CHALLENGER GROUP HOLDINGS LIMITED

挑戰者集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8203)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2008

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out as below:

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**304,630**	299,298	252,033	161,635	91,950
Profit/(loss) before tax	**70,635**	15,943	20,971	3,052	(9,089)
Income tax (expense)/credit	**(531)**	(69)	(23)	55	455
Less: Attributable to minority interests	**(993)**	–	–	–	–
Profit/(loss) attributable to equity holders	**69,111**	15,874	20,948	3,107	(8,634)

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**152,005**	143,168	108,129	70,096	52,073
Total liabilities	**(11,691)**	(87,551)	(70,529)	(53,975)	(39,059)
Equity holders' funds	**127,962**	55,617	37,600	16,121	13,014

Notes: The Company was incorporated in the Cayman Islands on 29 July 2002 and became the holding company of the Group with effect from 20 January 2004 as a result of the group reorganisation, details of which are set out in the Company's prospectus dated 31 December 2003.

RESULTS

The Board of Directors ("the Board or the Directors") of Challenger Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), is pleased to present the audited consolidated results for the year ended 31 March 2008 (the "Year"). The Group's Consolidated turnover for the Year increased to HK$304.6 million (including continuing and discontinued operations) from last year and profit for the Year attributable to equity holders was HK$69.1 million.

BUSINESS REVIEW

The Company has been facing keen competition in the office furniture industry. In this regard, the Company has been contemplating various corporate exercises to diversify the business portfolio of the Group through acquisitions and restructuring of existing business operations. Accordingly, in July of 2007, the Company indirectly acquired Challenger Auto Services Limited (brand name "CHALLENGER"), a premier auto detailing and repairing business and disposed of its furniture subsidiary in October 2007. Challenger has over seventeen years of operating history with 21 outlets in Hong Kong. It has successfully branded itself as the market leader in the car detailing service. Challenger's car detailing and polishing process is widely regarded as the most thorough in the industry and produces substantially more superior and more consistent results than others. In 1997, Challenger diversified into the auto repair business and currently operates 3 repair facilities in Hong Kong. Challenger offers various car detailing and auto repair membership packages to encourage customer loyalty as well as to attract new customers. By providing a high quality service at a competitive price, Challenger's car detailing service will continue to be the market leader in the foreseeable future.

In early 2008, the Group was presented with an opportunity to become an integrated coking coal producer in Inner Mongolia, China. Coking coal, driven by strong demand and limited supply, experienced robust price appreciation in 2007. This trend is continuing into 2008. By becoming an integrated producer, the Group has control over the entire production chain (from raw coal to coke) thereby has a greater latitude to react to possible market pricing shifts in any of the coal products.

On 1 February 2008, the Group entered into a Sales and Purchase Agreement to acquire (the "Acquisition"): (i) a 49% interest in Inner Mongolia Mengxi Minerals Limited ("Mengxi Mineral"), a Sino-foreign joint venture company set up to own and operate a coal mine with 99.6 million tonnes of reserve (based on estimation under the PRC coal reserves standard); and (ii) a 70% stake in Ordos GEM Coal & Chemical Co., Limited (another Sino-foreign joint venture company established to build and operate coal processing plants). The Acquisition together with a Management Service Agreement ("MSA") executed earlier which entitles the Group to an additional 21% of profit distribution from Mengxi Minerals, effectively gives the Group a 70% profit distribution from Mengxi Minerals. Details of the Acquisition are set out in the circular dated 30 April 2008.

PROSPECTS

The Company firmly believes as the per capita income increases in China, so will the demand for private passenger vehicles. This in turn will drive the auto beautification and car repairing industry. The Group's vision is to enter the auto detailing and auto repair industry in China and become a dominant player similar to what Challenger had done in the Hong Kong market. Given the reputation and operational efficiency that Challenger has established, the Board is confident the Group's vision for China is within reach.

With the completion of the Acquisition in 2008, the Group has successfully diversified its business portfolio into different industries and has correspondently strengthened the Group's earning base.

In future, the Group will continue to seek suitable opportunities to further enhance the Group's revenue streams in order to increase shareholders' value.

FINANCIAL REVIEW

During the year under review, the Group's turnover for the year ended 31 March 2008 was approximately HK$304.6 million, which represented a slight increase of approximately 2% as compared to the turnover of approximately HK$299.3 million for the year ended 31 March 2007. The turnover derived from continuing operations and discontinued operation of the Group for the year ended 31 March 2008 were approximately HK$39.2 million and HK$265.4 million respectively.

For the year ended 31 March 2008, the Group has successfully completed the disposal of its furniture subsidiary for a consideration of approximately HK$121.1 million. This has resulted in a gain of approximately HK$64.2 million which represented about 92% of the net profit for the year ended 31 March 2008.

The Company has issued share options to the directors, employees and consultants in February of 2008. These share-based payments which amounted to HK$5.9 million were recognised and charged against the Company's earnings for the year in accordance with HKFRS 2. These payments do not represent cash outflows for the Group.

The Group recorded general administrative and other operating expenses of HK$34.6 million in the financial year of 2008, mainly including staff benefit and rental expenses for continuing operation business.

Net profit attributable to equity holders of approximately HK$69.1 million for the year ended 31 March 2008 (2007: HK$15.9 million). The substantial increase in profit was the result of the sales of the furniture subsidiary.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2008, the Group's bank and cash balances amounted to approximately HK$119.2 million (2007: HK$49.7 million). There are no short term bank loans and current portion of bank loan and obligations under finance leases at the year ended 31 March 2008.

There is no long term liability at the year ended 31 March 2008 (2007: HK$0.5 million).

As at 31 March 2008, the Group has been granted banking facilities in the aggregate amount of HK$1.5 million (2007: HK$25.3 million).

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 March 2008 (2007: Nil).

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's total liabilities over the Group's total assets, was 0.08 as at 31 March 2008 (2007: 0.61).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Company for the year ended 31 March 2008. During the year ended 31 March 2008, the Group's net assets were financed by internal resources through share capital and reserves. Total equity attributable to shareholders as at 31 March 2008 was approximately HK$128.0 million (2007: HK$55.6 million).

FOREIGN EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and United Stated dollars. As at 31 March 2008, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

INCOME TAX

Details of the treatment of the Group's income tax expense for the year ended 31 March 2008 are set out in note 7.

HUMAN RESOURCES

As at 31 March 2008, the Group had approximately 135 (2007: 119) staff in Hong Kong. The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the year, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK$56.0 million (2007: HK$43.3 million) for the year ended 31 March 2008.

CONTINGENT LIABILITIES

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

LITIGATION

As at 31 March 2008, the Group had no significant pending litigation.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company (the "Shares") during the year.

AUDIT COMMITTEE

The Company has established an audit committee on 9 December 2003 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The written terms of reference which describe the authority and duties of the audit committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides an important link between the Board and the Company's auditors in those matters within the scope of the Group's audit. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. The audit committee comprises three independent non-executive Directors, namely Mr. Liew Swee Yean, Mr. Siu Siu Ling, Robert and Dr. Wong Yun Kuen, and Mr. Liew Swee Yean is the chairman of the audit committee.

During the Year, the audit committee held four meetings to review and supervise the financial reporting process. The annual results for the Year have been reviewed by the audit committee who was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interest of its shareholders.

The Company has complied with all the code provisions as set out in Appendix 15, Code on Corporate Governance Practices of the GEM Listing Rules during the year ended 31 March 2008, except the Code Provision A.2.1.

The Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

During the period from 1 April 2007 to 31st January, 2008, no chief executive officer has been appointed and the responsibilities of chief executive officer had been performed by the Chairman of the Board and other executive directors. On 1 February 2008, the Board appointed Mr. Jonathan Soon P. Yeap as the chief executive officer of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2008. The Company has also made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.

The Board is pleased to announce the audited results of the Group for the year ended 31 March 2008 together with the audited comparative figures for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Note	2008 HK$	2007 HK$ (Restated)
Continuing operations			
Turnover	4	**39,172,566**	–
Cost of goods sold and services rendered		**(9,292,951)**	–
Gross profit		**29,879,615**	–
Other income	5	**2,056,678**	178,094
Selling and distribution costs		**(1,700,866)**	–
Administrative and other operating expenses		**(34,630,851)**	(962,047)
Loss from operations		**(4,395,424)**	(783,953)
Finance costs	6	**(28,535)**	(6)
Excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of a subsidiary		**1,822,816**	–
Impairment loss on goodwill		**(24,035)**	–
Loss before tax		**(2,625,178)**	(783,959)
Income tax expense	7	**(431,852)**	–
Loss for the year from continuing operations		**(3,057,030)**	(783,959)
Discontinued operation			
Profit for the year from discounted operation	8	**73,161,336**	16,657,754
Profit for the year	9	**70,104,306**	15,873,795
Attributable to:			
Equity holders of the Company		**69,111,488**	15,873,795
Minority interests		**992,818**	–
		70,104,306	15,873,795
Dividend	10	**–**	–
Earnings/(loss) per share (cents)	11		
From continuing and discontinued operations – basic		**12.80**	2.94
From continuing operations – basic		**(0.75)**	(0.15)

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Note	2008 HK$	2007 HK$
Non-current assets			
Fixed assets		**1,435,702**	18,313,143
Prepaid land lease payments		**–**	1,389,653
Goodwill		**–**	–
Intangible assets		**18,234,000**	334,463
Deferred tax assets		**170,503**	–
		19,840,205	20,037,259
Current assets			
Inventories		**372,172**	18,540,920
Trade and bills receivables	12	**973,400**	50,008,088
Deposits, prepayments and other receivables		**11,607,167**	4,689,931
Current tax assets		**–**	184,754
Pledged bank deposits		**–**	3,521,425
Bank and cash balances	13	**119,211,934**	46,185,811
		132,164,673	123,130,929
Current liabilities			
Trade and bills payables	14	**1,347,622**	39,457,334
Other payables and accruals		**3,765,523**	28,895,381
Dividend payables		**–**	14,489
Sales deposits received and receipt in advance		**3,948,018**	8,330,144
Amounts due to minority shareholders		**2,575,834**	–
Short term borrowings		**–**	10,091,277
Current portion of long term borrowings		**–**	281,922
Current tax liabilities		**53,829**	–
		11,690,826	87,070,547
Net current assets		**120,473,847**	36,060,382
Total assets less current liabilities		**140,314,052**	56,097,641
Non-current liabilities			
Long term borrowings		**–**	480,811
NET ASSETS		**140,314,052**	55,616,830
Capital and reserves			
Share capital		**5,400,000**	5,400,000
Reserves		**122,562,059**	50,216,830
Equity attributable to equity holders of the Company		**127,962,059**	55,616,830
Minority interests		**12,351,993**	–
TOTAL EQUITY		**140,314,052**	55,616,830

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the company								
	Share capital *HK$*	Share premium *HK$*	Merger reserve *HK$*	Foreign currency translation reserve *HK$*	Share-based payment reserve *HK$*	Retained profits *HK$*	Total *HK$*	Minority Interests *HK$*	Total equity *HK$*
At 1 April 2006	5,400,000	9,536,387	(122,000)	482,532	–	22,303,153	37,600,072	–	37,600,072
Translation difference	–	–	–	2,142,963	–	–	2,142,963	–	2,142,963
Net income recognised directly in equity	–	–	–	2,142,963	–	–	2,142,963	–	2,142,963
Profit for the year	–	–	–	–	–	15,873,795	15,873,795	–	15,873,795
Total recognised income and expense for the year	–	–	–	2,142,963	–	15,873,795	18,016,758	–	18,016,758
At 31 March 2007 and 1 April 2007	5,400,000	9,536,387	(122,000)	2,625,495	–	38,176,948	55,616,830	–	55,616,830
Translation difference	–	–	–	1,835,221	–	–	1,835,221	–	1,835,221
Net income recognised directly in equity	–	–	–	1,835,221	–	–	1,835,221	–	1,835,221
Profit for the year	–	–	–	–	–	69,111,488	69,111,488	992,818	70,104,306
Total recognised income and expense for the year	–	–	–	1,835,221	–	69,111,488	70,946,709	992,818	71,939,527
Share-based payments	–	–	–	–	5,859,236	–	5,859,236	–	5,859,236
Disposal of subsidiaries	–	–	122,000	(4,460,716)	–	(122,000)	(4,460,716)	–	(4,460,716)
Arising on acquisition of subsidiaries	–	–	–	–	–	–	–	11,359,175	11,359,175
At 31 March 2008	5,400,000	9,536,387	–	–	5,859,236	107,166,436	127,962,059	12,351,993	140,314,052

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The address of its principal place of business is Unit A1, 6/F., Mai Hing Industrial Building, 16-18 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 16 to the financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2007. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not net in a position to state whether these new HKFRSs would have a material impact on its results of operation and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

4. TURNOVER

	2008	2007
	HK$	*HK$*
Turnover		
Sales of goods	**267,045,548**	299,298,481
Rendering of services	**37,584,021**	–
	304,629,569	299,298,481
Representing:		
Continuing operations	**39,172,566**	–
Discontinued operations *(note 8)*	**265,457,003**	299,298,481
	304,629,569	299,298,481

5. OTHER INCOME

	2008	2007
	HK$	*HK$*
Government grants	**–**	328,812
Interest income	**2,349,115**	587,467
Sundry income	**422,307**	962,947
	2,771,422	1,879,226
Representing:		
Continuing operations	**2,056,678**	178,094
Discontinued operations *(note 8)*	**714,744**	1,701,132
	2,771,422	1,879,226

6. FINANCE COSTS

	2008	2007
	HK$	*HK$*
Finance lease charges	**11,536**	25,627
Interest on bank loans and overdrafts	**282,337**	723,318
	293,873	748,945
Representing:		
Continuing operations	**28,535**	6
Discontinued operations *(note 8)*	**265,338**	748,939
	293,873	748,945

7. INCOME TAX EXPENSE

	2008	2007
	HK$	*HK$*
Current tax – Hong Kong Profits Tax		
– provision for the year	**463,887**	69,000
– over-provision in prior years	**(69,000)**	–
	394,887	69,000
Deferred tax	**135,598**	–
	530,485	69,000
Representing:		
Continuing operations	**431,852**	–
Discontinued operations *(note 8)*	**98,633**	69,000
	530,485	69,000

Hong Kong Profits Tax is provided at 17.5% (2007: 17.5%) based on assessable profit for the year less allowable losses brought forward. Certain allowable losses of the subsidiaries of the Company incorporated in Hong Kong are yet to be agreed by the Inland Revenue Department.

Pursuant to the relevant laws and regulations in the People's Republic of China ("the PRC"), Zhaoqing Ultra Furniture Company Limited, a formerly wholly-owned subsidiary established in Zhaoqing, the PRC is subject to enterprise income tax rate at 24% on its taxable profit in accordance with 中華人民共和國外商投資企業和外國企業所得稅法. However, it is exempted from enterprise income tax for two years starting from the first year of profitable operation after off-setting prior year tax losses, followed by a 50% reduction for the next three years.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2008	2007
	HK$	*HK$*
Profit before tax	**70,634,791**	15,942,795
Tax at the domestic income tax rate of 17.5% (2007: 17.5%)	**12,361,088**	2,789,989
Tax effect of income that is not taxable	**(11,939,396)**	(31,630)
Tax effect of expenses that is not deductible	**1,145,589**	238,718
Tax effect of profits that is exempted from PRC tax authority	**(1,087,600)**	(2,434,297)
Tax effect of utilisation of tax losses not previously recognised	**(115,292)**	(343,541)
Temporary difference not recognised	**235,096**	(150,239)
Overprovision in prior years	**(69,000)**	–
Income tax expense	**530,485**	69,000

8. DISCONTINUED OPERATION

Pursuant to an agreement dated 20 August 2007 (as supplemented by the amended agreement dated 14 September 2007) entered into between the Company and an independent third party (the "Purchaser"), the Company disposed of 100% interest in a wholly-owned subsidiary, Ultra Group Company Limited.

Ultra Group Company Limited was an investment holding company and its subsidiaries were engaged in the design, manufacture and sale of office furniture during the year. The disposal was completed on 31 October 2007 and the Group discontinued its design, manufacture and sale of office furniture business.

The profit for the year from the discontinued operation is analysed as follows:

	2008	2007
	HK$	*HK$*
Profit of discontinued operation	**9,009,211**	16,657,754
Gain on disposal of discontinued operation	**64,152,125**	–
	73,161,336	16,657,754

The results of the discontinued operation for the period from 1 April 2007 to 31 October 2007, which have been included in the consolidated income statement, are as follows:

	Period from 1.4.2007 to 31.10.2007 *HK$*	Year ended 31.3.2007 *HK$*
Turnover	**265,457,003**	299,298,481
Cost of goods sold	**(193,953,407)**	(200,308,299)
Gross profit	**71,503,596**	98,990,182
Other income	**714,744**	1,701,132
Selling and distribution costs	**(35,869,517)**	(40,571,027)
Administrative and other operating expenses	**(26,975,641)**	(42,644,594)
Profit from operations	**9,373,182**	17,475,693
Finance costs	**(265,338)**	(748,939)
Profit before tax	**9,107,844**	16,726,754
Income tax expense	**(98,633)**	(69,000)
Profit for the period/year	**9,009,211**	16,657,754

During the year, the disposed subsidiaries received approximately HK$19,386,119 (2007: HK$26,241,013) in respect of operating activities, paid approximately HK$1,543,201 (2007: HK$7,373,395) in respect of investing activities and paid approximately HK$9,355,201 (2007: received HK$2,498,595) in respect of financing activities.

No tax charge or credit arose on gain on disposal of the discontinued operation.

9. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2008	2007
	HK$	*HK$*
Amortisation of intangible asset (included in administrative and other operating expenses)	**45,418**	54,837
Auditor's remuneration	**915,228**	556,460
Cost of inventories sold before allowance	**151,723,271**	149,424,876
Allowance for obsolete inventories	**325,728**	496,351
	152,048,999	149,921,227
Depreciation	**3,115,108**	2,566,051
Loss on disposal of fixed assets	**89,522**	77,991
Operating lease rentals in respect of land and buildings	**14,137,897**	7,744,075
Staff costs (including directors' emoluments)		
Basic salaries, bonuses, allowances and benefits in kind	**47,561,192**	40,389,769
Equity-settled share-based payments	**5,859,236**	–
Retirement benefits scheme contributions	**2,613,749**	2,882,300
Allowance for doubtful debts	**1,346,070**	1,359,213
Net exchange losses	**1,684,121**	762,497

10. DIVIDEND

No dividend has been paid or declared by the Company during the year (2007: HK$Nil).

11. EARNINGS PER SHARE

(a) From continuing and discontinued operations

Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of HK$69,111,488 (2007: HK$15,873,795) and on the weighted average number of ordinary shares of 540,000,000 (2007: 540,000,000) in issue during the year.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive shares during the two year ended 31 March 2008.

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations attributable to equity holders of the Company is based on the loss for the year from continuing operations attributable to equity holders of the Company of HK$4,049,848 (2007 (restated): HK$783,959) and the denominator used is the same as that detailed in (a) above for basic earnings per share.

Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive shares during the two year ended 31 March 2008.

(c) From discontinued operation

Basic earnings per share from the discontinued operation is HK13.55 cents per share (2007 (restated): HK3.09 cents per share), based on the profit for the year from discontinued operation attributable to the equity holders of the Company of HK$73,161,336 (2007 (restated): HK$16,657,754) and the denominator used is the same as those detailed in (a) above for basic earnings per share.

No diluted earnings per share are presented as the Company did not have any dilutive shares during the two year ended 31 March 2008.

12. TRADE AND BILLS RECEIVABLES

	2008	2007
	HK$	*HK$*
Trade and bills receivables	**973,400**	53,485,251
Less: Allowance for doubtful debts	**–**	(3,477,163)
	973,400	50,008,088

The credit terms of trade and bills receivables are in accordance with specific payment schedules agreed with various customers. The aging analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2008	2007
	HK$	*HK$*
0 – 30 days	**636,794**	22,490,435
31 – 60 days	**269,303**	6,275,748
61 – 90 days	**35,308**	4,257,967
Over 90 days	**31,995**	20,461,101
Less: Allowance for doubtful debts	**–**	(3,477,163)
	973,400	50,008,088

13. BANK AND CASH BALANCES

Included in the bank and cash balances are the following amounts denominated in a currency other than the presentation currency of the Group.

	2008	2007
	HK$	*HK$*
US$	**94,896,212**	4,278,062
RMB	**–**	10,241,857
	94,896,212	14,519,919

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

14. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2008	2007
	HK$	*HK$*
0 – 30 days	**861,084**	21,317,075
31 – 60 days	**181,309**	8,197,644
61 – 90 days	**63,542**	5,748,462
Over 90 days	**241,687**	4,194,153
	1,347,622	39,457,334

Included in trade and bills payables are the following amounts denominated in a currency other than the presentation currency of the Group.

	2008	2007
	HK$	*HK$*
US$	**–**	1,499,261
RMB	**–**	24,509,743
EUR	**–**	5,846,968
Others	**–**	1,058
	–	31,857,030

15. SEGMENT INFORMATION

Sale of office furniture is the only business segment of the Group. Accordingly no further business segment information is provided.

In determining the Group's geographical segments, the Group's revenue and results for the year and segment assets and liabilities are attributable to the segments based on the location of customers.

Primary reporting format – Business segments

The Group is organised into two main segments which is sale of office furniture and provision car repair and beauty services.

Secondary reporting format – Geographical segments

The Group's principal markets are located in the PRC, Hong Kong and Overseas.

Primary reporting format – Business segment

Year ended 31 March 2008

	Continuing operations		**Discontinuing operations**	
	Provision of car repairs and beauty services	**Others**	**Design and sale of office furniture**	**Consolidated**
	HK$	*HK$*	*HK$*	*HK$*
Revenue				
Sales to external customers	37,584,021	1,588,545	265,457,003	304,629,569
Results				
Segment results	2,421,304	(187,709)	8,658,438	10,892,033
Unallocated corporate expenses				(8,709,732)
Other income				68,746,363
Profit from operations				70,928,664
Finance costs				(293,873)
Profit before tax				70,634,791
Income tax expense				(530,485)
Profit for the year				70,104,306

Business segment information for the year is presented as follows:

	Continuing operations		Discontinuing operations	
	Provision of car repairs and beauty services	Others	Design and sale of office furniture	Consolidated
	HK$	*HK$*	*HK$*	*HK$*
Segment assets	24,598,264	48,133	–	24,646,397
Unallocated assets				127,358,481
Total assets				152,004,878
Segment liabilities	8,253,035	108,236	–	8,361,271
Unallocated liabilities				3,329,555
Total liabilities				11,690,826
Total liabilities				
Other segment information				
Capital expenditure	199,660	–	1,981,985	2,181,645
Depreciation and amortisation	1,153,646	2,366	2,004,514	3,160,526
Allowance for doubtful debts	–	–	1,346,070	1,346,070

Year ended 31 March 2007

	Discontinued operation Design and sale of office furniture *HK$*
Revenue	
Sales to external customers	299,298,481
Results	
Segment results	15,774,561
Unallocated corporate expenses	(962,047)
Other income	1,879,226
Operating profit	16,691,740
Finance costs	(748,945)
Profit before tax	15,942,795
Income tax expense	(69,000)
Profit for the year	15,873,795

Year ended 31 March 2007

	Discontinued operation Design and sale of office furniture *HK$*
Segment assets	93,122,545
Unallocated assets	50,045,643
Total assets	143,168,188
Segment liabilities	74,869,169
Unallocated liabilities	12,682,189
Total liabilities	87,551,358
Other Information	
Capital expenditure	7,720,585
Depreciation and amortisation	2,620,888
Allowance for doubtful debts	1,359,213

Secondary reporting format – Geographical segments

	Continuing operations		Discontinuing operations							
	Hong Kong		Hong Kong		The PRC		Overseas		Unallocated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customer	39,172,566	–	66,888,995	92,466,330	139,310,048	145,060,229	59,257,961	61,771,922	–	–
Segment assets	152,004,878	–	–	17,837,960	–	40,876,448	–	7,971,144	–	76,482,635
Capital expenditure	199,660	–	613,127	615,368	1,368,858	2,221,182	–	–	–	4,884,635

16. SUBSIDIARIES

Particulars of the subsidiaries at 31 March 2008 are as follows:

Name	Place of incorporation and principal place of operation	Attributable equity interest	Issued and fully paid share capital	Principal activities
Directly held				
Time Creation Group Limited	British Virgin Islands	100%	US$1 Ordinary	Investment holding
High Focus Group Limited	British Virgin Islands	100%	US$1 Ordinary	Investment holding
Coastal Kingfold Finance Limited	British Virgin Islands	100%	US$1 Ordinary	Investment holding
Indirectly held				
Global On-Line Distribution Limited ("Global On-Line")	Hong Kong	51%	HK$10,000 Ordinary	Trading of printer accessories and batteries
Long Capital Development Limited ("Long Capital")	British Virgin Islands	51%	US$10,000 Ordinary	Investment holding
Challenger Auto Services Limited	Hong Kong	51%	HK$4,090,000 Ordinary	Provision of repairs and maintenance services to motor vehicles, operating car accessories shop, car washing, cleaning and beauty services

By order of the Board
Tse Chun Sing
Chairman

Hong Kong, 23rd June, 2008

As of the date hereof, the executive directors of the Company are Mr. Tse Chun Sing, Mr. Soon. P. Yeap and Mr. Wu Kam Hung. The independent non-executive directors of the Company are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert and Dr. Wong Yun Kuen.

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

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.