



T E M U J I N

# TEMUJIN INTERNATIONAL INVESTMENTS LIMITED

(formerly known as Everest International Investments Limited )  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code:204



Annual Report  
**2008**

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**BOARD OF DIRECTORS****Executive Directors:**

Mr. Chuan Wei Chen

*(Appointed on 1 June 2007)*

Mr. Wang Yaotsu

*(Resigned on 1 June 2007)*

Mr. Chua Wee Ming

*(Resigned on 1 June 2007)*

Ms. Tsuen Tai Chi Andy

*(Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007)*

**Non-executive Directors:**

Ms. Tsuen Tai Chi Andy

*(Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007)*

Ms. Yeh Fang Ching

*(Appointed on 1 June 2007)*

Ms. Wang Annie

*(Resigned on 1 June 2007)*

**Independent non-executive Directors:**

Mr. Li Man Nang

Ms. Fang Tsz Ying

Mr. Jeffrey John Ervine

**COMPANY SECRETARY**

Mr. Chan Chiu Hung Alex

**INVESTMENT MANAGER**

Descartes Global Asset Management Limited

**DIRECTORS OF INVESTMENT MANAGER**

Mr. Chuan Wei Chen

Ms. Yeh Fang Ching

**PRINCIPAL BANKER**

The Hongkong and Shanghai Banking Corporation Limited

**AUDITORS**

HLM & Co.

*Certified Public Accountants*

**LEGAL ADVISERS**

*Hong Kong Law*

Li & Partners

*Cayman Islands Law*

Maples and Calder Asia

**PRINCIPAL REGISTRARS**

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P. O. Box 705  
Grand Cayman  
KY1-1107  
Cayman Islands

**BRANCH REGISTRARS**

Tricor Standard Limited  
26/F Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

**REGISTERED OFFICE**

P. O. Box 309  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

**PRINCIPAL PLACE OF BUSINESS**

Unit 703, 7th Floor  
100 Queen's Road Central  
Hong Kong

**WEBSITE**

<http://www.irasia.com/listco/hk/temujin>

**STOCK CODE**

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**MANAGEMENT DISCUSSION AND ANALYSIS****Results analysis**

Despite there was historical record high for Heng Sang Index in October 2007, the Hong Kong equities market declined attributed to the outburst of the subprime crisis in United States. The environment of the equities market in United States affected by the write-off in subprime securities, the inflation in PRC, the appreciation of RMB and the slowdown of the global economy have set the business environment for the Company in a tough situation. The impact of the above factor towards the Company is far beyond the estimation of the management. Nevertheless, the management are confident that the storm of the equities markets will end up in mid-term and the Company's results would be greatly improved.

For the year ended 31 March 2008, the Company recorded a decrease in revenue from approximately HK\$65,000 to approximately HK\$44,000, representing a decrease of approximately 32%. The loss attributable to shareholders of the Company for the year amounted to approximately HK\$18,920,000 as compared to the loss for last year amounted to approximately HK\$9,496,000. The trading of listed securities for the year ended 31 March 2008 showed a loss of approximately HK\$1,599,000 as compared with a profit of approximately HK\$16,000 recorded the same period last year. As the Hong Kong equities market was affected by the credit crunch and subprime mortgages from the United States, the investment portfolio of the Company recorded an unrealized loss of approximately HK\$2.4 million. During the year, the Company disposed two available-for-sale financial assets and recorded a net realized loss of approximately HK\$8.8 million as compared to last year's of approximately HK\$6.1 million. In aggregate, the Company recorded a net loss attributable to shareholders for the year amounting to approximately HK\$18.9 million, an increase of 199% as compared with the net loss of approximately HK\$9.5 million recorded the same period last year.

**BUSINESS REVIEW****Operating Review**

The operating environment in Hong Kong equity market is volatile recently and it is difficult to identify good investment opportunities with appropriate pricing. The management of the Company, together with the investment manager, will closely monitor the market environment and will make our best effort to grasp any opportunities available to us and to bring the highest return to our shareholders.

The administrative expenses incurred by the Company increased by approximately HK\$2,425,000 compared to that in last year as a result of increase in legal consulting fee and rental expenses. The increase of legal consulting fee was mainly attributable to more advisory services solicited for placing shares transactions. On a per share basis, basic loss per share was HK89.91 cents (2007: HK48.21 cents) and net assets value per share was HK\$0.43 at the balance sheet date (2007: HK\$0.91).

## **FUTURE OUTLOOK**

As a result of declining market sentiments and uncertain economic outlooks, most of the Company's listed share investments has followed the market corrections and recorded a drop in valuation. The Company will closely monitor the market situation and minimize risks accordingly. To ensure a stable return for the shareholders of the Company on a medium to long term basis, the Company will continue to enhance its internal operation efficiency and to allocate more resources on identified undervalued stocks so as to minimize the risk of over concentration by diversifying its investments.

In the year to come, the Company will continue to identify and pursue investment opportunities in Hong Kong, the PRC and other regions. The Company will uphold the existing investment objectives and policies to achieve long-term capital appreciation and growth in profits.

The Board is optimistic in the long-term economic prospect of Hong Kong and China. The management will carefully assess all potential investment to ensure that the risk is under manageable level and at the same time the associate return to the Company is maximized.

## **FINANCIAL RESOURCES**

### **Financial resources and liquidity**

As at 31 March 2008, the Company had current assets of approximately HK\$7,423,000 (2007: approximately HK\$17,442,000) while the net assets amounted to approximately HK\$9,054,000 (2007: approximately HK\$19,174,000). There was no borrowings or bank loan or long term liabilities as at 31 March 2008. As at 31 March 2008, the Company's cash and bank balances amounted to approximately HK\$1,576,000 (2007: approximately HK\$1,209,000).

At 31 March 2008, approximately 24.3% of the value of the Company's investments was in a portfolio of listed shares, approximately 17.7% in unlisted investments and approximately 39.5% in other deposits, while the remaining was in the form of cash.

In terms of liquidity, the current ratio, calculated on the basis of the total current assets over total current liabilities at year-end date was 64.0 (2007: 12.2) and the gearing ratio, calculated on the basis of the total liabilities over total shareholders' fund as at 31 March 2008, was 0.013 (2007: 0.075).



**CAPITAL STRUCTURE**

During the year under review, the Company had insignificant current liabilities while the Company maintained a position with sufficient cash and marketable securities to generate enough fund under the dynamic operating environment.

**CONTINGENT LIABILITIES**

Throughout the year ended 31 March 2008, assets of the Company were free from any form of legal charge. In addition, the Company did not have any contingent liabilities.

**EMPLOYEES**

As at 31 March 2008, the Company has employed 2 employees and the total remuneration paid to staff was approximately HK\$797,000 during the year under review. The employees were remunerated based on their responsibilities and performance.

**APPRECIATION**

The Board would like to take this opportunity to express its gratitude to our former fellow Directors, Company Secretary and Investment Manager for their contribution and support to the Company.

On behalf of the Board of Directors, I wish to express my sincere thanks to the management team and our staff for their continued and dedicated efforts and to all our Investment Manager, bankers and shareholders for their support during the year.

**Tsuen Tai Chi Andy**

*Chairman*

Hong Kong, 24 July 2008

# BIOGRAPHICAL DETAILS OF DIRECTORS OF THE COMPANY AND THE INVESTMENT MANAGER

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## DIRECTORS OF THE COMPANY

The Board comprises the following persons:

### Executive Director

#### Mr. Chuan Wei Chen (“Mr. Chuan”)

Mr. Chuan, aged 32, joined the Company and was appointed as an executive director on 1 June 2007. Mr. Chuan is the Managing Director of Descartes Global Asset Management. He graduated from The University of British Columbia and acted as Financial Consultant for Merrill Lynch before joining eCorpServ Ltd. as Special Assistant to its President in March 2000. Mr. Chuan participated in executive management discussions on corporate strategies including business decision-making in marketing strategies, corporate benchmarking and feasibility studies in various business cases in that position. Mr. Chuan is responsible for identifying investment opportunities and supervising the asset management division.

### Non-executive Directors

#### Ms. Tsuen Tai Chi Andy (“Ms. Tsuen”)

Ms. Tsuen, aged 52, joined the Company and was appointed as chairman of the Company on 15 January 2007 and also appointed as an executive director of the Company on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007. Prior to joining the Company, Ms. Tsuen has been the chairman and a director of EC Capital Ltd., a private investment company that invests in publicly listed stocks, secondary market traded securities, forex and other private equity investments and Ms. Tsuen has been responsible for analyzing the financial, income, cash flow forecasts and reports as well as business profiles for the purpose of investment. Ms. Tsuen is also an executive director and founding member of Akon Global Logistics Pte Ltd., a Singapore-based freight forwarding company, where she is responsible for setting up the business operations, human resource planning, financial planning, client sourcing, client contract negotiations, sourcing of strategic partnerships and strategic business planning.

#### Ms. Yeh Fang Ching (“Ms. Yeh”)

Ms. Yeh, aged 29, joined the Company and was appointed as a non-executive director on 1 June 2007. Ms. Yeh graduated from the University of Washington and is a certified public accountant in the State of Washington, United States of America. Ms. Yeh has been appointed as the Financial Controller of Descartes Asset Management Limited. Prior to acting as Financial Controller of Descartes Asset Management Limited, Ms. Yeh was a Treasury Team Assistant Manager with eCorpServ Ltd. At eCorpServ Ltd., Ms. Yeh assisted in establishing financial models in calculating capital valuation, evaluated and forecasted revenues and expenditures for company budget and researched government and tax regulations of various countries for the establishment of companies overseas. In addition, Ms. Yeh gained extensive experience in analyzing United States equity market whilst with eCorpServ Ltd. Ms. Yeh is responsible for the accounting procedures and also daily operations of the company.



## BIOGRAPHICAL DETAILS OF DIRECTORS OF THE COMPANY AND THE INVESTMENT MANAGER

### **Independent non-executive Directors**

#### **Mr. Li Man Nang (“Mr. Li”)**

Mr. Li, aged 59, was appointed as an independent non-executive director of the Company on 19 October 2003. He was qualified as a Professional Accountant in 1972 with a distinguished result. Between 1965 and 1978, he has worked in the areas of finance, accounting, management and development with a number of listed and multinational companies. Since 1979, he has established a number of companies in the businesses of jewelry, finance, securities, property development and investment and has served as a director for those companies. He is presently a fellow member of The Chartered Institute of Management Accountants, The Association of International Accountants and the Hong Kong Institute of Certified Public Accountants. He also has a distinguished record in public service. He has served as Honorary President, Chairman and Adviser for several organizations.

#### **Ms. Fang Tsz Ying (“Ms. Fang”)**

Ms. Fang, aged 38, was appointed as an independent non-executive director of the Company on 30 September 2004. Ms. Fang is also a director of Bestplace Corporation Limited, a Hong Kong company which has extensive experience in investment properties.

#### **Mr. Jeffery John Ervine (“Mr. Ervine”)**

Mr. Ervine, aged 41, joined the Company and was appointed as an independent non-executive director of the Company on 12 January 2007. Mr. Ervine is a Chartered Public Accountant (US) and graduated from the Pennsylvania State University with a Bachelor of Science in Accounting in 1989 and obtained his MBA from Columbia Business School in May 1997. Mr. Ervine is currently the chief operating officer and managing partner of Ardennes Management, an investment manager in the United States. Mr. Ervine was previously the chief operating and financial officer of Exis Capital Management, Inc., chief financial officer of Carlin Financial Group and Asset Alliance Corporation. Furthermore, Mr. Ervine was a Senior Investment Banking Associate in the Financial Institutions Group at Bear, Stearns & Co. Inc and a manager at Deloitte & Touche LLP in mergers and acquisitions advisory services. Mr. Ervine has over 18 years of experience working in the financial field and has extensive experience in alternative investment products, mergers and acquisitions, taxation, legal and regulatory aspects of business management, strategic planning, human resource and financial management.

# BIOGRAPHICAL DETAILS OF DIRECTORS OF THE COMPANY AND THE INVESTMENT MANAGER

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## **Proposed Executive Director**

### **Mr. Hoo Chuin Hoong (“Mr. Hoo”)**

Mr. Hoo, aged 37, graduated from the University of Pennsylvania (Wharton/SEAS), majoring in Finance, Management and Computer Science. Mr. Hoo has been appointed as the Chief Investment Officer of Temujin Global Asset Management Limited, Hong Kong since March 2008. Prior to acting as Chief Investment Officer of Temujin Global Asset Management Limited, Hong Kong, Mr. Hoo served at Deutsche Bank AG, Hong Kong Branch and JP Morgan Singapore for more than 8 years and 3 years respectively. Mr. Hoo was an Associate Director responsible for trading currencies, fixed income securities and interest and cross currency derivatives in Singapore local market trading. Thereafter, Mr. Hoo serviced in Deutsche Bank AG in various capacities. Mr. Hoo was one of the founding members of Global Credit Trading Asia Group. Further, Mr. Hoo also founded and managed Deutsche Bank’s first multi-strategy proprietary trading book major derivatives products and foreign currencies trading with the focus on Asia excluding Japan. Later, Mr. Hoo joined SABA HK, Deutsche Bank’s non-affiliated asset management group and promoted to the Head Trader and expanded the proprietary trading model to include outside coverage. Finally, Mr. Hoo was promoted to Head of Principal Strategies Asia of SABA Hong Kong, which dissolved into SABA Proprietary Trading and became an affiliate of Deutsche Bank AG. Thereafter, Mr. Hoo worked as Senior Trader before joining Temujin Global Asset Management Limited, Hong Kong. He was also responsible for oversight of compliance, operations and risk management in this unit. In addition, Mr. Hoo gained extensive experience in trading and managing almost every asset classes.

## **Proposed Non-executive Director**

### **Mr. Hao Wei-Chieh (“Mr. Hao”)**

Mr. Hao, aged 31, holds a bachelor degree from the Ta-Yeh University Changhua Taiwan majoring in Business Administration. After his graduation, Mr. Hao joined SinoPac Securities Company Limited as Sales Supervisor which mainly involved in the account services for the clients. Thereafter, Mr. Hao joined Prudential Financial Securities Investment Trust Enterprise Limited as a Project Supervisor and was involved in the formulation of corporate strategies, project financial forecast and negotiation of the contract with its clients. Thereafter, Mr. Hao joined Descartes Finance Limited as the Chief Marketing Officer. Mr. Hao was mainly involved in formulating of business plan, human and financial resources plan and setting up of hedge funds. Starting from January 2008, Mr. Hao served as the Marketing Officer in the Company. Mr. Hao is currently a director of Kinko Optical Company Limited, a company listed on Taiwan Stock Exchange.

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## **Company Secretary**

### **Mr. Chan Chiu Hung Alex (“Mr. Chan”)**

Mr. Chan, aged 42, was appointed as the Company Secretary and Qualified Accountant of the Company on 28 April 2008. He is an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Chan holds a bachelor's degree in Business Administration, major in Finance. Mr. Chan oversees the legal, corporate, accounting and compliance matters of the Group. Mr. Chan has been working with several listed and multinational companies for over 15 years.

## **DIRECTORS OF THE INVESTMENT MANAGER**

The Directors of the Investment Manager are:

### **Chuan Wei Chen (“Mr. Chuan”)**

Mr. Chuan Wei Chen graduated from The University of British Columbia and acted as Financial Consultant for Merrill Lynch before joining eCorpServ Ltd. as Special Assistant to its President in April 2000. Mr. Chuan participated in executive management discussions on corporate strategies including business decision-making in marketing strategies, corporate benchmarking and feasibility studies in various internet businesses. In April 2001, Mr. Chuan co-founded Descartes Finance Limited. Acting as the CEO of Descartes Investment Management Ltd., Mr. Chuan supervises the creation of business plans and determines the human and financial resources planning.

### **Yeh Fang Ching (“Ms Yeh”)**

Ms. Yeh Fang Ching graduated from the University of Washington and is a CPA in the State of Washington, USA. As Chief Financial Officer of Descartes Investment Ltd., Ms. Yeh currently provides business analysis, consultation and strategic planning advices to Descartes. Prior to acting as Chief Financial Officer of Descartes Investment Management Ltd., Ms. Yeh was a Treasury Team Assistant Manager with eCorpServ Taiwan Ltd. At eCorpServ Taiwan Ltd., Ms. Yeh assisted in establishing financial models in calculating capital valuation, evaluated and forecasted revenues and expenditures for company budget and researched government and tax regulations of various countries for the establishment of companies overseas. In addition, Ms. Yeh gained extensive experience in analyzing US equity market with Tyee Asset Strategy Inc. in United States.

The directors present their annual report and the audited financial statements of Temujin International Investments Limited (the "Company") for the year ended 31 March 2008.

## **PRINCIPAL ACTIVITIES**

The Company is engaged in investment holding for medium to long-term capital appreciation purposes, and in trading of listed securities. There have been no significant changes in the nature of the Company's principal activities during the year.

## **RESULTS AND APPROPRIATIONS**

The results of the Company for the year ended 31 March 2008 are set out in the income statement on page 28 of the financial statements.

The directors do not recommend the payment of a dividend for the year.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in property, plant and equipment during the year are set out in note 13 to the financial statements.

## **SHARE CAPITAL**

Details of the authorised and issued share capital of the Company are set out in note 18 to the financial statements.

## **RESERVES**

Details of the movements in the reserves of the Company during the year are set out in the statement of changes in equity of the Company on page 64 and in note 19 to the financial statements.

## **DISTRIBUTABLE RESERVES**

Pursuant to Section 34 of the Companies Law (Revised) of the Cayman Islands and the Articles of Association of the Company (the "Articles"), the Company's share premium account is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles. As at 31 March 2008, in the opinion of the Directors, the Company's reserves available for distribution to shareholders, comprising share premium account and investment revaluation reserve, less accumulated losses, amounted to approximately HK\$4,845,000 (2007: approximately HK\$14,965,000).

**MAJOR CUSTOMERS AND SUPPLIERS**

As the Company is engaged in investment holding for medium to long-term capital appreciation purposes, and in trading of listed securities, there are no major customers and suppliers during the year.

**FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Company for the last five financial years is set out on page 68. This summary does not form part of the audited financial statements.

**DIRECTORS**

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

**Executive Directors:**

Mr. Chuan Wei Chen	(Appointed on 1 June 2007)
Mr. Wang Yaotsu	(Resigned on 1 June 2007)
Mr. Chua Wee Ming	(Resigned on 1 June 2007)
Ms. Tsuen Tai Chi Andy	(Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007)

**Non-executive Directors:**

Ms. Tsuen Tai Chi Andy	(Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007)
Ms. Yeh Fang Ching	(Appointed on 1 June 2007)
Ms. Wang Annie	(Resigned on 1 June 2007)

**Independent non-executive Directors:**

Mr. Li Man Nang
Ms. Fang Tsz Ying
Mr. Jeffrey John Ervine

The Board has been informed by Mr. Chuan Wei Chen and Ms. Yeh Fang Ching that each of themselves will not offer for re-election as Director at the annual general meeting. The Board also proposes the appointment of Mr. Hoo Chuin Hoong and Mr. Hao Wei-Chieh as executive Director and non-executive Director at the general meeting.

The term of office of each of the non-executive directors is the period up to her retirement by rotation in accordance with the Company's Articles of Association.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company (the "Directors") and the senior management of the Company are set out on pages 7 to 10 of the annual report.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2008, the interests of the directors, the chief executives and their associates, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were 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 or short positions which were taken or deemed to have under such provisions of the SFO) or, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies, were as follows:

#### Long positions

Ordinary shares of HK\$0.20 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Tsuen Tai Chi Andy	Held by controlled corporation ( <i>Note</i> )	3,528,400	16.8%

*Notes:* Ms. Tsuen Tai Chi Andy beneficially owns the entire issued share capital of EC Capital Limited. EC Capital Limited in turn owns 3,528,400 ordinary Shares in the Company

Save as disclosed above, none of the directors, the chief executive and their associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as at 31 March 2008.



### SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, other than the interests of certain directors as disclosed under the section headed “Directors’ and chief executives’ interests in shares” above, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follow:

#### Long positions

Ordinary shares of HK\$0.20 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Wang Annie	Beneficial owner (Note 1)	3,914,500	18.6%
EC Capital Limited (“EC Capital”)	Beneficial owner (Note 2)	3,528,400	16.8%
Ms. Tsuen Tai Chi Andy	Held by controlled corporation (Note 2)	3,528,400	16.8%
Key Mark Investments Limited (“Key Mark”)	Beneficial owner (Note 3)	2,958,800	14.1%
Ms. Kwok Kit Ping	Held by controlled corporation (Note 3)	2,958,800	14.1%
Ms. Yang GuoHua	Beneficial owner (Note 4)	2,465,600	11.7%

**SUBSTANTIAL SHAREHOLDERS** *(continued)*

Notes:

1. Ms. Annie Wang does not hold any position within the Company and is regarded as a connected person (as defined in the Listing Rules) of the Company by virtue of her being a substantial shareholder of the Company).
2. Ms. Tsuen Tai Chi Andy beneficially owns the entire issued share capital of EC Capital. EC Capital in turn owns 3,528,400 ordinary Shares in the Company.
3. Ms. Kwok Kit Ping beneficially owns the entire issued share capital of Key Mark. Key Mark in turn owns 2,958,800 ordinary shares of the Company. Ms. Kwok Kit Ping does not hold any position within the Company, each of Ms. Kwok Kit Ping and Key Mark is regarded as a connected person (as defined in the Listing Rules) of the Company by virtue of their being a substantial shareholder of the Company.
4. Ms. Yang GuoHua does not hold any position within the Company and is regarded as a connected person (as defined in the Listing Rules) of the Company by virtue of her being a substantial shareholder of the Company.

Save as disclosed above, as at 31 March 2008, the directors of the Company were not aware of any other person (other than the directors of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from as disclosed under the heading "Directors' and chief executives' interests in shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or its subsidiary a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

**DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED PARTY TRANSACTIONS**

No Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Company to which was a party during or at the end of the year.

**DIRECTORS' SERVICE CONTRACTS**

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

**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.

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

During the year, the Company had not purchased, sold or redeemed any of the Company's listed shares.

**PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

**PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

**AUDIT COMMITTEE**

The Company set up an audit committee (the "Committee") with written terms of reference in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Company. The Committee comprises three independent non-executive directors of the Company, namely Mr. Li Man Nang, Mr. Jeffrey John Ervine and Ms. Fang Tsz Ying. The financial statements of the Company for the year ended 31 March 2008 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## **CORPORATE GOVERNANCE**

With the consent of the Committee, the Board hereby confirms that, in the preparation of the 2008 financial statements of the Company, the Directors, both collectively and individually, applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

A report on the principle corporate governance practices adopted by the Company is set out on pages 18 to 25 of the annual report.

## **AUDITORS**

The financial statements for the years ended 31 March 2006, 31 March 2007 and the current year were audited by HLM & Co. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Chuan Wei Chen**

*Director*

Hong Kong, 22 July 2008

### **CORPORATE GOVERNANCE PRACTICES**

Following the issue of the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has carefully reviewed and considered its Provisions, and carried out a detailed analysis on the corporate governance practices of the Company which against the requirements of the Code.

Throughout the financial year ended 31 March 2008, except for the following requirement that deviate from the Code is the non-executive Directors is not appointed for a specified term but is subject to the provision for retirement and rotation of Directors under the Company's Articles of Association (the "Articles"), the Company has complied with all code provisions on the Code. The Company continues to improve its corporate governance and believes that good corporate governance will bring long-term benefits to its shareholders.

### **DIRECTOR'S SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all the directors have complied with the required standard set out in the Model Code throughout the year.

### **BOARD OF DIRECTORS**

#### **Composition**

As at the date of this report, the Board comprises of six Directors including one executive Director, two non-executive Directors, and three independent non-executive Directors.

The Board is responsible for the leadership and control of the Company and oversees the Company's businesses, investment and strategic decisions and performance. The Investment Manager, Executive Board, and senior management have been delegated with the authority and responsibility by the Board for the day-to-day operations of the Company while reserving certain key matters for the approval by the Board. In addition, the Board has also delegated various responsibilities to the Board Committees. Further details of these Board Committees are set out in this report.

**BOARD OF DIRECTORS** *(continued)***Executive Directors:**

Mr. Chuan Wei Chen	(Appointed on 1 June 2007)
Mr. Wang Yaotsu	(Resigned on 1 June 2007)
Mr. Chua Wee Ming	(Resigned on 1 June 2007)
Ms. Tsuen Tai Chi Andy	(Appointed as chairman of the Company on 15 January 2007 and as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007)

**Non-executive Directors:**

Ms. Tsuen Tai Chi Andy	(Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007)
Ms. Yeh Fang Ching	(Appointed on 1 June 2007)
Ms. Wang Annie	(Resigned on 1 June 2007)

**Independent non-executive Directors:**

Mr. Li Man Nang
Ms. Fang Tsz Ying
Mr. Jeffrey John Ervine

Save for the fact that Ms. Tsuen Tai Chi Andy is also a substantial shareholder of the Company, the Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board and has met recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical information of the Directors are set out on pages 7 to 10 under the section headed "Biographical Details of Directors of the Company and the Investment Manager".



**BOARD OF DIRECTORS** *(continued)***Chairman**

The role of the chairman of the Company takes the lead in formulating overall strategies and policies of the Company; ensures the effective performance by the Board of its functions, including compliance with good corporate governance practices and encourages and facilitates active contribution of directors in Board activities. She also ensures that all Directors are properly briefed on issues arising at Board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

**Executive Directors**

The executive Directors are responsible for running the Company and executing the strategies adopted by the Board. They lead the Company's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and the Company's business conforms to applicable laws and regulations.

**Non-executive Directors and independent non-executive Directors**

The non-executive Directors and the independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participations provide adequate checks and balances to safeguard the interests of the Company and its shareholders. The Board consists of three independent non-executive Directors and two of them have appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the independent non-executive Directors a confirmation of independence for the year pursuant to Rule 3.13 of the Listing Rules. On this basis, the Company considers all such Directors to be independent.

**BOARD OF DIRECTORS** *(continued)***Board Meetings**

During the financial year ended 31 March 2008, the Board held 26 regular/special Board meetings. The attendance of each member at the Board meetings is set out below:

<b>Name</b>	<b>Number of meetings attended/Total</b>
<b>Executive Directors:</b>	
Mr. Chuan Wei Chen	(Appointed on 1 June 2007) 29/30
Mr. Wang Yaotsu	(Resigned on 1 June 2007) 0/1
Mr. Chua Wee Ming	(Resigned on 1 June 2007) 0/1
Ms. Tsuen Tai Chi Andy	(Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007) 30/31
<b>Non-executive Directors:</b>	
Ms. Tsuen Tai Chi Andy	(Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007) 30/31
Ms. Yeh Fang Ching	(Appointed on 1 June 2007) 28/29
<b>Independent non-executive Directors:</b>	
Mr. Li Man Nang	19/31
Ms. Fang Tsz Ying	3/31
Mr. Jeffrey John Ervine	18/31

**BOARD OF DIRECTORS** *(continued)*

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

**CORPORATE GOVERNANCE**

During the year, the Company was in compliance with the CG Code, except for the deviation from the requirement of code provision A4.1

Under the Code Provision A4.1, non-executive directors should be appointed for specific terms, subject to re-election at the general meeting of the Company. Currently, all the Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the forthcoming annual general meeting in accordance with the Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than in the Code.

**AUDIT COMMITTEE**

The audit committee (the "Committee") has been established by the Board. The Committee currently comprises three independent non-executive Directors. The Committee will meet at least twice a year. The Committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board in the appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

During the year, the Committee held 2 meetings. Details of attendance are set out below:

<b>Members</b>	<b>Number of meetings attended/Total</b>
<b>Independent non-executive Directors:</b>	
Mr. Li Man Nang ( <i>Chairman</i> )	2/2
Mr. Jeffrey John Ervine	2/2
Ms. Fang Tsz Ying	1/2

### REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 20 February 2006 which consists of one non-executor Director and two independent non-executive Directors.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy for Directors, senior management, and investment manager and overseeing the remuneration packages of the executive Directors, senior management, and investment manager.

During the year, the Remuneration Committee held 1 meeting to discuss about the remuneration package of Directors, qualified accountant, and investment manager. Details of attendance are set out below:

<b>Members</b>	<b>Number of meetings attended/Total</b>
<b>Non-executive Director:</b>	
Ms. Tsuen Tai Chi Andy	1/1
<b>Independent non-executive Directors:</b>	
Mr. Li Man Nang	1/1
Mr. Jeffrey John Ervine	1/1

### NOMINATION COMMITTEE

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the investment business and/or other professional areas.

Furthermore, as the full Board is responsible for the selection and approval of candidate for appointment as Director to the Board, therefore the Company has not established a Nomination Committee for the time being.

**DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

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

The statements of the auditors of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 26 to 27 of this annual report.

**INTERNAL CONTROL**

The Board has overall responsibilities for maintaining sound and effective internal control system in the Company. The Board has delegated to the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. An Audit Committee composites member of the management was established for conducting a review of the internal control of the Company which cover the material controls including financial, operational and compliance controls and risk management functions. Procedures have been set up, inter alia, for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. The management throughout the Company maintains and monitors the internal control system on an ongoing basis.

### AUDITORS' REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by the Company's auditors, HLM & Co., is set out below:

<b>Services rendered</b>	<b>Fee paid/payable</b> HK\$'000
Audit services	135
Non-audit services	–

### INVESTOR RELATIONS

During the year under review, the Company has proactively enhanced its corporate transparency and communications with its shareholders and the investment community through its mandatory interim and final reports announcement. Through the timely distribution of press releases, the Company has also kept the public abreast of its latest developments.

### COMMUNICATION WITH SHAREHOLDERS

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman as well as Chairman of the Audit and Remuneration Committees and members of the Committees are pleased to answer shareholders' questions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual directors. Details of poll voting procedures and the rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the annual report. The circular also includes relevant details of proposed resolutions, including biographies of each candidates standing for re-election. The results of the poll are published in the newspapers, on the Company's website (<http://www.irasia.com/listco/hk/temujin>), and on the website of The Stock Exchange of Hong Kong Limited, (<http://www.hkex.com.hk>).



恒健會計師行  
**HLM & Co.**  
Certified Public Accountants

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Email 電郵: hlm@hlm.com.hk

**TO THE SHAREHOLDERS OF TEMUJIN INTERNATIONAL INVESTMENTS LIMITED  
(FORMERLY KNOWN AS EVEREST INTERNATIONAL INVESTMENTS LIMITED)**

*(incorporated in the Cayman Islands with limited liability)*

We have audited the financial statements of Temujin International Investments Limited (the "Company") set out on pages 28 to 67, which comprise the balance sheet as at 31 March 2008, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement 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 and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

### **OPINION**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2008 and of the Company's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **HLM & Co.**

*Certified Public Accountants*

Hong Kong, 22 July 2008

For the year ended 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (Consolidated) (Restated)
Revenue	7	44	65
Net realised (loss)/gain on disposal of financial assets at fair value through profit or loss		(1,599)	16
Net realised loss on disposal of available-for-sale financial assets		(8,786)	(6,113)
Gain on disposal of the subsidiary		–	20
Net unrealised loss on financial assets at fair value through profit or loss		(2,417)	–
Other revenue		300	644
Administrative expenses	9	(6,453)	(4,028)
Finance cost – interest on borrowings wholly repayable with five years		(9)	–
<b>Loss before taxation</b>		<b>(18,920)</b>	(9,396)
Taxation	10	–	(100)
<b>Loss attributable to shareholders</b>		<b>(18,920)</b>	(9,496)
Loss per share	11		
– Basic		<b>(89.91) cents</b>	(48.21) cents

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

As at 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	123	214
Available-for-sale financial assets	14	1,624	2,841
Long term receivables		–	108
		<u>1,747</u>	<u>3,163</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	15	2,229	–
Other receivables, deposits and prepayments	16	3,618	16,233
Bank and cash balances	17	1,576	1,209
		<u>7,423</u>	<u>17,442</u>
<b>Current liabilities</b>			
Other payables and accrued charges		116	1,431
		<u>7,307</u>	<u>16,011</u>
<b>Net current assets</b>			
		<u>9,054</u>	<u>19,174</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Share capital	18	4,209	4,209
Reserves	19	4,845	14,965
<b>Shareholders' funds</b>			
		<u>9,054</u>	<u>19,174</u>
<b>Net asset value per share</b>	20	<u>HK\$0.43</u>	<u>HK\$0.91</u>

The financial statements on pages 28 to 67 were approved and authorised for issue by the Board of Directors on 22 July 2008 and are signed on its behalf by:

**Chuan Wei Chen**  
DIRECTOR

**Yeh Fang Ching**  
DIRECTOR

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Share capital	Share premium	Investment revaluation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2006	3,551	78,099	(12,802)	(47,755)	21,093
Changes in fair value of available-for-sale financial assets	–	–	(1,608)	–	(1,608)
Loss realised on disposals of available-for-sale financial assets	–	–	5,242	–	5,242
Issue of shares for cash by placing	658	1,746	–	–	2,404
Loss for the year	–	–	–	(7,957)	(7,957)
At 31 March 2007	4,209	79,845	(9,168)	(55,712)	19,174
Changes in fair value of available-for-sale financial assets	–	–	52	–	52
Loss realised on disposals of available-for-sale financial assets	–	–	8,748	–	8,748
Loss for the year	–	–	–	(18,920)	(18,920)
<b>At 31 March 2008</b>	<b>4,209</b>	<b>79,845</b>	<b>(368)</b>	<b>(74,632)</b>	<b>9,054</b>

# CASH FLOW STATEMENT

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For the year ended 31 March 2008

	2008 HK\$'000	2007 HK\$'000 (Consolidated)
<b>OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>(18,920)</b>	(9,396)
Adjustments for:		
Interest income	(44)	(66)
Interest expense	9	–
Depreciation	95	148
Loss on disposal of property, plant and equipment	132	–
Unrealised loss on financial assets at fair value through profit or loss	2,417	–
Gain on disposal of the subsidiary	–	(20)
Realised loss/(gain) on disposal of financial assets at fair value through profit or loss	1,599	(16)
Loss on disposal of available-for-sale financial assets	8,786	6,146
	<hr/>	<hr/>
<b>Operating cash flow before movement in working capital</b>	<b>(5,926)</b>	(3,204)
Decrease/(increase) in long term receivables	108	(31)
Decrease in deposits paid for the acquisition of available-for-sale financial assets	–	9,500
Decrease/(increase) in other receivables, deposits and prepayments	12,615	(9,898)
(Decrease)/increase in other payables and accrued charges	(1,315)	523
	<hr/>	<hr/>
<b>Cash generated from/(used in) operations</b>	<b>5,482</b>	(3,110)
Interest received	44	34
Interest paid	(9)	–
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>5,517</b>	(3,076)
	<hr/>	<hr/>

For the year ended 31 March 2008

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
		(Consolidated)
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of financial assets at fair value through profit or loss	<b>15,839</b>	51
Proceeds on disposal of available-for-sale financial assets	<b>1,622</b>	1,585
Acquisition of financial assets at fair value through profit or loss	<b>(22,084)</b>	–
Acquisition of available-for-sale financial assets	<b>(391)</b>	–
Purchases of property, plant and equipment	<b>(136)</b>	(200)
	<hr/>	<hr/>
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(5,150)</b>	1,436
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from issue of shares	–	2,404
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	–	2,404
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>367</b>	764
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,209</b>	445
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,576</b>	1,209
	<hr/> <hr/>	<hr/> <hr/>

## 1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on 25 March 1998. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 12 December 2000. Its registered office is located at P.O. Box 309, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands and its principal office in Hong Kong is at Unit 703, 7th Floor, 100 Queen's Road Central, Hong Kong.

The Company is principally engaged in investment holding in Hong Kong and the Mainland China.

The financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company had disposed of its subsidiary in the prior financial year, and the Company does not have any subsidiary in the current financial year. Accordingly, the comparative figures presented represent consolidated financial statements of the Group for the year ended 31 March 2007.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions

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



## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

The Company has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>3</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards amendments or interpretations will have no material impact on the results and the financial position of the Company.

### 3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with HKFRSs. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. A subsidiary is an entity in which the Company, directly or indirectly, has control.

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

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

In the Company's balance sheet, the investment in a subsidiary is stated at cost less provision for impairment losses.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(b) Revenue recognition**

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is measured at fair value of the consideration received or receivable and recognised in the profit or loss as follows:

*Dividends*

Dividend income is recognised when the shareholder's right to receive payment is established.

*Interest income*

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

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates:

Computer equipment	20%
Furniture and fixture	20%
Leasehold improvement	25%
Office equipment	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(d) Impairment of tangible and intangible assets other than goodwill**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that accounting standard.

**(e) Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

The Company's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(e) Financial instruments** *(continued)**Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designed as at FVTPL, of which interest income is included in net gains or losses.

*Financial assets at fair value through profit or loss*

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(e) Financial instruments** *(continued)**Financial assets at fair value through profit or loss (continued)*

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

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

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(e) Financial instruments** *(continued)**Available-for-sale financial assets (continued)*

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

*Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(e) Financial instruments** *(continued)**Impairment of financial assets (continued)*

For financial assets carried at cost, the amount of 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 current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, where the carrying amount is reduced through the use of an allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

*Financial liabilities and equity instruments*

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Company's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.



**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(e) Financial instruments** *(continued)**Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(e) Financial instruments** *(continued)**Financial liabilities at fair value through profit or loss (continued)*

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

**(f) Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, short-term, highly liquid investments that are readily convertible to cash and with a maturity of three months or less from date of investment, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(g) Provisions**

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

**(h) Employee benefits***(i) Employee leaves entitlements*

Employee entitlements to annual leave and long service leave are recognised when they are accrued to employees. A provision is made for estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

*(ii) Pension obligations*

The Company contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefits scheme contributions charged to the income statement represent contribution payable by the Company to the scheme.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(i) Foreign currency translation**

In preparing the financial statements of the entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity. For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated into the presentation currency of the Company (Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(j) Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**(k) Taxation**

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

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

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

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

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

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(l) Operating lease**

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases.

Payments made under operating leases are recognised on straight-line basis over the relevant lease term.

**(m) Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as provision.

A contingent asset is a possible asset that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

**3. PRINCIPAL ACCOUNTING POLICIES** *(continued)***(n) Segment reporting**

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

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

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

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

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **Estimated impairment of available-for-sale financial assets**

The Company follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. Where the final outcome of these matters is different from the management's estimates and judgements, such differences will impact the income statement and carrying value of investment revaluation reserve in the period in which such determination is made. Based on the Company's estimation, no impairment loss on available-for-sale financial assets (2007: HK\$nil) has been recognised during the year.

##### **Depreciation and amortisation**

The Company depreciates the property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's property, plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

##### **Allowance for bad and doubtful debts**

The Company's provision policy for bad and doubtful debts is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.



## 5. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus debt.

As at 31 March 2008 and 2007, the Company has no bank borrowings and, accordingly, the gearing ratio for both years is 0%.

## 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's major financial instruments include equity investments, other receivables and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Company to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

### Cash flow and fair value interest rate risk

Except for the cash and cash equivalents which carry floating interest rate, the Company has no significant interest-bearing assets. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

Assuming the balance as 31 March 2008 was the amount for the whole year, if the interest rate was 50 basis points higher or lower and all other variables were held constant, the Company's loss for the year ended 31 March 2008 would increase or decrease by HK\$7,881 (2007: HK\$6,018).

**6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)***Foreign exchange risk**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The exposure to fluctuations in exchange rate of HK\$ is considered to be insignificant. The Company is mainly exposed to fluctuation in exchange rate of Renminbi ("RMB") against HK\$. If HK\$ strengthened or weakened by 5% against RMB and all other variables were held constant, the Company's loss for the year ended 31 March 2008 would decrease or increase by approximately HK\$83,554 (2007: decrease or increase by approximately HK\$56,228) and the Company's investment revaluation reserve would decrease or increase by approximately HK\$83,554 (2007: decrease or increase by approximately HK\$56,228).

**Price risk**

The Company is exposed to financial assets price risks as investments held by the Company are classified on the balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. To manage its price risk arising from investments in financial assets, the Company diversifies its portfolio.

If the financial assets price of the respective investments held by the Company as available-for-sale financial assets and financial assets at fair value through profit or loss were higher or lower by 5% as at 31 March 2008, the Company's investment revaluation reserve and loss for the year would increase or decrease by HK\$111,460 (2007: HK \$nil).

**Credit risk**

The Company has no significant concentrations of credit risk. It has policies in place to ensure that money lending transactions are made to borrowers with an appropriate credit history. The Company has policies that limit the amount of credit exposure to any borrower.

The carrying amounts of deposits and receivables included in the balance sheet represent the Company's maximum exposure to credit risk in relation to its financial assets. The Company considers that adequate provision for unrecoverable other receivables has been made in the relevant accounting period after considering the Company's experience in collection of other receivables.

Year ended 31 March 2008

**6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)***Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and financial assets and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping sufficient cash and marketable securities.

The Company considers that the exposure to liquidity risk is insignificant as the Company does not have any material current liabilities.

**Fair value**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale financial assets) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques, such as estimated discounted cash flows. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying values of the Company's cash and cash equivalents, other receivables and other payables approximate their fair values due to their short maturities.

**7. REVENUE**

An analysis of revenue is as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000 (Restated)
Interest income from financial institutions	<b>29</b>	34
Interest income from available-for-sale financial assets	<b>15</b>	30
Dividend income from financial assets at fair value through profit or loss	—	1
	<hr/>	<hr/>
	<b>44</b>	65
	<hr/> <hr/>	<hr/> <hr/>

## 8. SEGMENT INFORMATION

During the years ended 31 March 2008 and 2007 respectively, the Company's turnover and net losses were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Company's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses. The Company's segment assets and liabilities for the year, analysed by geographical market, are as follows:

	Hong Kong, SAR		PRC (not including Hong Kong, SAR)		Total	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
<b>ASSETS AND LIABILITIES</b>						
Assets						
Segment assets	<u>123</u>	<u>1,874</u>	<u>4,581</u>	<u>16,681</u>	<u>4,704</u>	<u>18,555</u>
Unallocated corporate assets					<u>4,466</u>	<u>2,050</u>
Total assets					<u>9,170</u>	<u>20,605</u>
<b>LIABILITIES</b>						
Unallocated corporate liabilities and total liabilities					<u>116</u>	<u>1,431</u>
Other information:						
Capital additions	-	200	-	200	-	200
Depreciation	<u>95</u>	<u>148</u>	<u>95</u>	<u>148</u>	<u>95</u>	<u>148</u>

Year ended 31 March 2008

## 9. ADMINISTRATIVE EXPENSES

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Directors' remunerations		
Fees	<b>185</b>	110
Other remunerations	–	550
Provident fund contributions	–	9
	<hr/>	<hr/>
Total directors' remunerations	<b>185</b>	669
	<hr/>	<hr/>
Staff costs		
Salaries	<b>783</b>	608
Provident fund contributions	<b>14</b>	21
Other benefits	–	–
	<hr/>	<hr/>
Total staff costs (excluding directors' remunerations)	<b>797</b>	629
	<hr/>	<hr/>
Auditors' remuneration	<b>135</b>	110
Annual listing fee	<b>145</b>	145
Depreciation	<b>95</b>	148
Investment manager's fee	–	200
Legal and professional fees	<b>1,266</b>	372
Rent and rates	<b>1,365</b>	664
Travel and entertainment	<b>15</b>	170
Other administrative expenses	<b>2,450</b>	921
	<hr/>	<hr/>
	<b>5,471</b>	2,730
	<hr/>	<hr/>
	<b>6,453</b>	4,028
	<hr/> <hr/>	<hr/> <hr/>

## 10. TAXATION

No provision for Hong Kong profits tax is required since the Company has no assessable profit for the year (2007: HK\$100,000).

The charge for the year can be reconciled to the loss per income statement as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Loss before taxation	<b>(18,920)</b>	(9,396)
Tax at the domestic income tax rate of 17.5%	<b>(3,311)</b>	(1,644)
Tax effect of expenses that are not deductible in determining taxable profit, net	<b>1,561</b>	1,127
Tax effect of non-taxable revenues	<b>(57)</b>	(9)
Tax effect of tax losses not recognised	<b>1,843</b>	535
Tax effect on temporary differences not recognised	<b>(36)</b>	(9)
Underprovision in prior years	-	100
Taxation charge	-	100

At the balance sheet date, the Company had unused tax losses of approximately HK\$19,531,000 (2007: approximately HK\$8,997,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams.

## 11. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Loss for the purposes of basic loss per share	<b>18,920</b>	9,496
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	<b>21,042,300</b>	19,699,463

No diluted loss per share has been presented as there were no dilutive potential shares for the years ended 31 March 2007 and 2008.

Year ended 31 March 2008

**12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS****(a) Directors**

The aggregate amounts of emoluments payable by the Company during the years are as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Fees		
Executive directors	<b>25</b>	550
Non-executive directors	<b>50</b>	–
Independent non-executive directors	<b>110</b>	110
	<hr/>	<hr/>
	<b>185</b>	660
Other emoluments		
Basic salaries and other benefits	–	9
	<hr/>	<hr/>
	<b>185</b>	669
	<hr/> <hr/>	<hr/> <hr/>

The emoluments of each of the directors fell within the remuneration band of HK\$ Nil to HK\$1,000,000.

No directors waived any emoluments and no emoluments were paid to the directors as inducement to join or upon joining the Company or as compensation for loss of office during the year (2007: Nil).

## 12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

### (a) Directors (continued)

The emoluments paid or payable to each of the six (2007: three) directors were as follows:

	Fees			2008	2007
	Executive directors	Non-executive directors	Independent non-executive directors	Total emoluments	Total emoluments
	HK\$'000	HK'000	HK\$'000	HK\$'000	HK\$'000
Chuan Wei Chen (note 1)	25	–	–	25	–
Li Man Nang	–	–	60	60	60
Jeffrey John Irvine	–	–	25	25	–
Fang Tsz Ying (note 2)	–	–	25	25	–
Tsuen Tai Chi Andy (note 3)	–	25	–	25	–
Wang Chun Lin (note 4)	–	–	–	–	559
Wang Tianye (note 4)	–	–	–	–	50
Yeh Fang Ching (note 1)	–	25	–	25	–
<b>Total</b>	<b>25</b>	<b>50</b>	<b>110</b>	<b>185</b>	<b>669</b>

#### Notes:

1. Appointed on 1 June 2007
2. Appointed on 30 September 2007
3. Appointed as chairman of the Company on 15 January 2007 and appointed as executive director on 12 January 2007 and re-designated from executive director to non-executive director on 1 June 2007
4. Resigned on 15 January 2007



Year ended 31 March 2008

**12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS** *(continued)***(b) Five highest paid individuals' emoluments**

The emoluments of the five highest paid individuals (2007: three, and one Director whose remuneration is set out in (a) above) were as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	<b>643</b>	599
Pension scheme contributions	<b>11</b>	21
	<hr/>	<hr/>
	<b>654</b>	620
	<hr/> <hr/>	<hr/> <hr/>

The emoluments of each of all the five highest paid employees fall within the HK\$Nil – HK\$1,000,000 band.

There was no arrangement under which any of the five (2007: four) highest paid employees waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Company to any of the directors or the highest paid employees as an inducement to join or upon joining the Company, or as compensation for loss of office.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Furniture and fixtures	Office equipment	Computer equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>					
At 1 April 2006	566	167	47	117	897
Additions	198	–	–	2	200
Disposals	(566)	–	–	–	(566)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	198	167	47	119	531
Additions	–	–	–	136	136
Disposals	(198)	–	–	–	(198)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	–	167	47	255	469
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1 April 2006	514	113	32	76	735
Charge for the year	81	33	10	24	148
Write back on disposals	(566)	–	–	–	(566)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	29	146	42	100	317
Charge for the year	37	21	3	34	95
Write back on disposals	(66)	–	–	–	(66)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	–	167	45	134	346
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>					
At 31 March 2008	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	–	–	2	121	123
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	169	21	5	19	214
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Year ended 31 March 2008

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008 HK\$'000	2007 HK\$'000
Equity securities listed in Hong Kong, at cost	–	7,328
Fair value change	–	(7,208)
	<hr/>	<hr/>
Fair value at 31 March	–	120
	<hr/>	<hr/>
Unlisted equity securities, at cost	1,991	1,600
Fair value change	(367)	(419)
	<hr/>	<hr/>
Fair value at 31 March	1,624	1,181
	<hr/>	<hr/>
Unlisted convertible bonds	–	3,080
Fair value change	–	(1,540)
	<hr/>	<hr/>
Fair value at 31 March	–	1,540
	<hr/>	<hr/>
	<b>1,624</b>	<b>2,841</b>
	<hr/> <hr/>	<hr/> <hr/>

Particulars of available-for-sale financial assets are as follows:

Name of investee company	Place of incorporation	Percentage of interest held	Unlisted equity securities, at cost		Fair value adjustment		Carrying value	
			2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
上海恆勝生物醫藥有限公司(“上海恆勝”)	The People's Republic of China (“PRC”)	5%	1,991	1,600	(367)	(419)	1,624	1,181
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

上海恆勝 is principally engaged in the development of medical products in the PRC. The net book value of 上海恆勝 as at 31 March 2008 is approximately RMB29,014,000. No dividend was received or receivable during the year.

Year ended 31 March 2008

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008 HK\$'000	2007 HK\$'000
Financial assets at fair value through profit or loss:		
Listed in Hong Kong, at cost	4,646	–
Unrealised loss recognised in income statement	(2,417)	–
	<u>2,229</u>	<u>–</u>
Market value at 31 March	<u>2,229</u>	<u>–</u>

Particulars of the financial assets as at 31 March 2008 are as follows:

Name of Investee company	Place of incorporation	Number of shares held	Percentage of interest held	Cost	Accumulated unrealised gain/(loss)	Market value
				HK\$'000	HK\$'000	HK\$'000
Poly Investment Holdings Limited ("Poly Investment") (note a)	Hong Kong	3,360,000	Less than 0.01%	3,565	(2,406)	1,159
China Railway Construction Corporation Limited ("China Railway") (note b)	The People's Republic of China	100,000	Less than 0.01%	1,081	(11)	1,070

Notes:

A brief description of the business and financial information of the listed investee companies, based on their latest published annual reports are as follows:

- (a) Poly Investment is principally engaged in the provision of investment holding, securities brokerage, financial services, property management and trading of iron ore. The audited consolidated profit attributable to shareholders of Poly Investment for the year ended 31 December 2007 was approximately HK\$75 million (2006: approximately loss HK\$238 million). At 31 December 2007 the audited consolidated net asset value of the Poly Investment was approximately HK\$975 million (2006: approximately HK\$263 million). No dividend was received during the year (2006: NIL).
- (b) China Railway are principally engaged in construction operations, survey, design and consultancy operations, manufacturing operations, real estate development, capital investment operations, provision of logistics services, etc. The audited consolidated profit attributable to shareholders of China Railway for the year ended 31 December 2007 was approximately RMB2,301 million (2006: approximately RMB1,213 million). At 31 December 2007 the audited consolidated net asset value of the China Railway was approximately RMB5,058 million (2006: approximately RMB3,688 million). No dividend was received during the year (2006: NIL).

Year ended 31 March 2008

**16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Deposits for investments	<b>3,042</b>	15,500
Prepayments and rental deposit	<b>426</b>	733
Others	<b>150</b>	–
	<hr/> <b>3,618</b> <hr/>	<hr/> 16,233 <hr/>

There were deposits for acquisition of investments amounting to approximately HK\$15,500,000 incurred in 2007. As the acquisition could not be completed, the Company decided to terminate the transaction and a refund of approximately HK\$12,458,000 has been received in current year. The balance of approximately HK\$3,042,000 has been settled subsequent to balance sheet date. Therefore, the Company considers that the exposure to liquidity risk is insignificant.

The directors consider that the carrying amount of other receivables approximately their fair value.

**17. CASH AND CASH EQUIVALENTS**

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Cash at bank and in hand	<b>1,576</b>	1,209
	<hr/> <b>1,576</b> <hr/>	<hr/> 1,209 <hr/>

The effective interest rates of the deposits range from 1.88% to 4.91% (2007: 2.82% to 4.78%) per annum and all of them have a maturity within three months from initial inception.

## 18. SHARE CAPITAL

	Number of ordinary shares of HK\$0.2 each	Number of ordinary shares of HK\$0.01 each	HK\$'000
<b>Authorised:</b>			
At 1 April 2006	–	1,000,000,000	10,000
Share consolidation	50,000,000	(1,000,000,000)	–
	<hr/>	<hr/>	<hr/>
At 31 March 2007 and 31 March 2008	50,000,000	–	10,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Issued and fully paid:</b>			
At 1 April 2006	–	355,056,000	3,551
Issue of shares by placing	–	65,790,000	658
Share consolidation	21,042,300	(420,846,000)	–
	<hr/>	<hr/>	<hr/>
At 31 March 2007 and 31 March 2008	21,042,300	–	4,209
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Year ended 31 March 2008

**19. RESERVES**

	Share premium	Investment revaluation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2006	78,099	(12,802)	(47,755)	17,542
Changes in fair value of available-for-sale financial assets	–	(1,608)	–	(1,608)
Loss realised on disposals of available-for-sale financial assets	–	5,242	–	5,242
Issue of shares for cash by placing	1,746	–	–	1,746
Loss for the year	–	–	(7,957)	(7,957)
At 31 March 2007	79,845	(9,168)	(55,712)	14,965
Changes in fair value of available-for-sale financial assets	–	52	–	52
Loss realised on disposals of available-for-sale financial assets	–	8,748	–	8,748
Loss for the year	–	–	(18,920)	(18,920)
<b>At 31 March 2008</b>	<b>79,845</b>	<b>(368)</b>	<b>(74,632)</b>	<b>4,845</b>

Under the Companies Law (revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and a statutory solvency test. It is provided that a dividend cannot be paid if this would result in the Company being unable to pay its debts as they fall due. In accordance with the Company's Articles of Association, the Company's reserves available for distribution to shareholders amounted to approximately HK\$4,845,000 (2007: approximately HK\$14,965,000).

**20. NET ASSET VALUE PER SHARE**

The calculation of the net asset value per share is based on the net assets of the Company as at 31 March 2008 of approximately HK\$9,054,000 (2007: approximately HK\$19,174,000) and 21,042,300 (2007: 21,042,300) ordinary shares in issue as at that date.

The Company had no significant unrecognised deferred taxation at the balance sheet date.

**21. RELATED PARTY TRANSACTIONS**

(a) Compensation of key management personnel, including the directors and other members of key management during the year is as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>397</b>	1,024
Contributions to MPF scheme	<b>7</b>	21
	<hr/> <b>404</b> <hr/>	<hr/> 1,045 <hr/>

Further details of directors' emoluments are included in note 12 to the financial statements.



Year ended 31 March 2008

**21. RELATED PARTY TRANSACTIONS** *(continued)***(b) Investment managers**

The investment managers were remunerated based on their respective investment management agreement as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Simplex Capital Asia Limited ("Simplex")	–	200
Descartes Global Asset Management Limited ("Descartes")	–	–
	<u>–</u>	<u>–</u>

*Note:*

During the year, the investment management agreement with Simplex was terminated and Descartes was appointed as investment manager. Descartes is entitled to receive a notional yearly investment management fee of HK\$1.

Mr. Chuan Wei Chen, an executive director and Ms. Yeh Fang Ching, a non-executive director of the Company are also the directors of Descartes at the balance sheet date.

## 22. COMMITMENTS

### (a) Operating lease arrangements

During the year, the Company had leased certain of its office premises under non-cancelable operating lease arrangements and rentals are fixed for an average term of two years.

At 31 March 2008, the Company had total future minimum lease payments in respect of non-cancelable operating leases for land and buildings falling due as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,142</b>	1,387
In the second to fifth year inclusive	<b>1,672</b>	2,789
	<hr/> <b>2,814</b> <hr/>	<hr/> 4,176 <hr/>

### (b) Capital commitments

At the balance sheet date, the Company had no significant capital commitments.

## 23. COMPARATIVES FIGURES

Certain comparative figures have been reclassified for better presentation.

Year ended 31 March 2008

	2008 HK\$'000	Year ended 31 March			
		2007 HK\$'000 (Consolidated) (restated)	2006 HK\$'000 (Consolidated)	2005 HK\$'000 (Consolidated)	2004 HK\$'000 (Consolidated)
<b>RESULTS</b>					
Revenue	<b>44</b>	65	38	2,099	4,332
Loss before taxation	<b>(18,920)</b>	(9,396)	(1,478)	(3,515)	(10,612)
Taxation	-	(100)	-	-	-
Loss attributable to shareholders	<b>(18,920)</b>	(9,496)	(1,478)	(3,515)	(10,612)
<b>ASSETS AND LIABILITIES</b>					
	2008 HK\$'000	As at 31 March			
		2007 HK\$'000 (Consolidated) (restated)	2006 HK\$'000 (Consolidated)	2005 HK\$'000 (Consolidated)	2004 HK\$'000 (Consolidated)
Non-current assets	<b>1,747</b>	3,163	15,066	11,012	23,978
Current assets	<b>7,423</b>	17,442	6,915	12,720	5,953
Current liabilities	<b>(116)</b>	(1,431)	(908)	(1,031)	(1,830)
Shareholder' funds	<b>9,054</b>	19,174	21,073	22,701	28,101

The Company's subsidiary was disposed of in the year ended 31 March 2007, and the Company does not have any subsidiary since then.