2010.

The present situation of the loans granted by AMA to the collaborators are as follows:

AMA agreed with certain collaborators the repayment schedules of loans amounting to HK$173,250,000 by signing the Repayment Agreements (the "Repayment Agreements"). Up to date of the report, approximately HK$18,500,000 of the loans have been repaid in accordance with the Repayment Agreements. Therefore, AMA considered that these loans can fully recoverable.

The rest of the collaborators having a total amount of HK$372,850,000 due to AMA was fully impaired under the following situation that:

— The collaborator went into bankruptcy; or

— Though litigation actions have been taken, AMA is not certain about the amount that can be recovered; or

— The results of the legal actions taken are uncertain; or

— AMA losses contact with the collaborators.

There was another collaborator with an amount approximately HK$2,142,824,000 due to AMA. The collaborator declared that the whole amount was lent to its sub-collaborators for operating gaming promotion business and the collaborator was demanding them to repay the amount due. The collaborator will repay the debt to AMA when the collaborator received the amounts from its sub-collaborators. Hence, AMA is unable to estimate the recoverable amount of the debt owned by the collaborator and therefore a full impairment was made by AMA.

On 7 May 2010, a creditor of AMA filed a petition against AMA for the recovery of approximately HK$233,060,000 and AMA was in the process of considering taking counter actions. AMA has not recorded any profit since 1 December 2009 and it is uncertain whether any actions to be taken by AMA to reinforce the exclusive gaming promotion agreement and to recover any commissions and bonuses or to demand repayment of advances to various junket collaborators could be successful.

20. OTHER FINANCIAL ASSETS *(Continued)*

(b) Available-for-sale financial asset *(Continued)*

The Group demanded the repayment of loan of HK$1,900,000,000 granted to AMA and the outstanding profit of approximately HK$498,294,000 owing to the Group. AMA provided Repayment Schedules (the "Repayment Schedules") to the Group which only includes the amounts owed by its collaborators who had signed the Repayment Agreements.

Impairment assessment:

At the interim period ended 30 September 2009, in view of the implementation of a 1.25% cap on junket commissions by the Macau government with effect from 1 December 2009, the junket related business of AMA is adversely affected. The directors of the Company reviewed internal and external sources of information in respect of the fair value of the available-for-sale financial assets and made an impairment allowance of HK$1,490,246,000.

As at 31 March 2010, in view of a material change to the business cooperation mode between AMA and the Gaming Operator in Macau since December 2009, financial difficulties of AMA and its failure to recover the credit granted to the collaborators, the financial position and the junket related business of AMA are adversely affected. The directors of the Company review internal and external sources of information in respect of the fair value of the available-for-sale financial assets and made further impairment allowance of HK$58,772,000.

The fair value of available-for-sale financial asset as at 31 March 2010 and 2009 respectively was measured using the value-in-use calculation by an independent professional valuer, Grant Sherman Appraisal Limited.

Key assumptions used by the management of the Company for value-in-use calculations:

— There are a series of litigation and recovery plan in progress against the collaborators at AMA and therefore recovery of the amount is uncertain. As such, the absence of available information and supporting documents from AMA and its collaborators, the Company is unable to assess the total amount that would be received by AMA from the collaborators, and hence, the Repayment Schedules provided by the Company only includes the amounts owed by the collaborators who had signed the Repayment Agreements;

— Nil amount will be received from those collaborators with which no Repayment Schedules have been agreed an and no Repayment Agreements have been entered into;

— Upon receiving the repayments from the collaborators by AMA, AMA will repay the amount to the Group before settling other liabilities notwithstanding a creditor has taken legal action against AMA for the recovery of debts due by AMA;

— Repayment Schedules and Repayment Agreements entered into between AMA and the collaborators have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Company;

— The collaborators will repay the outstanding amount to AMA according to the Repayment Schedules without default;

— Discount rate of 18.3%.

20. OTHER FINANCIAL ASSETS *(Continued)*

(b) Available-for-sale financial asset *(Continued)*

Impairment assessment:

At the interim period ended 30 September 2009, in view of the implementation of a 1.25% cap on junket commissions by the Macau government with effect from 1 December 2009, the junket related business of AMA is adversely affected. The directors of the Company review internal and external sources of information in respect of the fair value of available-for-sale financial asset and considered to make an impairment loss of HK$1,294,878,000.

As at 31 March 2010, due to a material change to the business cooperation mode of AMA and the Gaming Operator in Macau since December 2009, financial difficulties of AMA and its failure to recover the credit granted to the collaborators (see further details in Note 37), the financial position and the junket related business of AMA is adversely affected. The directors of the Company review internal and external sources of information in respect of the fair value of the available-for-sale financial assets and further made an impairment allowance of 1,778,140,000.

The fair value of available-for-sale financial asset as at 31 March 2010 and 2009 was measured using the value-in-use calculation by an independent professional valuer, Grant Sherman Appraisal Limited.

The valuation is based on cash flow projections derived from (i) the cash flows to be received from the collaborators and (ii) the Offsetting Amount (see further details in Note 37) available from the promissory notes owned to Mr. Ng Man Sun ("Mr. Ng"), a shareholder of the Company, by the Company.

Key assumptions used by the management of the Company for value-in-use calculations:

— Upon receiving the repayment from the collaborators by AMA, AMA will repay the amount to the Group before settling other liabilities;

— Due to lack of available information provided by AMA subject to further legal actions and/or other recovery plan against the credit granted by AMA to its collaborators, the Company is unable to assess the final amount to be received by AMA from the collaborators, and hence, the Company assumed that the cash flows to be received from AMA is the amount set out in Repayment Schedules and Repayment Agreements entered into between AMA and the collaborators;

— Repayment Schedules and Repayment Agreements entered into between AMA and the collaborators have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the management of AMA;

— The collaborators will repay the outstanding amount to AMA according to the Repayment Schedules without default;

— Except for the Offsetting Amount (see further details in Note 37) available from the promissory notes owned to Mr. Ng by the Company, the Guarantee (see further details in Note 37) given by Ms. Chen, a shareholder of AMA, and Mr. Ng in favor of the Group is excluded in the cash flow projections due to a lack of further supporting for the abilities of Ms. Chen and Mr. Ng;

— Discount rate of 18.3%.

21. Trade and Other Receivables

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade debtor — AMA	**498,294**	603,369	**—**	—
Less: impairment	**(468,294)**	—	**—**	—
	30,000	603,369	**—**	—
Other receivables	**29,800**	—	**29,800**	—
Less: impairment *(note 21(f))*	**(28,800)**	—	**(28,800)**	—
	1,000	—	**1,000**	—
Loans to promissory note holders *(note 21(d))*	**55,000**	—	**55,000**	—
Interest receivables for loans to promissory note holders *(note 21 (d))*	**3,616**	—	**3,616**	—
Advance to collaborators	**54,020**	22,560	**—**	—
Due from an associate	**4,768**	6,656	**2**	—
Due from subsidiaries	**—**	—	**64,722**	64,700
Less: impairment loss *(note 21(e))*	**—**	—	**(4,684)**	(4,684)
	—	—	**60,038**	60,016
Other debtors	**—**	805	**—**	5
Loans and receivables	**148,404**	633,390	**119,656**	60,021
Rental and other deposits	**1,203**	1,345	**1,203**	1,345
Prepayments	**10**	238	**—**	229
	149,617	634,973	**120,859**	61,595

The advance to collaborators, who are independent third parties to the Group, are unsecured and non-interest-bearing. The Group provides temporary interest-free credit to collaborators which are allowed an average credit period of 7 days from the date the credit is granted.

The amount due from the associate is unsecured, non-interest-bearing and has no fixed terms of repayment. Impairment allowance has not been made against the amount as at 31 March 2010 and 2009 as the directors of the Company are of the opinion that the amount can be recovered in full.

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

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

21. Trade and Other Receivables *(Continued)*

(a) Impairment of trade receivables

In light of events and circumstances as set out in note 20(b), AMA had financial difficulties and was unable to settle the amount due to the Group. After further negotiations, AMA provided the Company an undertaking (the "AMA undertaking") to settle the amount due of HK$30,000,000 by 3 monthly installments starting from April 2010 and a letter of guarantee signed by the shareholder and a director of AMA, guaranteeing the performance of AMA under the AMA undertaking.

However, the Group only received HK$5,000,000 from AMA up to June 2010. On 20 July 2010, the Group and AMA re-negotiated the repayment terms for the remaining HK$25,000,000. AMA agreed to pay HK$5,000,000 at the end of July 2010 and pay eight monthly instalments of HK$2,500,000 each beginning in September 2010.

Since AMA has significant financial difficulties and there were no settlement schedule in relation to the remaining balance due of approximately HK$468,294,000, the directors of the Company considered to make an impairment allowance of HK$468,294,000 (2009: nil).

(b) Ageing analysis

The following in the ageing analysis of trade receivables as of the end of the reporting period:

	The Group	
	2010 **HK$'000**	2009 HK$'000
Current	**—**	603,369
Amount past due	**498,294**	—
	498,294	603,369

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

(c) Trade receivables that are not impaired

For the year ended 31 March 2009, the ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2010 **HK$'000**	2009 HK$'000
Past due but not impaired	**498,294**	—
Neither past due nor impaired	**—**	603,369

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. The Group does not held any collateral over these balances.

21. Trade And Other Receivables *(Continued)*

(d) Loans to promissory note holders

During the year ended 31 March 2010, the Company entered into loan agreements separately with two independent promissory note holders (the "Holders") that the Company granted the loans totaling of HK$55,000,000 to the Holders. The loans bear interest at 8% per annum and repayable on 31 August 2009. The loans are secured by promissory notes with face value of HK$150,000,000.

The Holders did not repay the principal and interests of the loans upon the maturity date. On 23 July 2010, the Company and the Holders entered into agreements and the Holders agreed to offset their promissory notes with a face value of HK$150,000,000 with the loans. The directors of the Company considered that there is no recoverability problem since the loans are secured by the pledge of promissory notes with a face value exceeding those of the loans.

(e) Impairment of amounts due from subsidiaries

The Company

At 31 March 2009, an amount due from subsidiaries engaged in sales of travel package and provision of administrative support to Group companies were determined to be impaired and an allowance of approximately HK$4,684,000 had been made for impairment. Those subsidiaries were in financial difficulties and, in the opinion of the directors of the Company, there is uncertainty in the recovery of the outstanding balances. Since there is no change in event and circumstances, the directors of the Company no reversal of impairment was made for the year ended 31 March 2010.

(f) Impairment loss for other receivable

During the year ended 31 March 2010, the Company advance a sum of HK$29,800,000 to an independent third party for purpose of starting up business and could only be utilised for administrative costs when an definitive agreement in respect of the junket aggregation business was entered. Otherwise, the whole advance should be returned to the Company on or before 31 August 2009 and further extended to 31 March 2010.

However, the Company only received HK$1,000,000 up to the date of this report. In view of the significant financial difficulties of the debtor and the amount had been overdue, the directors of the Company considered to make impairment loss of HK$28,800,000.

22. Cash and Cash Equivalents

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks	**1,732**	124	**1,674**	64
Cash chips in hand	**9,835**	58,755	**5**	32,500
Cash in hand	**4,980**	19,330	**—**	7
Cash and cash equivalents n the statement of financial position	**16,547**	78,209	**1,679**	32,571

23. Trade and Other Payables

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**853**	1,653	**—**	—
Due to a shareholder of AMA *(note (a))*	**102,439**	135,274	**—**	—
Accruals and other payables	**1,647**	2,447	**1,635**	2,254
Due to related companies *(note (b))*	**3,109**	645	**1,417**	643
Due to subsidiaries *(note (b))*	**—**	—	**152,867**	77,951
Financial liabilities measured at amortised cost	**108,048**	140,019	**155,919**	80,848

23. Trade and Other Payables *(Continued)*

Notes:

(a) The amount due to a shareholder of AMA is unsecured, non-interest-bearing and payable on demand and represents the entitlement of the 20% share of profit from AMA in respect of junket aggregation business (see note 4(a)).

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

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

(d) The ageing analysis of trade payables as of the end of the reporting period is as follows:

	The Group	
	2010 HK$'000	2009 HK$'000
After 3 months	**853**	1,653

24. Borrowings

	The Group	
	2010 HK$'000	2009 HK$'000
Other loans from independent third parties, unsecured		
— bearing interest at 6.5% per annum and repayable on demand	**5,000**	5,000
— non-interest-bearing and repayable on demand	**—**	1,600
Current portion	**5,000**	6,600

25. Promissory Notes

The Group and the Company

In 2006, the Company issued promissory notes to directors of an associate and certain independent third parties with a total face value of approximately HK$1,454,722,000 as part of the consideration for the acquisition of that associate.

The promissory notes are unsecured, non-interest-bearing and repayable on 27 March 2016, being the tenth anniversary of the date of issue of the promissory notes.

Interest expense on promissory notes is calculated using the effective interest method by applying the effective interest rate of 7% per annum to the fair value of the promissory notes and is deducted from the carrying value of the promissory notes and charged to consolidated income statement.

	2010	2009
	HK$'000	HK$'000
At 1 April	**906,612**	847,305
Add: Interest on promissory note *(note 6)*	**45,051**	59,307
Less: Compensation for the impairment of bad and doubtful debts in AMA*	**(400,106)**	—
Less: Offset by issuing shares *(note 26(c)(iii))*	**(324,831)**	—
At 31 March	**226,726**	906,612

* *Pursuant to a subscription agreement (the "Subscription Agreement") entered between the Company and Mr. Ng, Mr. Ng has irrevocably undertaken and guaranteed to the Company that had bad and doubtful debt of AMA shall not be more than HK$50,000,000 for the year ended 31 March 2010 (note 26(c)(iii)(I)). Otherwise, Mr. Ng would compensate the Company by offsetting his promissory notes with a cap of face value of HK$300,000,000 of the Company arising from bad debt of AMA.*

In addition, during the year ended 31 March 2010, Mr. Ng has irrevocably undertaken and guaranteed the Company another HK$300,000,000 for compensating the Company to offset his another promissory notes with a cap of face value of HK$300,000,000 if there were bad debts for specific collaborators of AMA.

As disclosed on note 4(a)(i), for the year ended 31 March 2010, AMA made an impairment of bad and doubtful debts of approximately HK$2,006,438,000 which included the bad debts for specific collaborators with more than HK$300,000,000.

As a result, the carrying amount of approximately HK$400,106,000 of promissory notes with face value of HK$600,000,000 held by Mr. Ng was used to offset for the bad and doubtful debts in AMA and is recognised in the consolidated income statement for the year ended 31 March 2010.

26. Capital and Reserves

(a) The Group

		Attributable to equity shareholders of the Company									
	Note	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2008		26,589	3,768,399	(22,470)	—	6,872	3,209,650	(1,314,995)	5,643,605	53	5,643,658
Cancellation of share premium	*27(c)(iii)*	—	(3,768,399)	—	2,219,909	—	—	1,548,490	—	—	—
Share options forfeited during the year		—	—	—	—	(2,779)	—	2,779	—	—	—
Dividend — 2009 interim	*13*	—	—	—	(39,883)	—	—	—	(39,883)	—	(39,883)
Equity settled share-based transaction		—	—	—	—	3,209	—	—	3,209	—	3,209
Transfer upon disposal of subsidiaries		—	—	—	—	—	—	(115)	—	—	—
Total comprehensive income for the year		—	—	—	—	—	(3,014,382)	48,518	(2,935,539)	(53)	(2,935,592)
At 31 March 2009 and 1 April 2009		26,589	—	(22,470)	2,180,026	7,302	195,268	284,677	2,671,392	—	2,671,392
Share issued against the promissory notes		11,400	278,180	—	—	—	—	—	289,580	—	289,580
Share issued under employee share options scheme		71	1,452	—	—	(466)	—	—	1,057	—	1,057
Equity settled share-based transaction		—	—	—	—	3,370	—	—	3,370	—	3,370
Share options for forfeited during the year		—	—	—	—	(501)	—	501	—	—	—
Loss for the year		—	—	—	—	—	—	(2,477,499)	(2,477,499)	—	(2,477,499)
Other Comprehensive (loss)		—	—	—	—	—	(195,268)	—	(195,268)	—	(195,268)
Total comprehensive income for the year		—	—	—	—	—	(195,268)	(2,477,499)	(2,672,767)	—	(2,672,767)
At 31 March 2010		38,060	279,632	(22,470)	2,180,026	9,705	—	(2,192,321)	292,632	—	292,632

Included in the retained profits as at 31 March 2010 of the Group is an amount of approximately HK$806,832,000 (2009: accumulated loss HK$249,886,000) being the retained profit attributable to an associate.

26. Capital and Reserves *(Continued)*

(b) The Company

	Note	**Share capital** HK$'000	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Capital reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2008		26,589	3,768,399	105,026	6,872	(1,548,490)	2,358,396
Cancellation of share premium	*27(c)(ii)*	—	(3,768,399)	2,219,909	—	1,548,490	—
Equity settled share-based transactions		—	—	—	3,209	—	3,209
Share options forfeited during the year		—	—	—	(2,779)	2,779	—
Dividends — 2009 interim	*13*	—	—	(39,883)	—	—	(39,883)
Total comprehensive income for the year		—	—	—	—	(395,290)	(395,290)
At 31 March 2009 and at 1 April 2009		26,589	—	2,285,052	7,302	(392,511)	1,926,432
Equity settled share-based transactions		**—**	**—**	**—**	**3,370**	**—**	**3,370**
Shares issued against the promissory notes		**11,400**	**278,180**	**—**	**—**	**—**	**289,580**
Shares issued under employee share options scheme		**71**	**1,452**	**—**	**(466)**	**—**	**1,057**
Share options forfeited during the year		**—**	**—**	**—**	**(501)**	**501**	**—**
Total comprehensive (loss) for the year		**—**	**—**	**—**	**—**	**(1,929,884)**	**(1,929,884)**
At 31 March 2010		**38,060**	**279,632**	**2,285,052**	**9,705**	**(2,321,894)**	**290,555**

26. Capital and Reserves *(Continued)*

(c) Share capital

	Note	2010 Number of shares '000	2010 Amount HK$'000	2009 Number of shares '000	2009 Amount HK$'000
Authorised:					
4,000,000 ordinary shares of HK$0.01 each (2009: 40,000,000 ordinary shares of HK$0.001 each)	*(i)*	**4,000,000**	**40,000**	40,000,000	40,000
Issued and fully paid:					
At 1 April		**2,658,889**	**26,589**	26,588,897	26,589
Share consolidation	*(i)*	**—**	**—**	(23,930,008)	—
Shares issued against the promissory notes	*(iii)*	**1,140,000**	**11,400**	—	—
Shares issued under employee share options schemes		**7,100**	**71**	—	—
At 31 March		**3,805,989**	**38,060**	2,658,889	26,589

Notes:

(i) Share consolidation

Pursuant to the resolution passed at the special general meeting of the Company held on 7 April 2009, the share consolidation ("Share Consolidation") was effective immediately on 8 April 2009. The detail of the resolution of Share Consolidation is as follow:

Every ten then issued and unissued ordinary shares of HK$0.001 each were consolidated into one new ordinary share of HK$0.01 each. On the basis of 40,000,000,000 existing authorised ordinary shares of HK$0.001 each and 26,588,897,000 existing issued ordinary shares of HK$0.001 each, the authorised and issued ordinary shares of the Company were consolidated into 4,000,000,000 authorised ordinary shares of HK$0.01 each and 2,658,889,000 issued ordinary shares of HK$0.01 each respectively.

(ii) Cancellation of share premium

Pursuant to the resolution passed at the special general meeting of the Company held on 19 September 2009, the share premium cancellation ("Share Premium Cancellation") was effective immediately on 19 September 2009. The detail of the resolution of Share Premium Cancellation is as follow:

Pursuant to section 46(2) of the Companies Act 1981 of Bermuda and with effect from the date of passing of the special resolution, the entire amount standing to the credit of the share premium account of the Company as at 31 March 2009 of approximately HK$3,768,399,000 was to be cancelled, with part of the credit arising therefrom being applied towards the elimination of the entire accumulated losses of approximately HK$1,548,490,000 of the Company as at 31 March 2009 and remaining balance in the amount of approximately HK$2,219,909,000 being credited to the contributed surplus account of the Company.

26. Capital and Reserves *(Continued)*

(c) Share capital *(Continued)*

Notes: (Continued)

(iii) Shares issued against the promissory notes

(I) On 20 March 2009, the Company entered into a subscription agreement (the "Subscription Agreement") with Mr. Ng Man Sun ("Mr. Ng"), a shareholder of the Company, pursuant to which the Company agreed to allot and issue 1,000,000,000 new shares of an aggregate nominal value of HK$10 million at a subscription price of HK$0.40 per share to Mr. Ng. The subscription price is settled by setting off against the face value of the promissory note held by Mr. Ng an amount of HK$400,000,000.

(II) On 2 June 2009, Mr. Ng, assigned and transferred approximately an amount of HK$114,722,000 of the promissory note held by him to an independent third party (the "Subscriber"). On 7 June 2009, the transaction was completed.

On 15 June 2009 and 17 June 2009, the Company entered into a subscription agreement and a supplemental agreement (collectively the "Agreements") with the Subscriber. Pursuant to the agreements the Company has conditionally agreed to allot and issue 140,000,000 new shares at a subscription price of HK$0.82 per subscription share to the Subscriber. The subscription price was settled by the Subscriber under the Agreements by setting off against the face value of the promissory note in the sum of approximately HK$114,722,000. The transaction was completed on 6 July 2009.

(d) Nature and purpose of reserves

(i) Share premium

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

(ii) Contributed surplus

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

(iii) Special reserve

The special reserve of the Group represents the difference between the nominal amount of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition pursuant to the corporate reorganisation prior to the listing of the Company's shares.

26. Capital and Reserves *(Continued)*

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

(iv) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(q)(ii).

(v) Fair value reserve

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

(e) Distributable reserves

As at 31 March 2010, the aggregate amount of reserves of the Company available for distribution to owners of the Company amounted to nil (2009: HK$1,892,541,000) subject to the restrictions stated above.

(f) Capital management

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

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

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

During the year ended 31 March 2010, the Group's strategy, which was unchanged from the year ended 31 March 2009, was to maintain a net debt-to-capital ratio of no more than 60%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, raise new debt financing or sell assets to reduce debt.

26. Capital and Reserves *(Continued)*

(f) Capital management *(Continued)*

The net debt-to-capital ratio at 31 March 2010 and 2009 are as follows:

		The Group		The Company	
		2010	2009	**2010**	2009
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current liabilities:					
— Trade and other payables	*23*	**108,048**	140,019	**155,919**	80,848
— Borrowings	*24*	**5,000**	6,600	**5,000**	6,600
		113,048	146,619	**160,919**	87,448
Non-current liabilities:					
— Promissory note	*24*	**226,726**	906,612	**226,726**	906,612
Total debt		**339,774**	1,052,231	**387,645**	994,060
Less: Cash and cash equivalents (continuing operations)	*22*	**(16,547)**	(78,209)	**(1,679)**	(32,571)
Net debt		**323,227**	975,022	**385,966**	961,489
Total equity		**292,632**	2,671,392	**290,555**	1,926,432
Adjusted net debt-to-capital ratio		**110%**	36%	**133%**	50%

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

27. Share Option Scheme

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

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

	Exercise price HK$	Number of shares issuable under options granted	Vesting conditions	Contractual life of options
Options granted to Directors:				
— on 28 January 2008	0.7360	4,000,000	Immediately vested	10 years
— on 28 January 2008	0.7360	3,000,000	One year from the date of grant	10 years
— on 28 January 2008	0.7360	3,000,000	Two years from the date of grant	10 years
— on 20 October 2008	0.1332	5,200,000	Immediately vested	10 years
— on 23 April 2009	0.1930	10,000,000	One year from the date of grant	10 years
— on 12 May 2009	0.2290	17,400,000	One year from the date of grant	10 years
		42,600,000		
Options granted to employees:				
— on 28 January 2008	0.7360	3,760,000	Immediately vested	10 years
— on 28 January 2008	0.7360	2,820,000	One year from the date of grant	10 years
— on 28 January 2008	0.7360	2,820,000	Two years from the date of grant	10 years
— on 23 April 2009	0.1930	7,000,000	One year from the date of grant	10 years
— on 12 May 2009	0.2290	3,500,000	One year from the date of grant	10 years
Total shares issuable upon options granted		62,500,000		

27. Share Option Scheme *(Continued)*

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

	2010		2009	
	Weighted average exercise price	**Number of shares issuable under options granted '000**	Weighted average exercise price	Number of shares issuable under options granted '000
Outstanding at 1 April	**0.4956**	**36,900**	0.0736	404,000
Adjustments due to share consolidation *(see note 26(c)(i))*	**N/A**	**—**	N/A	(363,600)
	0.4956	**36,900**	0.7360	40,400
Forfeited during the year	**0.2668**	**19,700**	0.7360	(18,400)
Exercised during the year	**0.1489**	**7,100**	N/A	—
Granted during the year	**0.2129**	**37,900**	0.1407	14,900
Outstanding at 31 March	**0.3485**	**48,000**	0.4956	36,900
Exercisable at 31 March	**0.6086**	**24,600**	0.4433	13,431

The options outstanding at 31 March 2010 had an exercise price of HK$0.1332 to HK$0.7360 (2009: HK$0.7360) and a weighted average remaining contractual life of 9.2 years (2009: 9.8 years).

27. Share Option Scheme *(Continued)*

(c) Fair value of share options and assumptions

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

	Date of grant				
	28 January 2008	**20 October 2008**	**12 March 2009**	**23 April 2009**	**12 May 2009**
Fair value of share options and assumptions					
Fair value at measurement date	HK$0.3581	HK$0.0492	HK$0.0751	HK$0.1141	HK$0.1354
Share price	HK$0.700	HK$0.115	HK$0.158	HK$0.1930	HK$0.229
Exercise price	HK$0.7360	HK$0.1332	HK$0.1580	HK$0.1930	HK$0.229
Expected volatility (expressed as weighted average volatility used in the modeling under the Binominal Option Pricing Model)	105.76%	120.90%	130.49%	130.29%	131.31%
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	1.89 years	1.03 years	0.93 years	1 year	1 year
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate (based on government bonds\exchange fund notes)	2.505%	2.634%	1.867%	2.123%	2.189%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

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

28. Financial Instruments

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

(a) Credit risk

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

In respect of trade and other receivables, the Group has a concentration of credit risk as 100% (2009: 100%) of the total trade and other receivables was due from AMA, one trade debtor only of the Group within the investments in gaming and entertainment related business segment. The Group does not obtain collateral from customers. In order to minimize the credit risk, individual credit evaluations are performed on all customers and collaborators requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The management of the Group also reviews the recoverable amount of each individual advance to collaborators at the end of reporting period to ensure that adequate allowance for impairment losses are made for irrecoverable amounts, the continuous profitable business relationship with the collaborators subsequent to the end of the reporting period and the financial background of the relevant collaborators to ascertain the recoverability of the advance to collaborators. As result, the Directors of the Company consider that the Group's exposure to credit risk on trade debtors and advances to collaborators is significantly reduced.

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

(b) Liquidity risk

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

28. Financial Instruments *(Continued)*

(b) Liquidity risk *(Continued)*

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

(i) The Group

	2010					
	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within 1 year or on demand HK$'000**	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**
Promissory note	**(226,726)**	**(339,997)**	**(15,870)**	**(16,980)**	**(58,410)**	**(248,737)**
Borrowings	**(5,000)**	**(5,000)**	**(5,000)**	**—**	**—**	**—**
Trade and other payables	**(108,048)**	**(108,048)**	**(108,048)**	**—**	**—**	**—**
	(339,774)	**(453,045)**	**(128,918)**	**(16,980)**	**(58,410)**	**(248,737)**

	2009					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Promissory note	(906,612)	(1,454,722)	(63,458)	(67,899)	(233,567)	(1,089,798)
Borrowings	(6,600)	(6,925)	(6,925)	—	—	—
Trade and other payables	(140,019)	(140,019)	(140,019)	—	—	—
	(1,053,231)	(1,601,666)	(210,402)	(67,899)	(233,567)	(1,089,798)

28. Financial Instruments *(Continued)*

(b) Liquidity risk *(Continued)*

(ii) The Company

	2010					
	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within 1 year or on demand HK$'000**	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**
Promissory note	**(226,726)**	**(339,997)**	**(15,870)**	**(16,980)**	**(58,410)**	**(248,737)**
Borrowings	**(5,000)**	**(5,000)**	**(5,000)**	**—**	**—**	**—**
Trade and other payables	**(3,052)**	**(3,052)**	**(3,052)**	**—**	**—**	**—**
Amounts due to subsidiaries	**(152,867)**	**(152,867)**	**(152,867)**	**—**	**—**	**—**
	(384,593)	**(500,916)**	**(176,789)**	**(16,980)**	**(58,410)**	**(248,737)**

	2009					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Promissory note	(906,612)	(1,454,722)	(63,458)	(67,899)	(233,567)	(1,089,798)
Borrowings	(6,600)	(6,925)	(6,925)	—	—	—
Trade and other payables	(2,897)	(2,897)	(2,897)	—	—	—
Amounts due to subsidiaries	(77,951)	(77,951)	(77,951)	—	—	—
	(994,060)	(1,542,495)	(151,231)	(67,899)	(233,567)	(1,089,798)

(c) Interest rate risk

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

28. Financial Instruments *(Continued)*

(d) Fair values

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	2010							
	The Group				**The Company**			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Available-for-sale financial assets	—	**121,860**	—	—	—	—	—	—

	2009							
	The Group				The Company			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets	—	2,095,268	—	2,095,268	—	—	—	—

During the year, there were no significant transfers between instruments in Level 1 and Level 2.

(e) Currency risk

The Group does not expect any significant currency risk which might materially affect the Group's result of operations.

29. Disposal of Subsidiaries

On 27 August 2008, the Group entered into a sale agreement to dispose of its entire equity interest in the Profit Goal Group (see note 10). The disposal was completed on 29 September 2008 on which date control of Profit Goal Group passed to the acquirer. The net liabilities of Profit Goal Group at the date of disposal were as follows:

	Profit Goal Group HK$'000
Net liabilities disposed of	1,399
Property, plant and equipment	
Inventories	2,608
Trade and other receivables	5,991
Cash and cash equivalents	1,543
Trade and other payables	(14,401)
Borrowings	(31,487)
Net liabilities disposed of	(34,287)
Waiver of amount due from the Company	(10)
Gain on disposal *(see note 10(a))*	(34,297)
Consideration received (HK$1)	—
Less: Cash disposed of	(1,543)
Net cash outflow arising on disposal	(1,543)

30. Major Non-cash Transaction

(a) During the year ended 31 March 2010, the decrease of fair value change of available-for-sale of financial assets of approximately HK$195,268,000 (2009: increase of HK$3,014,382,000) was directly recognised in fair value reserve.

(b) During the year ended 31 March 2010, the Company granted the loans to promissory note holders of HK$55,000,000 (2009: nil) and paid by AMA on behalf of the Group and by way of settlement of trade receivable of the Group.

(c) During the year ended 31 March 2010, the Company settled the trade payable of approximately HK$32,835,000 to the shareholder of AMA through AMA.

(d) During the year ended 31 March 2010, the Company alloted and issued 1,000,000,000 new shares of an aggregate nominal value of HK$10 million at a subscription price of HK$0.40 per share to Mr. Ng. The subscription price is settled by setting off against the face value of the promissory note held by Mr. Ng in an amount of HK$400,000,000.

(e) During the year ended 31 March 2010, the Company alloted and issued 140,000,000 new shares at a subscription price of HK$0.82 per subscription share to the Subscriber. The subscription price is settled by setting off against the face value of the promissory note in an amount of HK$114,722,000.

31. Commitments

(a) Operating lease commitments

At 31 March 2010, the total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**2,774**	3,258
In the second to fifth year	**—**	2,705
	2,774	5,963

	The Company	
	2010	2009
	HK$'000	HK$'000
Within one year	**2,774**	3,226
In the second to fifth year	**—**	2,705
	2,774	5,931

The Group is the leasee of a number of properties held under operating leases. The leases typically run for an initial period of 3 years. The leases did not include extension options. None of the leases includes contingent rentals.

(b) Save as disclosed in note (a) above, the Group and the Company did not have any other significant capital or financial commitments as at 31 March 2010 and 2009.

32. Contingent Liabilities

At 31 March 2010 and 2009, the Group and the Company did not have any significant contingent liabilities.

33. Material Related Party Transactions

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

(a) Emoluments for key management personnel are the amounts paid to the Company's Directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9.

33. Material Related Party Transactions *(Continued)*

(b) Other related party transactions

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Gross revenue from AMA's junket aggregation business received and receivable from AMA, an ex-director of the Company's subsidiary has a controlling interest*	**—**	163,724
Rental expense charged by Superfaith Corporation Limited, a related company in which a director of the Company's subsidiary has controlling interest	**216**	180
Consultancy fee charged by an ex-director of the Company's subsidiary	**—**	30

* *The directors consider the transaction was not a related party transaction beginning on 1 July 2008 because the director of the Company's subsidiary resigned on 30 June 2008.*

(c) Other related party transactions

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

The outstanding balances arising from the above transactions at the end of the reporting period are as follows:

		The Group	
		2010	2009
	Note	**HK$'000**	HK$'000
Amount due to HK NW Express	*(i)*	**(853)**	(1,653)

Note:

(i) *The amount due to HK NW Express is unsecured, interest-free and has no fixed repayment terms. The amount due to HK NW Express is included in "Trade payables" under "Trade and other payables" (note 23).*

34. Comparative Figures

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

35. Accounting Estimates and Judgements

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

(a) Depreciation and amortisation of property, plant and equipment

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

(b) Amortisation of intangible assets

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

(c) Impairment of property, plant and equipment, prepaid lease payments

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgment relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

35. Accounting Estimates and Judgements *(Continued)*

(d) Impairments of intangible assets

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

(e) Impairments of receivables

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

(f) Impairment of interest in an associate

Impairment losses for interest in an associate is assessed based on an estimation of its recoverable amount of the interest in an associate. The recoverable amount requires the Group to estimate the future cash flows expected to arise from the associate and a suitable discount rate in order to calculate the present value.

In determining whether there is any objective evidence that impairment losses on available-for-sale investment has occurred, the Group assesses periodically whether there has been a significant or prolonged decline in the fair value below its cost or carrying amount, or whether other objective evidence of impairment exists based on the investee's financial conditions and business prospects, including industry environment, change of technology, operating and financing cash flows. This requires a significant level of judgement of management, which would affect the amount of impairment losses.

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

(g) Going concern

As disclosed in note 2(b), the directors of the Company have prepared the financial statements on a going concern basis as they are of the opinion that the Group will be able to generate adequate cash flows from its operations to operate as a going concern. This conclusion is arrived at after reviewing the cash flow forecast prepared by the Group's management, with an assumption of receiving partial trade receivables of HK$30,000,000 in 2010 and continuing financial support from the associate. Any significant deviations from the assumptions adopted by the management in preparing cash flows forecast of the Group would affect the conclusion that the Group is able to continue as going concern.

36. EVENTS AFTER REPORTING PERIOD

On 23 July 2010, the Company and the Holders entered into agreements and the Holders agreed to offset their promissory notes with a face value of HK$150,000,000 with the loans. Details are set out in note 21(d).

37. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the year ended 31 March 2010

The Group and the Company have not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 1 (Revised)	First-time adoption of HKFRSs[1]
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HKAS 24 (Revised)	Related party disclosures (Revised)[5]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 39 (Amendments)	Eligible hedged items[1]
HK (IFRIC)-Int 14 (Amendments)	Prepayments of and Minimum Funding Requirement[5]
HK (IFRIC)-Int 17	Distributions of non-cash assets to owners[1]
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]
HKAS 32 (Amendment)	Classification of rights issue[4]

Notes:

1. *Effective for annual periods beginning on or after 1 July 2009*
2. *Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate*
3. *Effective for annual periods beginning on or after 1 January 2010*
4. *Effective for annual periods beginning on or after 1 February 2010*
5. *Effective for annual periods beginning on or after 1 January 2011*
6. *Effective for annual periods beginning on or after 1 July 2010*
7. *Effective for annual periods beginning on or after 1 January 2013*

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

Five-Year Financial Summary

Results

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER					
Continuing operations	**5,551**	416,094	157,319	5,746	—
Discontinued operations	**—**	25,170	56,511	59,840	81,035
	5,551	441,264	213,830	65,586	81,035
PROFIT/(LOSS) BEFORE TAXATION					
Continuing operations	**(2,477,499)**	48,465	(1,298,014)	(113,529)	—
Discontinued operations	**—**	30,325	6,307	(5,164)	112,942
	(2,477,499)	78,790	(1,291,707)	(118,693)	112,942
INCOME TAX					
Continuing operations	**—**	—	7	(7)	—
Discontinued operations	**—**	—	—	—	—
	—	—	7	(7)	—
PROFIT/(LOSS) FOR THE YEAR					
Continuing operations	**(2,477,499)**	48,465	(1,298,007)	(113,536)	—
Discontinued operations	**—**	30,325	6,307	(5,164)	112,942
	(2,477,499)	78,790	(1,291,700)	(118,700)	112,942

Assets and Liabilities

	At 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**632,406**	3,724,623	6,588,873	2,647,790	2,595,705
TOTAL LIABILITIES	**(339,774)**	(1,053,231)	(945,215)	(887,874)	(817,720)
SHAREHOLDERS' FUNDS	**292,632**	2,671,392	5,643,658	1,759,916	1,777,985

Property Information

Investment Properties

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