財華社
FINET

Finet Group Limited

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 08317)

Annual Report
2009/2010

Characteristics of the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange")

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

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

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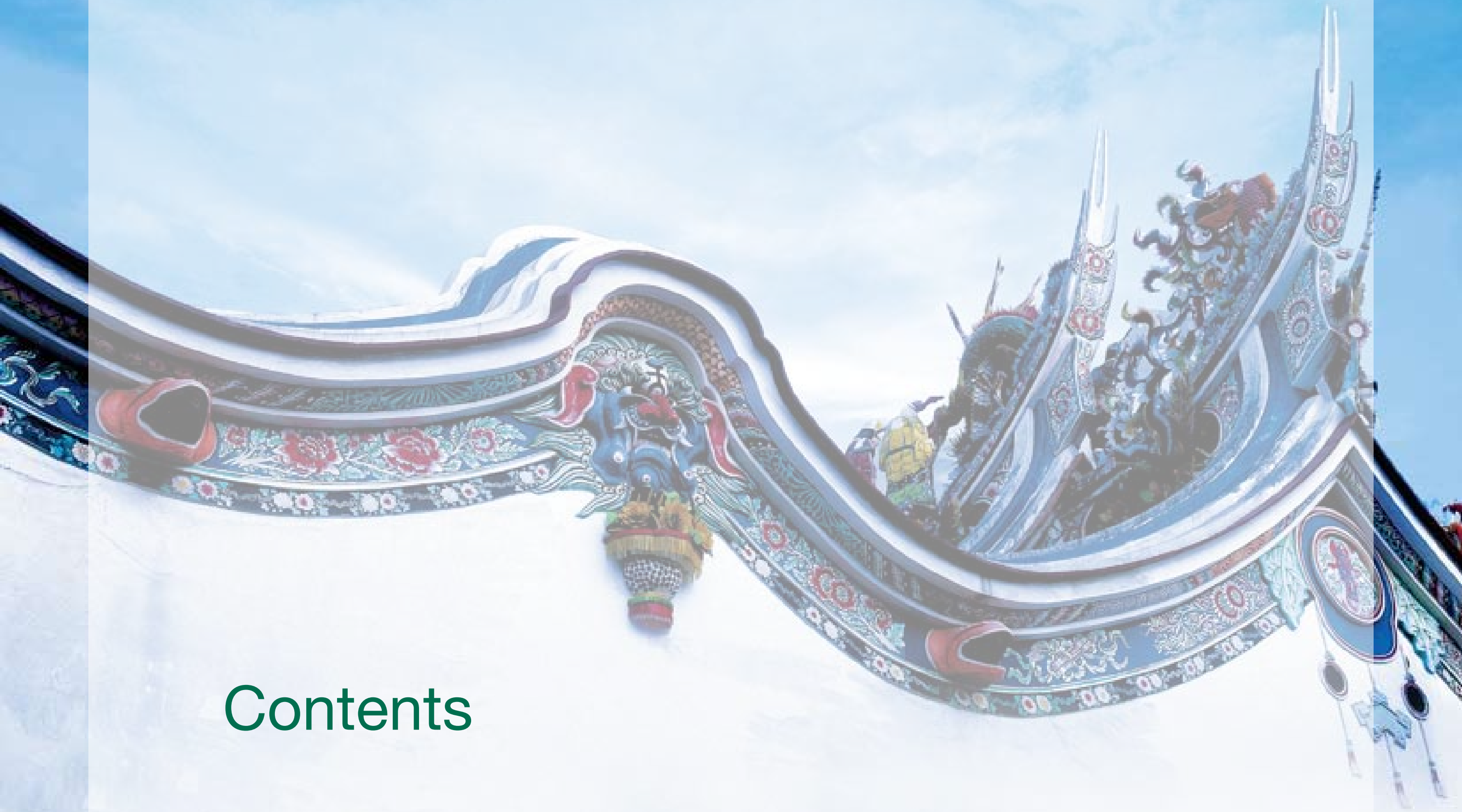
This annual report, for which the Directors of Finet Group Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited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



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Corporate Profile

Founded in 1998 and listed on the Stock Exchange of Hong Kong Limited (HKSE stock code: 08317), Finet Group Limited ("the Company" and together with its subsidiaries "the Group") specializes in consumer market business opportunities in China's Internet, Mobile and Media ("IMM") sectors. The Group focuses on providing financial services and digital entertainment targeting at mass market consumers in Mainland China, through both Internet and mobile platforms. The Group is headquartered in Hong Kong with offices in Shanghai, Shenzhen and Beijing.

The Group's financial services business specializes in the provision of online securities trading and integrated financial information and technology solutions to financial institutions and retail investors. The Group plans to build its subsidiary, Finet Securities Limited, to be a leading online broker in Greater China. Together with Group's two popular financial websites, www.caihuanet.com in Mainland China and www.finet.hk in Hong Kong, the Group aims to make Finet Securities Limited the one-stop shop for financial information, analysis and securities trading with real-time data, financial news and intelligent algo-trading technologies for both institutional and retail investors covering multiple markets and products.

Headquartered in Shanghai, the Group's online game business, branded as "China Game", is set out to be a first class group brand in the Chinese online game market. China Game specializes in developing and operating massively multiplayer online role-playing games. With its state-of-the-art engine technologies, China Game is a pioneer in achieving next-generation standard in Chinese homegrown online games. China Game also partners with top game studios from China and abroad to co-develop diverse quality games to address the varying needs of its growing user base. China Game strives to reach an aggregate of over one million concurrent users for all its games.

Corporate Information

Board of Directors

Executive Directors
Dr. YU Gang, George *(Chairman)*
Mr. LIN Peng, Ben

Independent Non-executive Directors
Dr. LAM Lee G.
Mr. WU Tak Lung
Mr. LAM Ka Wai, Graham

Compliance Officer

Dr. YU Gang, George

Company Secretary

Ms. NGAI Fung King, Carrie *FCCA*

Authorized Representatives

Dr. YU Gang, George
Ms. NGAI Fung King, Carrie

Audit Committee

Mr. WU Tak Lung *(Chairman)*
Dr. LAM Lee G.
Mr. LAM Ka Wai, Graham

Remuneration Committee

Dr. LAM Lee G. *(Chairman)*
Dr. YU Gang, George
Mr. WU Tak Lung
Mr. LAM Ka Wai, Graham

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Suite 505-506, 5th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Company Website

www.finet.hk

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Stock Code

08317

Investor Relations

Email: ir@finet.com.hk
Website: www.finet.hk/mainsite/IR.php

Financial Highlights

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Operating Results		
Revenue	31,029	33,088
Loss attributable to owners of the Company	(35,575)	(62,309)
	As at 31 March	
	2010	**2009**
	HK$'000	*HK$'000*
Financial Position		
Total assets	96,762	67,610
Total liabilities	12,754	14,520
Net assets	84,008	53,090
Cash and cash equivalents	33,681	7,444
	Year ended 31 March	
	2010	**2009**
	HK cents	*HK cents* (Restated)
Loss Per Share		
Basic	(15.93)	(51.98)
Diluted	(15.93)	(51.98)

Statement from the Chairman and CEO

Dear Shareholders:

The fiscal year 2009/2010 continued to be a year with challenges as well as opportunities for Finet. On the macro level, the quantitative easing engineered by the U.S. Fed and extraordinary stimulus measures by other governments including China's RMB 4 trillion packages did stop the slump of the global economy and lift world financial markets to a strong rebound in 2009. On the micro level, although the fierce market competition in the financial information sector has continued to strangle Finet's legacy business of financial data and news distribution, the rapid advancement of mobile Internet at the same time poses one of the biggest opportunities since the arrival of the Internet over 15 years ago. To be sure, the latest development in the mobile Internet sector has endorsed Finet's China IMM (Internet, Mobile and Media) growth strategy that we have been executing over the past few years.

To better execute our China IMM growth strategy, at the same time we invest to strengthen our business fundamentals in existing business lines, we had beefed up our efforts in fund raising and acquisitions during the fiscal year. We conducted two open offers in 2009 and successfully raised an aggregate of over HK$75 million. The additional financial resources enabled the Group to both invest in our existing business lines and to seize strategic business opportunities in the IMM sectors through mergers and acquisitions.

We made the acquisition of Fukoku Investment (Asia) Limited, a boutique brokerage firm in Hong Kong stocks and futures in February 2010 and renamed it Finet Securities Limited ("FSL"). We believe this acquisition will benefit our financial information business through more sticky services to our existing customers and to tap into the fascinating opportunities of serving Mainland Chinese investors who are increasingly investing overseas.

Financial Results

During the fiscal year, the Group had a turnover of HK$31.03 million, down 6% from HK$33.09 million from previous fiscal year. Although the Group had improved operating efficiency through cost cutting, the fact of fierce competition in our legacy business of financial data and news distribution plus that the Group's online games were still undergoing developing and testing, the Group recorded a loss of HK$35.58 million following an impairment charge of HK$27 million in the online game business in the fiscal year. This certainly leaves something to be desired in the Group's financial performance, nevertheless, we believe we had paved the way for future stellar performance following our strategic transformation of the Group from a financial information provider in Hong Kong to a China consumer market play in the IMM sectors over the past three years.

Statement from the Chairman and CEO

Seizing the Opportunities in Mobile Internet

The arrival of the mobile Internet era is bound to provide plentiful untapped opportunities and give rise to new winners who are fast and innovative enough to lock in customer loyalty from the sizable base of mobile users through value-added services. The Group is determined to be a leading player in this burgeoning market. On the one hand, our existing business lines have seriously been exploring the mobile services as the additional distribution channel of their products and services. On the other hand, the Group has been ambitious to identify merger and acquisition targets among top players along the value chain of China's mobile Internet market.

In January 2010, we signed a Memorandum of Understanding with Shenzhen Wireless Technology Limited to acquire its entire share capital for HK$220 million with adjustments based on future performance benchmarks. The acquisition is entering the final stage, although the process had been delayed due to market volatilities in the past three months. With the acquired target as one of the most penetrative mobile application platforms in China, we believe that the acquisition, once completed, will instantly bring Finet into the land of high earnings growth and make Finet one of the major players in China's mobile APPs space (including mobile games, music, lottery and videos), the area that has been growing at fascinating pace in the past three years and is expected to continue a remarkable growth in the foreseeable future.

Nurturing the Return in Online Games

During the past fiscal year, the online game industry has witnessed continued robust market performance, with a growth of 39.5% compared to last year. Meanwhile, its competitive landscape underwent some major shift, the most prominent instance being the change of the operator of Blizzard's "World of Warcraft" in China, leading to literally an industry shakeout and also a market void of one of the most popular games. Against this backdrop, the Group reinforced our strategic emphases on owning intellectual properties and possessing our in-house development capabilities to maintain the Group's competitive edge and unchallenged position in the industry.

By strictly adhering to our development-centric strategy, the Group concluded the fiscal year 2009/2010 with major product development progress and a stronger game pipeline. The Group pioneered a "co-development" approach by jointly developing an MMORPG with Onwind Digital Co., Ltd. ("Onwind") that aims to reach a level of 100,000 concurrent users. The co-development project had proved impressive game development efficiency since inception. Given the track record from Onwind's previous games and our exceptional expertise in game operations, the Group is confident that this game will deliver exciting operating results as it commercializes in the next fiscal year.

On in-house game development front, the Group achieved major breakthrough in its development capacities. The Group pioneered next-generation engine technologies in China that would be conducive to delivering the best class graphic effects in our self-developed project (tentatively named as "Project Ming"), the Group's flagship product that is targeted to achieve over 200,000 concurrent users.

The Group foresees a tighter regulatory environment in China for game companies and we endeavor to proactively maintain smooth communications with all the related authorities and comply with all the regulations and guidance throughout our operations.

With a stronger game pipeline in place, we believe the Group is on track to realizing the rewards of its investments in the online game projects in the next fiscal year. The Group will continue along this path to strengthen its game pipeline especially from co-developing with world-class game developers. The Group will also scale up its efforts to acquire cash-positive and complementary companies to accelerate the Group's target to list its online game business in the near future.

Branching into Securities Trading Business

The launch of HKEx's online "Free Real-Time Quote Scheme" during the last fiscal year brought about a seismic change to the way financial information providers do their business in Asia. With the free flow of real-time quotes provided by our major supplier, we reckon that the traditional financial information business that commands a fee on information alone is no longer a viable business model to create shareholder value. Instead, with an inspection of the nature of today's capital market participants and their trading behaviors, it comes to our belief that a more value added business model is to provide one-stop shop solutions that seamlessly embed transaction services with information services. Finet thus advanced strategically to transform its information business into a one-stop financial services business through the acquisition of Fukoku Investment (Asia) Limited, which we aim to turn into a leading securities trading platform empowered by Finet's quality financial content and advanced algo-trading technologies. The acquisition will allow us to capitalize on Finet's brand name that we have developed for over a decade and monetize from the exponential growth of Mainland Chinese investors who are increasingly investing overseas.

Finet made another visionary move to bring Finet's information services into the mobile Internet area. The Group not only started to provide mobile solutions to existing clients, but also identified several mobile platform providers to distribute Finet's financial information in both China and Hong Kong. We attained authorization as the exclusive daily financial e-magazine provider in the 139 mailbox operated by China Mobile, Guangdong Province, thereby expanding our mobile distribution channels while tapping into the fast-growing B2C market in China. We are confident that, harnessing our unparalleled expertise in providing timely quality financial information fervently honed for a decade, Finet will be able to cater to the increasing needs of mobile users in financial information services in China.

Appreciation

On behalf of the Board of Directors, I would like to thank our shareholders, business partners and customers for their continuing support during the fiscal year, without which we would not have built our business fundamentals. I would like to extend my gratitude to my fellow Directors and all the staff for their commitment to enforce the Group's IMM strategy and I shall continue to count on your hardwork to shape the leadership position of the Group in the IMM sectors.

George Yu
Chairman & CEO

Management Discussion and Analysis

OPERATIONS REVIEW

Faced with tidal waves of changes in market conditions during the past fiscal year ended 31 March 2010, the Group had intensified fund-raising and M&A activities in order to execute the Group's China IMM (Internet, Mobile and Media) growth strategy. Following the successful execution of fund-raisings and the acquisition of an online securities broker in Hong Kong, we had strengthened the Group's market position and future profitability in both financial information business and online game business.

Financial Information Business

During the fiscal year, we had witnessed landmark changes in Hong Kong's financial information service market: the introduction of online "Free Real-Time Quote" scheme by the HKEx in the last quarter of 2009, which Finet didn't participate owing to cost concerns and our preference for a better scheme. Although our business has not been materially impacted, such scheme had altered our view towards financial information business in two ways. For one, the traditional financial information business in Hong Kong will no longer be a viable business to create shareholder value. For another, we believe the viable business model will be through providing one-stop shop solution to investors that includes transaction services in addition to pure data, news and analytics. In today's electronic world with powerful hedge funds, sophisticated algo-trading technologies and cross-market arbitrage opportunities, the level playing field has forever been switched to technologically-advanced one-stop solution providers.

In reacting to market changes, the Group has been carefully examining the ways to improve our competitive advantages and operational efficiency amid the deteriorating business environment. We are determined to improve and make changes in our information business. For one thing, we continue to promote the brand name of Finet news and to expand our financial news distribution channels. At the same time, we had introduced our value-added services in press release, media monitoring and investor relations to our clients and so far have been appreciated by the market. For another, we have been expanding our mobile distribution channels for financial content. Finet was chosen as the exclusive daily financial e-magazine provider in 139–Mailbox, operated by China Mobile Guangdong Province, through a tender process. By leveraging China Mobile's massive user base, this will help Finet to tap into China's lucrative B2C market that has been growing at astonishing speed. We expect to expand our mobile distribution channels through other similar opportunities in the next few quarters.

To fully catch up with the latest development in the area of mobile Internet, the Group started providing mobile solution to existing clients. In addition, the Group has identified several mobile platform providers to distribute financial information in both China and Hong Kong. Through providing customized, punctual and quality mobile content, Finet will be able to cater to the increasing needs of mobile users in financial information services in China.

Our belief that future successful business model must include trading execution capabilities has led us to acquire an online broker in Hong Kong, Fukoku Investment (Asia) Limited, and aim to turn it into a leading securities trading platform that is empowered with Finet's rich financial content such as news, data, market analysis, and with advanced algo-trading technologies to access multiple markets in the next few years. We believe this will help the Group to capitalize on Finet's brand-name in the past and to monetize exponential growth of Mainland Chinese investors who are increasingly investing overseas (particularly in Hong Kong and the US financial markets). We are confident that we have executed the right strategy to continue to grow the Group's success over the past decade.

Online Game Business

The past fiscal year proved another promising year for China's online game market, as the "White Paper on China's online game market 2009" released by Ministry of Culture indicated that the market reached RMB25.8 billion, or a 39.5% growth, for the year of 2009. Yet the industry's competitive landscape underwent some major shift, with the most prominent instance as Netease taking over The9 as the operator of Blizzard's "World of Warcraft" (WoW) in China, leading to a significant slash of The9's revenue and the loss of its top 3 market position. The Group is unlikely subject to similar challenge as it has been placing a strategic focus on owning its intellectual properties and has rigorously achieved so through possessing its self-development capabilities and proper protection of its game IPs.

As one of the repercussions from the change of operator of WoW in China, the government authorities, including General Administration of Press and Publication and Ministry of Culture stepped up their regulation, guidance and monitoring to China's online game practitioners. The Group has maintained smooth communications with the related government authorities and has been compliant with all the regulations throughout its operations.

Collaboration became a key trend in the last fiscal year, as reflected in Shanda and Kingsoft entering into joint venture and Tencent and Giant Interactive announcing joint operations. Likewise, the Group has been active in searching for ideal partners among the best class of online game developers and operators from worldwide to achieve co-development and joint operation campaigns. The Group holds the belief that it will benefit from the technical knowhow and market coverage of its partners as long as the Group continues to own its intellectual properties and to excel in its own core competencies, which include our unique grasp of the gamers' expectations in China and our unparalleled expertise in online game development.

In light of the emerging market trends as analyzed from above, the Group continued to pursue its technological excellence through investing intensively in its in-house development teams while it concurrently adopted a "co-development" strategy that combined the market insights into game design from our experienced team and the development technologies from our select partners.

As a result, the Group concluded the fiscal year 2009/2010 with major product development progress and a stronger game pipeline. In particular, China Game signed up a co-development agreement with Xiamen-based Onwind Digital Co., Ltd. ("Onwind") to jointly develop an MMORPG that aims to reach a level of 100,000 concurrent users. Onwind, with Shanda as one of its shareholders, had released the popular Zu Online that had exceeded over 50,000 concurrent users. The co-development project commenced in September 2009 and had since completed a few milestones, proving impressive game development efficiency with the combined technologies and design from the two companies. Given the track record from Onwind's previous games, the Group is confident that this game will deliver exciting operating results as it commercializes in the next fiscal year.

In the meantime, the Group achieved major breakthrough in its in-house development capabilities. The Group pioneered next-generation engine technologies in China that would be conducive to delivering the best class graphic effects in our self-developed project (tentatively named as "Project Ming"). Project Ming is the Group's flagship product that is targeted to achieve over 200,000 concurrent users. In addition to its outstanding graphic effects, it also incorporated the most creative and market-oriented game designs to enhance the entertainment features while nurturing gamers' spending habits. Given the expected scale and sophisticated technology of this game, it will require longer development cycle than the co-developed project with Onwind.

Looking ahead, the Group will reap the harvests from the investment in the game titles under development as the co-developed project will enter into commercialization in the next fiscal year. The Group will continue to strengthen its games in the pipeline especially from co-developing with world-class game developers.

Management Discussion and Analysis

FINANCIAL REVIEW

Turnover of the Group for the year ended 31 March 2010 was approximately HK$31,029,000 (2009: HK$33,088,000), which represented a decrease of approximately 6% as compared to the previous financial year. The net decrease was primarily attributable to (1) a decrease in online game business of HK$1,736,000; and (2) a decrease in financial services and advertising services of total HK$323,000.

Other operating income of the Group for the year ended 31 March 2010 was approximately HK$2,037,000 (2009: HK$37,443,000), the decreased is mainly due to the gain on disposal of interest in subsidiaries during the year 2009.

Cost of sales of the Group for the year ended 31 March 2010 was approximately HK$9,323,000 (2009: HK$10,140,000), representing a decrease of approximately 8% as compared to the previous financial year. The decrease in the cost of sales was mainly resulted in the decreased in cost to the information providers in connection with the provision of relevant services.

Selling and marketing expenses of the Group for the year ended 31 March 2010 was decreased to approximately HK$2,959,000 compared with approximately HK$4,493,000 in 2009. The decrease was mainly attributable to the decreased in marketing and promotion expenses incurred for online game business.

Development costs of the Group for the year ended 31 March 2010 was approximately HK$4,664,000 (2009: HK$6,375,000), which mainly comprised depreciation of property, plant and equipment of approximately HK$261,000 (2009: HK$181,000) and employee benefit expenses of approximately HK$3,328,000 (2009: HK$5,504,000) for online game business.

General and administrative expenses of the Group for the year ended 31 March 2010 was decreased by approximately HK$8,185,000 to approximately HK$36,933,000 (2009: HK$45,118,000), which mainly comprised the staff costs (including directors' emoluments) of approximately HK$18,166,000 (2009: HK$23,750,000).

Other operating expenses of the Group for the year ended 31 March 2010 were approximately HK$27,116,000 (2009: HK$66,722,000), which mainly represented the goodwill impairment charge of HK$27,000,000 (2009: HK$43,203,000). The impairment charges related to the goodwill impairment and capitalized online games development costs respectively in the Group's online games segment.

Finance cost of the Group for the year ended 31 March 2010 was approximately HK$210,000 (2009: HK$332,000), which represented the interest charges on bank loans for the investment properties in the PRC and on the finance lease for the computer equipments.

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit arising in or derived from Hong Kong for the year (2009: Nil). The Hong Kong profits tax of approximately HK$49,000 was paid during the year ended 31 March 2010 (2009: HK$26,000), for adjustment in respect of prior years. The PRC income tax of approximately HK$54,000 was paid during the year ended 31 March 2010 (2009: HK$62,000) for the net rental income from the investment properties of the Company in the PRC.

Loss shared by minority interests of the Group for the year ended 31 March 2010 was approximately HK$12,667,000 (2009: HK$433,000). Loss shared by minority interests in this year represented minority interests' share of loss in the Group's online game business.

The audited consolidated loss attributable to owners of the Company for the year ended 31 March 2010 was approximately HK$35,575,000 (2009: HK$62,309,000).

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 March		
	2010	2009	change
	HK$'000	*HK$'000*	
Net current assets	62,589	3,045	+1955%
Total assets	96,762	67,610	+43%
Total liabilities	12,754	14,520	–12%
Total equity	84,008	53,090	+58%
Cash and bank deposits	33,681	7,444	+352%
Debts to equity ratio	0.15x	0.27x	–45%
Gearing ratio	0.04x	0.08x	–50%

As at 31 March 2010, the total assets of the Group increased by approximately HK$29,152,000 to approximately HK$96,762,000 as compared to approximately HK$67,610,000 as at the end of the previous financial year, representing an increase of approximately 43%.

As at 31 March 2010, the total liabilities of the Group decreased by approximately HK$1,766,000 to approximately HK$12,754,000 as compared to approximately HK$14,520,000 as at the end of the previous financial year, representing a decrease of approximately 12%.

As at 31 March 2010, the total equity of the Group significantly increased by approximately HK$30,918,000 to approximately HK$84,008,000 as compared to approximately HK$53,090,000 as at the end of the previous financial year, representing an increase of approximately 58%.

GEARING RATIO

As at 31 March 2010, the Group's gearing ratio was approximately 4% (2009: 8%), based on total borrowings of approximately HK$3,713,000 (2009: HK$4,476,000) and total equity of the Group of approximately HK$84,008,000 (2009: HK$53,090,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2010, the Group held available-for-sale financial assets of approximately HK$268,000 (2009: HK$580,000).

ACQUISITION AND DISPOSAL OF SUBSIDIARY

The Group had no acquisition and disposal of subsidiary during the year ended 31 March 2010.

CHARGES OF ASSETS

As at 31 March 2010, the investment properties and the property, plant and equipment with an aggregate carrying value of HK$14,000,000 and approximately HK$1,040,000 respectively (2009: HK$14,000,000 and HK$1,360,000) were pledged as securities for the borrowing facilities of the Group.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group holds buildings in RMB and available-for-sales financial assets in Japanese Yen. The Group is therefore exposed to currency risks, as the value of the assets will fluctuate due to change in exchange rates.

Management Discussion and Analysis

CONTINGENT LIABILITIES

In the year ended 31 March 2008, three libel actions have been brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. At the end of the reporting period, the Company's directors believe that the Group has meritorious defense against such claims and accordingly, the directors do not believe that these claims will have any material adverse effect on the Group. Therefore no provisions have been made in the financial statements in respect thereof.

STAFF

The Group had 186 (2009: 242) full-time employees in Hong Kong and the PRC as at 31 March 2010.

During the year, the Group incurred total staff costs (including directors' emoluments) of approximately HK$21,494,000 (2009: HK$29,254,000), which approximately HK$18,166,000 (2009: HK$23,750,000) was included under the general and administrative expenses and approximately HK$3,328,000 (2009: HK$5,504,000) was included under the development costs.

DISCLOSURE UNDER CHAPTER 17 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON GEM OF THE STOCK EXCHANGE

The Directors confirmed that they were not aware of any circumstances which would give rise to disclosure requirement under Rules 17.15 to 17.21 of the rules governing the listing of securities on GEM of the Stock Exchange.

PROSPECT

The Group's years of efforts to build its business fundamentals and acquire appropriate companies in the burgeoning Internet, Mobile and Media sectors allow the Group to capitalize on the ferocious growth of the mainstream Chinese consumer markets in the coming years.

Looking ahead, the Group will benefit significantly from the many exciting business opportunities arising from the latest positive market trends: the penetration of 3G services in China, the growing prevalence of mobile Internet combined with China's massive mobile user base and the success of App Store business model; the latest green-light given to China's Three Network Convergence Plan; the tremendous growth of China's online game market; and not to mention the increasing integration between Hong Kong's and China's financial markets and the internationalization of the RMB.

The Group and its team have one but single objective, to exceed shareholder expectations and to deliver strong earnings in the next few quarters.

Board of Directors and Senior Management

Executive Directors' Profile

DR. YU GANG, GEORGE, aged 45, serves as the chairman, chief executive officer, and compliance officer of the Group and is responsible for leading the Group's overall strategic planning and development. Prior to joining the Group in December 1999, Dr. Yu had gathered years of investment banking experience when he was with Goldman Sachs (Asia) L.L.C. in Hong Kong and J.P. Morgan Securities, Inc. in New York. Dr. Yu later joined the University of Hong Kong as an Assistant Professor of Finance for three years. Dr. Yu graduated with a Ph.D. degree in Finance from the Stern School of Business, New York University in the U.S. in 1993, a master's degree in Economics from the State University of New York in the U.S. in 1988, and a bachelor's degree in Mathematics from Sichuan University in the PRC in 1985.

MR. LIN PENG, BEN, aged 44, serves as the chief operating officer of the Group and responsible for the Group's daily operations. Mr. Lin has over 16 years of experience in banking and finance industry. Before joining the Group in January 2009, Mr. Lin had spent 8 years worked with Infocast Limited, a leading financial service provider, as their chief financial officer. Prior to joining Infocast Limited, Mr. Lin had worked for Min Xin Holdings Limited, a banking listed company in Hong Kong, and Vigour Fine Company Limited, an international financial investment company. Mr. Lin has extensive multi-national knowledge and practice in corporate finance, merger and acquisition, portfolio management, syndicated loan and bond issuance as well as financial servicing industry. Mr. Lin was educated both in PRC and North America. Mr. Lin graduated from Ivey School of Business, University of Western Ontario with MBA degree in 2000, and also graduated from Xiamen University in PRC in 1989 with Bachelor degree in Finance.

Independent Non-Executive Directors' Profile

DR. LAM LEE G., aged 50, has been an independent non-executive director of the Group since April 2003. Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Postgraduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in law (and has completed the Bar Course) from the City University of Hong Kong, a LLM in law from the University of Wolverhampton in the U.K., and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 28 years of multinational general management, corporate governance, investment banking, and direct investment experience. Dr. Lam is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of a number of publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Committee (CPPCC), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Committee, a Fellow of the Hong Kong International Arbitration Centre, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing.

MR. WU TAK LUNG, aged 45, an independent non-executive director since February 2004, is currently a director and Head of Investment Banking of CSC Asia Limited. Mr. Wu is also an independent non-executive director of China Water Industry Group Limited, Aupu Group Holding Company Limited, Neo-Neon Holdings Limited, iMerchants Limited, Apollo Solar Energy Technology Holdings Limited (formerly known as "RBI Holdings Limited") and AKM Industrial Company Limited, all of which are listed on the Stock Exchange. Mr. Wu had worked in an international audit firm, Deloitte Touche Tohmatsu for five years, and was then employed by several listed and private companies in Hong Kong as head of corporate finance, chief financial officer and executive director. Mr. Wu obtained a master's degree in Business Administration jointly awarded by the University of Manchester and the University of Wales. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants (ACCA), Hong Kong Institute of Chartered Secretaries (HKICS) and the Taxation Institute of Hong Kong (TIHK). He is also a full member of

Board of Directors and Senior Management

the Hong Kong Securities Institute (HKSI) and an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA).

MR. LAM KA WAI, GRAHAM, aged 42, graduated from the University of Southampton, England with a Bachelor of Science degree in Accounting and Statistics. He is a member of Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Lam is currently the Managing Director and Head of Corporate Finance of an investment bank and has around 16 years experience in investment banking as well as around 4 years experience in accounting and auditing. He is also the independent non-executive director of Cheuk Nang (Holdings) Limited, Applied Development Holdings Limited, China Fortune Group Limited, ZZNode Technologies Company Limited, China Sonangol Resources Enterprise Limited, Pearl Oriental Innovation Limited and Value Convergence Holdings Ltd, companies listed on the Main Board of The Stock Exchange of Hong Kong Limited; and China Railway Logistics Limited, company listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Senior Management's Profile

MS. SIU WING KEI, QUEENIE, aged 35, is the vice president of the Group and the chief executive officer of China Game, the Group's online game subsidiary. Ms. Siu held various senior management roles in corporate development, investor relations and marketing at the Group from 2005 to 2007. She participated in the Group's key corporate development activities including strategic planning, M&As and fund-raising. Prior to joining the Group, Ms. Siu spent about three years with Sino-i Technology Limited, a company listed in Hong Kong, as the marketing director and web business director of its China-based information services arm in Beijing. Ms. Siu graduated with a Master's degree in Commerce (Management of Technology) and a Master's degree in Logistics Management from the University of Sydney, Australia simultaneously in 2003.

MS. NGAI FUNG KING, CARRIE, aged 42, is the director of finance and administration and company secretary of the Group, responsible for the Group's financial control, human resources management and corporate affairs. Ms. Ngai has over 18 years of experience in accounting, financial management and corporate secretarial work. She was with Coopers & Lybrand (now PricewaterhouseCoopers) for three years and worked as group chief accountant in The Swank Shop Limited for five years. Before joining the Group, Ms. Ngai spent two years with Christie's as the financial controller in Asia. Ms. Ngai received a professional diploma in Accountancy from Hong Kong Polytechnics in 1990. She is a fellow member of The Association of Chartered Certified Accountants.

MR. JI DONG, aged 42, is general manager of the Finet Shenzhen company and responsible for Shenzhen company's daily operations. Mr. Ji has over 18 years of experience in banking industry. Before joining the Group in August 2009, Mr. Ji had spent 2 years worked with Standard Chartered Bank (China) Ltd. ("SCB"), as their SME transaction banking regional manager to cover south and west region in China. Prior joining SCB Mr. Ji had worked for China Everbright Bank for 4 years and China Merchants Bank for 10 years and China Construction Bank for 2 years. Mr. Ji has extensive multi-national knowledge and practice in corporate finance, trade finance, foreign exchange, cash management, portfolio management, syndicated loan, SME banking and branch management. Mr. Ji was educated in PRC. Mr. Ji graduated from South and West University of Finance and Economics with Master degree in Finance in 2000, and also graduated from Shanghai University of Finance and Economics in PRC in 1990 with Bachelor degree in Finance.

MR. LI YAN QING, aged 38, is the president of China Game, the Group's online game subsidiary. Prior to joining China Game, Mr. Li founded T2CN Group, now a brand-name online game company in China, in 2003 and served as its president, where he led the operations and development of a number of reputable online games, including "Freestyle", "Neosteam" and "House of Flying Daggers". Mr. Li joined the online game joint venture of Sina.com and NCSoft Corporation in 2002 as the vice president and marketing director, responsible for the game operations of "Lineage", one of the most popular online games from Korea. He joined Netease.com Inc. as operations director in Shanghai to operate "Westward Journey II", one of the most successful games in China, "Priston Tale" and more other online games. Back in 1999, Mr. Li founded the largest PC game information portal, www.ali213.net. Mr. Li graduated with a bachelor degree in Clinical Medicine from Zhejiang University in 1996.

Corporate Governance Report

Corporate Governance Practice

The Board is committed to maintaining a high standard of corporate governance. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders.

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the code provisions set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules except that the roles of chairman and chief executive officer are not separate and are performed by the same individual.

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 dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2010. Having made specific enquiry of all Directors of the Company, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors of the Company.

Board of Directors

The composition of the Board and the biographical details of the Directors are set out in the Report of the Directors on pages 19 to 25 and the section headed "Board of Directors and Senior Management" on pages 13 to 14 of this annual report.

During the year ended 31 March 2010, the Board held ten physical meetings and the attendance of the Directors are as follows:

Name of director		Number of attendance in person	% of attendance
Yu Gang, George		10/10	100%
Lin Peng, Ben	(appointed on 16 June 2009)	8/8	100%
Lam Lee G.		7/10	70%
Wu Tak Lung		10/10	100%
Lam Ka Wai, Graham	(appointed on 5 August 2009)	6/6	100%
William Hay	(retired on 31 July 2009)	4/4	100%

In addition to physical meetings, the Board also approved matters by resolutions in writing from all the Directors.

The Board is responsible for the overall management of the Company in accordance with the Company's articles of association (the "Articles of Association") and is entitled to delegate its powers to any executive Directors, committees of the Board and the management team. The Board is primarily responsible for approving and monitoring the Company's major corporate matters, the evaluation of the performance of the Company and oversight of the management.

The Company has received the annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent.

To the knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

Corporate Governance Report

Chairman and Chief Executive Officer

The roles of the chairman and chief executive officer are performed by the same individual, Dr. Yu Gang, George. While serving as the chairman of the Company, Dr. Yu Gang, George leads the Board and is responsible for the proceedings and workings of the Board. He is also responsible for running the Company and executing strategies adopted by the Board. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises of experienced and professional individuals. Given the Company's current stage of development, the Board considers that vesting the role of chairman and chief executive officer in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operations. However, the Board will review the existing structure from time to time.

Non-executive Directors and Retirement by Rotation

Each Director has entered into a service contract with the Company for the term of two or three years. The Directors are subject to retirement by rotation and re-election at each annual general meeting of the Company in accordance with article 87 of the Articles of Association. The Directors appointed as an addition to the Board or to fill a casual vacancy on the Board shall be subject to re-election by the shareholders at the first general meeting after the appointment.

Audit Committee

The Board established an audit committee with written terms of reference in accordance with Rules 5.28 of the GEM Listing Rules. The audit committee comprises three members who are independent non-executive Directors, namely, Mr. Wu Tak Lung, Dr. Lam Lee G. and Mr. Lam Ka Wai, Graham (with Mr. Wu Tak Lung as the chairman thereof).

The principal duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Company.

The audit committee met four times during the year ended 31 March 2010 and the attendance of the members is as follows:

Name of director	Number of attendance in person	% of attendance
Wu Tak Lung	4/4	100%
Lam Lee G.	3/4	75%
Lam Ka Wai, Graham	3/3	100%
William Hay	1/1	100%

During the year ended 31 March 2010, the audit committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements as well as audit matters of the Company, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

The audited financial statements for the year ended 31 March 2010 have been reviewed by the audit committee.

Remuneration Committee

The committee comprises the executive Director, Dr. Yu Gang, George and three independent non-executive Directors, namely, Dr. Lam Lee G., Mr. Wu Tak Lung and Mr. Lam Ka Wai, Graham (with Dr. Lam Lee G. as the chairman thereof). The principal responsibilities of the remuneration committee include the formulation of the Company's remuneration policy, the approval or recommendation of remuneration packages for the Directors and the senior management, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

According to the terms of reference, the remuneration committee should meet once a year. The remuneration committee met one time during the year ended 31 March 2010 and the attendance of the members is as follows:

Name of director	Number of attendance in person	% of attendance
Lam Lee G.	1/1	100%
Yu Gang, George	1/1	100%
Wu Tak Lung	1/1	100%
Lam Ka Wai, Graham	1/1	100%

Nomination of Directors

The Board has the power to appoint Director(s) pursuant to the Articles of Association. On 16 June 2009, the Board appointed Mr. Lin Peng, Ben as an executive Director after consideration with reference to his experience, expertise and professional qualifications. On 5 August 2009, the Board appointed Mr. Lam Ka Wai, Graham as an independent non-executive Director to fill the vacancy pursuant to Rule 5.05 of the GEM Listing Rules.

Non-Compliance With Independent Non-Executive Directors' Minimum Number Requirement

Following the conclusion of the annual general meeting of the Company on 31 July 2009, with the poll result announced on the same day, the Company has only two independent non-executive Directors and two members in its audit committee, such number do not meet the minimum requirement prescribed in Rule 5.05(1) and 5.28 of the GEM Listing Rules for the period from 1 August 2009 to 4 August 2009. On 5 August 2009, Mr. Lam Ka Wai, Graham has been appointed as an independent non-executive Director, member of audit committee and remuneration committee of the Company to fill the vacancy accordingly.

Auditors' Remuneration

The auditors provide audit and non-audit services to the Company during the year ended 31 March 2010. The remuneration paid/payable to the auditors for the provision of audit and non-audit services during the year under review is HK$320,000 and HK$493,000 respectively.

Preparation of Financial Statements

The respective responsibilities of the Directors and the auditors for preparing financial statements of the Company are set out in the Independent Auditors' Report on pages 26 to 27 of this annual report.

Corporate Governance Report

Internal Controls

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interests of shareholders and the Company's assets.

In consideration of the size of the Company, the Board does not consider to establish an internal audit team at present. However, the key control procedures established by the Company are day-to-day supervision of the business by the executive Directors, supported by managers responsible for the operations and the key divisional supporting functions of finance, information system and human resources.

The Board will continue to review and improve the Company's internal control systems, taking into account the prevailing regulatory requirements, the Group's business development, shareholder interest, and technological advances.

Report of the Directors

The Directors have the pleasure to present the annual report together with the audited financial statements of the Group for the year ended 31 March 2010.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of financial services, information solutions services, development and operations of online games and investment holding.

Results and Appropriations

Details of the Group's results for the year ended 31 March 2010 are set out in the accompanying financial statements.

The Directors do not recommend the payment of any dividend.

Group Financial Summary

A summary of the published annual results and assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" on page 88 of this report.

Reserves

Movements in reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 31 and Note 30 on page 85 to the accompanying financial statements.

The Company had reserves of approximately HK$53,109,000 (2009: HK$35,140,000) available for dividend distribution to shareholders as at 31 March 2010.

Share Capital

Details of movements in share capital of the Company are set out in Note 28 to the accompanying financial statements.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2010 and up to the date of this report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws in the Cayman Islands.

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 20 to the accompanying financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company are set out in Note 17 to the accompanying financial statements.

Borrowings and Interest Capitalized

Particulars of borrowings of the Group and the Company as at 31 March 2010 are set out in Note 27 to the accompanying financial statements. No interest was capitalized by the Group during the year.

Report of the Directors

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 13 to 14 of this annual report.

Directors

The Directors who held office during the year ended 31 March 2010 and up to the date of this annual report were:

Executive Directors

Dr. Yu Gang, George	
Mr. Lin Peng, Ben	(appointed on 16 June 2009)

Independent Non-executive Directors

Dr. Lam Lee G.	
Mr. Wu Tak Lung	
Mr. Lam Ka Wai, Graham	(appointed on 5 August 2009)
Mr. William Hay	(retired on 31 July 2009)

In accordance with Article 87(1) of the Articles of Association, Dr. Lam Lee G. will retire at the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election.

Emoluments of the Directors and the Five Highest Paid Individuals

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in Note 15 and Note 16 to the accompanying financial statements respectively.

Directors' Service Agreements

The Company has entered into service agreement with Dr. Yu Gang, George for a term of two years commencing on 7 January 2005 and shall continue thereafter until terminated by either party giving to the other not less than three months' written notice.

The Company has entered into service agreement with Mr. Lin Peng, Ben for an initial term of two years commencing on 16 June 2009 and subject to the retirement by rotation provisions under the Articles of Association.

During the year, the Company and all the independent non-executive Directors have entered into service contracts with initial term of two or three years and subject to the retirement by rotation provisions under the Articles of Association.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executives' Interests

As at 31 March 2010, the interests and short positions of the Directors and the chief executives of the Company 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 (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

(i) Aggregate long positions in the shares and underlying shares of the Company

	Number of shares		Number of Underlying Shares				
Name of director	Direct interest	Interest of controlled corporation	Direct interest	Interest of controlled corporation	*Note*	Total number of shares	% of shares in issue
Executive Director:							
Yu Gang, George ("Dr. Yu")	–	193,654,617	2,992,384	5,500,123	1	202,147,124	55.01%
Independent Non-executive Directors:							
Lam Lee G.	–	–	246,774	–	–	246,774	0.06%
Wu Tak Lung	–	–	246,774	–	–	246,774	0.06%

(ii) Aggregate long positions in the shares of associated corporation

		Number of shares			
Name of associated corporation	Name of director	Direct interest	Interest of controlled corporation	*Note*	% of shares in issue
Opulent Oriental International Limited ("Opulent")	Yu Gang, George	100	–	1	100%

Note:

1. Dr. Yu was deemed (by virtue of the SFO) to be interested in 202,147,124 shares. These shares were held in the following capacity:

   (a) 193,654,617 shares and 5,500,123 underlying shares were held by Opulent. Dr. Yu is interested in the entire issued share capital of Opulent. Therefore, the interest of Dr. Yu in these 193,654,617 shares and 5,500,123 underlying shares duplicates with the interest of Opulent in the same lots of 193,654,617 shares and 5,500,123 underlying shares; and

   (b) Dr. Yu is entitled to share options to subscribe for an aggregate of 2,992,384 shares.

Report of the Directors

Save as disclosed above, as at 31 March 2010, none of the Directors or chief executives of the Company nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules.

Substantial Shareholders

As at 31 March 2010, so far as the Directors are aware, persons other than Directors or chief executives of the Company who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

	Number of shares and capacity in which the shares were held			Number of underlying shares and capacity in which the shares were held				
	Beneficial owner	Security interest	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation	*Notes*	Total number of shares	% of shares in issue
Substantial shareholders:								
Opulent Oriental International Limited	193,654,617	–	–	5,500,123	–	1 & 2	199,154,740	54.19%
Maxx Capital Finance Limited	–	193,654,617	–	–	–	2	193,654,617	52.70%
Pablos International Limited	–	–	193,654,617	–	–	2	193,654,617	52.70%
Wise Capital International Limited	–	–	–	35,600,000	–	3	35,600,000	9.68%
Lo Yuk Yee	–	–	193,654,617	–	35,600,000	2 & 3	229,254,617	62.38%

Notes:

1. Opulent was deemed (by virtue of the SFO) to be interested 199,154,740 shares as beneficial owner. The interest of Opulent in these 199,154,740 shares duplicates with the interest of Dr. Yu in the same lot of 199,154,740 shares. Such 199,154,740 shares comprise:

   (a) 193,654,617 shares held by Opulent; and

   (b) 5,500,123 underlying shares falling to be issued to Opulent upon the exercise of the subscription rights attaching to the 5,500,123 bonus warrants.

2. According to the information on the shareholders' disclosure of interest, the 193,654,617 shares held by Opulent has been pledged to Maxx Capital Finance Limited ("Maxx"), which was a 99.99% owned subsidiary of Pablos International Limited ("Pablos") and Pablos was a wholly-owned company of Ms. Lo Yuk Yee ("Ms. Lo"). Accordingly, Maxx, Pablos and Ms. Lo were deemed (by virtue of the SFO) to be interested in 193,654,617 shares in the Company.

3. According to the information on the shareholders' disclosure of interest, the 35,600,000 underlying shares were held by Wise Capital International Limited ("Wise"), which was a wholly-owned company of Ms. Lo. Accordingly, both Wise and Ms. Lo were deemed (by virtue of the SFO) to be interested in 35,600,000 underlying shares in the Company.

Save as disclosed above, the Directors are not aware of other person who, as at 31 March 2010, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Summary of the Share Option Schemes

A summary of the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme is set out in Note 29 to the accompanying financial statements.

Details of Outstanding Options Granted

As at 31 March 2010, options to subscribe for an aggregate of 3,216,949 underlying shares had been granted by the Company under the Pre-IPO Share Option Scheme adopted on 23 July 2004. Details of the outstanding options which have been granted and remaining unexercised under the Pre-IPO Share Option Scheme as at 31 March 2010 are as follows:

Grantee	Date of grant	Exercise price per share *(Notes 1 and 2)*	Outstanding as at 1 April 2009	Adjustments during the year *(Notes 1 and 2)*	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2010
Pre-IPO Share Option Scheme:							
Director							
Yu Gang, George	21 September 2004	HK$0.6080	12,126,000	(9,133,616)	–	–	2,992,384
Employees	21 September 2004	HK$0.6080	1,755,000	(811,911)	(50,588)	(667,936)	224,565
Total			13,881,000	(9,945,527)	(50,588)	(667,936)	3,216,949

As at 31 March 2010, options to subscribe for an aggregate of 1,492,984 underlying shares had been granted by the Company under the Share Option Scheme adopted on 16 December 2004. Details of the outstanding options which have been granted and remaining unexercised under the Share Option Scheme as at 31 March 2010 are as follows:

Grantee	Date of grant	Exercise price per share *(Notes 1 and 2)*	Outstanding as at 1 April 2009	Granted during the year	Adjustments during the year *(Notes 1 and 2)*	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2010
Share Option Scheme:								
Directors								
Lam Lee G.	29 September 2005	HK$1.4790	1,000,000	–	(753,226)	–	–	246,774
Wu Tak Lung	29 September 2005	HK$1.4790	1,000,000	–	(753,226)	–	–	246,774
Sub-total			2,000,000	–	(1,506,452)	–	–	493,548
Employee	5 September 2005	HK$1.1345	2,650,000	–	(1,996,048)	–	–	653,952
Employee	29 September 2005	HK$1.4790	400,000	–	(301,290)	–	–	98,710
Employee	6 December 2006	HK$2.7070	1,000,000	–	(753,226)	–	–	246,774
Sub-total			4,050,000	–	(3,050,564)	–	–	999,436
Total			6,050,000	–	(4,557,016)	–	–	1,492,984

Report of the Directors

Notes:

1. As a result of the two open offers during the year ended on 31 March 2010, which (a) 299,685,000 new shares of HK$0.01 each were issued at the subscription price of HK$0.05 per share on the basis of one offer share for every two existing shares of HK$0.01 each in the share capital of the Company on 3 July 2009; and (b) 899,465,189 new shares of HK$0.01 each were issued at the subscription price of HK$0.07 per share on the basis of one offer share for every existing share of HK$0.01 each in the share capital of the Company on 30 October 2009, the exercise prices per share and the number of outstanding share options under the share option schemes were adjusted as per announcement dated 30 July 2009 and 24 November 2009.

   The auditors of the Company had confirmed in writing to the Directors that such adjustments were made in accordance with the requirements set out in the note to Rule 23.03(13) of the GEM Listing Rules and the terms of the shares option schemes of the Company dated 23 July 2004 and 16 December 2004.

2. As at 30 November 2009, every five issued and unissued shares of HK$0.01 each in the share capital of the Company were consolidated into one consolidated share of HK$0.05 each in the share capital of the Company. As a result of the consolidation, the exercise prices per share and the number of outstanding share options under the share option schemes were adjusted accordingly.

Customers and Suppliers

For the year ended 31 March 2010, the five largest customers accounted for approximately 42% (2009: 31%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 74% (2009: 67%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 18% (2009: 16%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 46% (2009: 44%) of the Group's total cost of sales.

None of the Directors, their associates, or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

Directors' Interest in Contracts

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Significant Contracts

There was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

Management Contracts

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

Confirmation of Independence by Independent Non-executive Directors

The Company confirms that it has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rules 5.09 of the GEM Listing Rules and considers, based on the confirmations received, the Independent Non-executive Directors to be independent.

Corporate Governance

The Company has published its Corporate Governance Report, details of which are set out on pages 15 to 18 of this annual report.

Competing Interests

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 March 2010.

Auditors

The accompanying financial statements have been audited by Messrs. HLB Hodgson Impey Cheng. A resolution for the re-appointment of Messrs. HLB Hodgson Impey Cheng as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors
Finet Group Limited

Yu Gang, George
Chairman

Hong Kong, 29 June 2010

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF FINET GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 87, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' 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 auditors' 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 auditors consider 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 29 June 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000 (restated)
Revenue	5	31,029	33,088
Cost of sales		(9,323)	(10,140)
Gross profit		21,706	22,948
Other income and gains	6	2,037	37,443
Development costs		(4,664)	(6,375)
Selling and marketing expenses		(2,959)	(4,493)
General and administrative expenses		(36,933)	(45,118)
Other operating expenses	8	(27,116)	(66,722)
Finance costs	9	(210)	(332)
Share of loss of an associate		–	(5)
Loss before income tax	10	(48,139)	(62,654)
Income tax expense	11	(103)	(88)
Loss for the year		(48,242)	(62,742)
Loss attributable to:			
Owners of the Company		(35,575)	(62,309)
Minority interests		(12,667)	(433)
		(48,242)	(62,742)
Loss for the year		(48,242)	(62,742)
Other comprehensive income:			
Fair value loss on available-for-sale financial assets		(242)	(497)
Reserve realized upon disposal of available-for-sale financial assets		97	145
Currency translation differences		91	1,036
Other comprehensive income for the year		(54)	684
Total comprehensive income for the year		(48,296)	(62,058)
Attributable to:			
Owners of the Company	12	(35,641)	(61,865)
Minority interests		(12,655)	(193)
		(48,296)	(62,058)
Loss per share for loss attributable to the owners of the Company during the year	13		
– Basic (in HK cent)		(15.93)	(51.98)
– Diluted (in HK cent)		(15.93)	(51.98)

Consolidated Statement of Financial Position

As at 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	17	7,841	12,168
Investment properties	18	14,000	14,000
Intangible assets	19	2,250	27,006
Available-for-sale financial assets	21	268	580
		24,359	53,754
Current assets			
Accounts receivable	22	997	1,661
Prepayments, deposits and other receivables	23	37,725	4,751
Cash and cash equivalents	24	33,681	7,444
		72,403	13,856
Total assets		96,762	67,610
Current liabilities			
Accounts payable	25	1,389	2,033
Accruals and other payables		4,549	3,540
Deferred income		3,103	4,471
Finance lease payables – due within one year	26	533	533
Borrowings – due within one year	27	240	234
		9,814	10,811
Net current assets		62,589	3,045
Total assets less current liabilities		86,948	56,799
Non-current liabilities			
Finance lease payables – due after one year	26	178	711
Borrowings – due after one year	27	2,762	2,998
		2,940	3,709
Net assets		84,008	53,090
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	28	18,373	5,993
Reserves	30	64,435	35,099
		82,808	41,092
Minority interests		1,200	11,998
Total equity		84,008	53,090

Yu Gang, George
Director

Lin Peng, Ben
Director

Statement of Financial Position

As at 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	17	177	230
Investment properties	18	14,000	14,000
Investments in subsidiaries	20	11,924	40,056
Available-for-sale financial assets	21	268	580
		26,369	54,866
Current assets			
Amounts due from subsidiaries	20	7,050	6,568
Prepayments, deposits and other receivables	23	32,963	165
Cash and cash equivalents	24	22,399	96
		62,412	6,829
Total assets		88,781	61,695
Current liabilities			
Accruals and other payables		2,055	660
Amounts due to subsidiaries	20	1,572	5,852
Borrowings – due within one year	27	240	234
		3,867	6,746
Net current assets		58,545	83
Total assets less current liabilities		84,914	54,949
Non-current liabilities			
Borrowings – due after one year	27	2,762	2,998
Net assets		82,152	51,951
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	28	18,373	5,993
Reserves	30	63,779	45,958
Total equity		82,152	51,951

Yu Gang, George
Director

Lin Peng, Ben
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Share capital	Reserves: Share premium	Merger reserve	Employee compensation reserve	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Accumulated losses	Total reserves	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2008	5,978	134,169	4,870	4,675	1,843	9,989	(567)	(59,349)	95,630	12,325	113,933
Comprehensive income											
Loss for the year	–	–	–	–	–	–	–	(62,309)	(62,309)	(433)	(62,742)
Other comprehensive income											
Fair value loss on available-for-sale financial assets *(Note 21)*	–	–	–	–	–	–	(497)	–	(497)	–	(497)
Reserve realized upon disposal of available-for-sale financial assets	–	–	–	–	–	–	145	–	145	–	145
Currency translation differences	–	–	–	–	796	–	–	–	796	240	1,036
Total other comprehensive income	–	–	–	–	796	–	(352)	–	444	240	684
Total comprehensive income	–	–	–	–	796	–	(352)	(62,309)	(61,865)	(193)	(62,058)
Transactions with owners											
Issue of shares upon exercise of share options *(Note 28)*	15	213	–	–	–	–	–	–	213	–	228
Employee share-based compensation *(Note 14)*	–	–	–	1,366	–	–	–	–	1,366	–	1,366
Exercise of share options *(Note 29)*	–	54	–	(54)	–	–	–	–	–	–	–
Vested share options lapsed/ cancelled	–	–	–	(4,239)	–	–	–	4,239	–	–	–
Disposal of interest in a subsidiary	–	–	–	–	(245)	–	–	–	(245)	(134)	(379)
Total transactions with owners	15	267	–	(2,927)	(245)	–	–	4,239	1,334	(134)	1,215
Balance at 31 March 2009 and 1 April 2009	5,993	134,436	4,870	1,748	2,394	9,989	(919)	(117,419)	35,099	11,998	53,090
Comprehensive income											
Loss for the year	–	–	–	–	–	–	–	(35,575)	(35,575)	(12,667)	(48,242)
Other comprehensive income											
Fair value loss on available-for-sale financial assets *(Note 21)*	–	–	–	–	–	–	(242)	–	(242)	–	(242)
Reserve realized upon disposal of available-for-sale financial assets	–	–	–	–	–	–	97	–	97	–	97
Currency translation differences	–	–	–	–	79	–	–	–	79	12	91
Total other comprehensive income	–	–	–	–	79	–	(145)	–	(66)	12	(54)
Total comprehensive income	–	–	–	–	79	–	(145)	(35,575)	(35,641)	(12,655)	(48,296)
Transactions with owners											
Issue of shares upon exercise of share options *(Note 28)*	3	28	–	–	–	–	–	–	28	–	31
Issue of shares on open offers *(Note 28)*	11,992	65,955	–	–	–	–	–	–	65,955	–	77,947
Issue of shares on exercise of bonus warrants *(Note 28)*	385	3,086	–	–	–	–	–	–	3,086	–	3,471
Shares issue costs	–	(4,114)	–	–	–	–	–	–	(4,114)	–	(4,114)
Employee share-based compensation *(Note 14)*	–	–	–	22	–	–	–	–	22	–	22
Exercise of share options *(Note 29)*	–	2	–	(2)	–	–	–	–	–	–	–
Vested share options lapsed/ cancelled	–	–	–	(23)	–	–	–	23	–	–	–
Total contributions by and distributions to owners	12,380	64,957	–	(3)	–	–	–	23	64,977	–	77,357
Capital contributions from minority shareholders	–	–	–	–	–	–	–	–	–	1,857	1,857
Total transactions with owners	12,380	64,957	–	(3)	–	–	–	23	64,977	1,857	79,214
Balance at 31 March 2010	18,373	199,393	4,870	1,745	2,473	9,989	(1,064)	(152,971)	64,435	1,200	84,008

The merger reserve represents the difference between the share capital and share premium of the Company and the nominal value of shares of a subsidiary acquired pursuant to the reorganization in connection with the preparation for the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Loss before income tax		(48,139)	(62,654)
Adjustments for:			
– Depreciation of property, plant and equipment		3,603	3,890
– Amortization of intangible assets		67	22
– Goodwill impairment charge		27,000	43,203
– Impairment loss on amount due from a former subsidiary		–	20,193
– Share of loss of an associate		–	5
– Gain on disposal of interests in subsidiaries		–	(34,212)
– Recycling of loss from equity on disposal of available-for-sale financial assets		97	145
– Loss/(gain) on disposal of property, plant and equipment		201	(158)
– Fair value loss on investment properties		–	3,155
– Interest income		(11)	(24)
– Finance costs		210	332
– Equity-settled share-based payments		22	1,366
Changes in working capital:			
– Financial assets at fair value through profit or loss		–	3,056
– Accounts receivable		664	2,227
– Prepayments, deposits and other receivables		(32,974)	2,198
– Accounts payable		(644)	434
– Accruals and other payables		1,009	6
– Deferred income		(1,368)	(7)
Cash used in operations		(50,263)	(16,823)
Interest paid		(125)	(275)
Income tax paid		(103)	(88)
Net cash used in operating activities		(50,491)	(17,186)

	Note	2010 HK$'000	2009 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(258)	(7,100)
Purchase of intangible assets	19	(2,310)	(2)
Proceeds from disposal of property, plant and equipment		791	3,291
Proceeds from disposal of available-for-sale financial assets		70	96
Disposal of interests in subsidiaries		–	20,745
Interest received		11	24
Net cash (used in)/generated from investing activities		(1,696)	17,054
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	28	81,449	228
Shares issue costs		(4,114)	–
Capital contributions from minority shareholders of subsidiaries		1,857	–
Interest element of finance lease rental payments		(85)	(57)
Capital element of finance lease rental payments		(533)	(356)
Proceeds from borrowings		–	4,500
Repayment of borrowings		(230)	(4,720)
Net cash generated from/(used in) financing activities		78,344	(405)
Net increase/(decrease) in cash and cash equivalents		26,157	(537)
Cash and cash equivalents at beginning of the year		7,444	7,556
Effect of foreign exchange rate changes, net		80	425
Cash and cash equivalents at end of the year	24	33,681	7,444

Notes to the Consolidated Financial Statements

For the year ended 31 March 2010

1. GENERAL INFORMATION

Finet Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China and (ii) the development and operations of online games in Mainland China. The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 20.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company's registered office is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at Suite 505-506, 5/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 7 January 2005.

These consolidated financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 29 June 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The Group has adopted the following new and amended HKFRSs as of 1 April 2009:

- HKFRS 7 Financial instruments – Disclosures (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKAS 1 (revised) Presentation of financial statements – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKFRS 2 (amendment) Share-based payment (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted HKFRS 2 (amendment) from 1 April 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009, the Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group previously recognized all borrowing costs as an expense immediately. This change in accounting policy was due to the adoption of HKAS 23 Borrowing costs (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(a) *New and amended standards adopted by the Group (continued)*

- HKFRS 8 Operating segments (effective 1 January 2009). HKFRS 8 replaces HKAS 14 Segment reporting. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods, but the Group has not early adopted them:

- HK(IFRIC) 17 Distribution of non-cash assets to owners (effective on or after 1 July 2009). The interpretation is part of the HKICPA's annual improvements project published in April/May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and Company will apply HK(IFRIC) 17 from 1 April 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- HKAS 27 (revised) Consolidated and separate financial statements (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 April 2010.

- HKFRS 3 (revised) Business combinations (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 April 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKAS 38 (amendment) Intangible assets (effective from 1 July 2009). The amendment is part of the HKICPA's annual improvements project published in April/May 2009 and the Group and Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or Company's financial statements.

- HKFRS 5 (amendment) Measurement of non-current assets (or disposal groups) classified as held for sale. The amendment is part of the HKICPA's annual improvements project published in April/May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and Company will apply HKFRS 5 (amendment) from 1 April 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- HKAS 1 (amendment) Presentation of financial statements. The amendment is part of the HKICPA's annual improvements project published in April/May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply HKAS 1 (amendment) from 1 April 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- HKFRS 2 (amendments) Group cash-settled share-based payment transactions (effective from 1 January 2010). In addition to incorporating HK(IFRIC)-Int 8 Scope of HKFRS 2, and HK(IFRIC)-Int 11 HKFRS 2 – group and treasury share transactions, the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in equity.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the investment revaluation reserve in equity.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated on the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Group companies (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the term of leases
Computer equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicle	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 recognized in the consolidated statement of comprehensive income.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property (continued)

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Changes in fair values are recognized in the consolidated statement of comprehensive income, as part of other income and gains.

Gains or losses on disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of disposal.

2.7 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) *Trademarks and licenses*

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3-5 years).

(c) *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(c) Computer software (continued)

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

2.8 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of comprehensive income as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

Recognition and measurement (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets in impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of comprehensive income – is removed from equity and recognized in the consolidated statement of comprehensive income. Impairment losses recognized in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

2.10 Impairment of financial assets

(a) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

(a) *Assets carried at amortised cost (continued)*

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

(b) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the separate consolidated statement of comprehensive income. Impairment losses recognized in the separate consolidated statement of comprehensive income on equity instruments are not reversed through the separate consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of comprehensive income.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Development costs

Expenditure incurred on projects to develop new products is charged to consolidated statement of comprehensive income as incurred unless the Group can demonstrate the technical feasibility of completing the projects so that the asset generated will be available for use or sale, its intention to complete the projects and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. In such case, development expenditure is capitalized and deferred as intangible asset, and is amortized over its estimated useful.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Employee benefits

(a) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully within the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee benefits (continued)

(b) *Share-based compensation (continued)*

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

2.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, on the following bases:

(a) Service income from on-line content information provision is recognized on a time-proportion basis over the service period.

(b) Income from Internet solutions is recognized when the services are rendered.

(c) Online game income is recognized when the in-game premium features are consumed or points for in-game premium features are expired.

(d) Income from advertisements on websites is recognized when the advertisements are placed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

(e) Rental income from property letting is recognized in the period in which the properties are let and on a straight-line basis over the lease terms.

(f) Commission income is recognized when the services are rendered.

(g) Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

2.21 Leases

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

(a) Where the Group is the lessee (operating leases)

Payments made under operating leases (net of any incentives received from the leasing company) are expensed in the consolidated statement of comprehensive income on a straight-line basis over the lease periods.

(b) Where the Group is the lessor (operating leases)

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

Lease income is recognized over the term of the lease on a straight-line basis.

(c) Where the Group is the lessee (finance leases)

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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 Group. It can also be a present obligation arising from past events that is not recognized 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 recognized 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, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events 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 Group. Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) *Market risk*

(i) *Foreign exchange risk*

The Group has no significant transactional currency exposures. The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flows generated from business transactions locally. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) *Price risk*

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale financial assets (Note 21) as at 31 March 2010. The Group's listed investment is listed on the Osaka Securities Exchange in Japan and is valued at quoted market prices at the end of the reporting period.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The following table demonstrates the sensitivity to every 5% increase/decrease in the fair values of the equity investments with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period:

	Increase/ (decrease) in carrying amount of equity investments *HK$'000*	Increase/ (decrease) in loss before income tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2010			
5% increase in equity price	13	–	13
5% decrease in equity price	(13)	–	(13)
2009			
5% increase in equity price	29	–	29
5% decrease in equity price	(29)	–	(29)

* *Excluding retained earnings*

(iii) Cash flow and fair value interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before income tax (through the impact on floating rate borrowings) and the Group's equity.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) *Market risk (continued)*

(iii) *Cash flow and fair value interest rate risk (continued)*

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before income tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2010			
Hong Kong dollar	50	(6)	–
Hong Kong dollar	(50)	6	–
2009			
Hong Kong dollar	50	(7)	–
Hong Kong dollar	(50)	7	–

* *Excluding retained earnings*

(b) *Credit risk*

The Group reviews the recoverability of its trade receivables periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

At the end of the reporting period, the Group has certain concentrations of credit risk as 7% (2009: Nil) and 28% (2009: 28%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively, and 91% (2009: Nil) of the Group's other receivables was due from an individual debtor. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Notes 22 and 23 to the consolidated financial statements.

(c) *Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or within 1 year *HK$'000*	More than 1 year but less than 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
2010				
Accounts payable	1,389	–	–	1,389
Accruals and other payables	4,549	–	–	4,549
Finance lease payables	618	207	–	825
Borrowings	240	1,060	1,702	3,002
2009				
Accounts payable	2,033	–	–	2,033
Accruals and other payables	3,540	–	–	3,540
Finance lease payables	618	825	–	1,443
Borrowings	234	1,274	1,724	3,232

3.2 Capital risk management

One of the Group's subsidiaries is regulated by the Securities and Futures Commission of Hong Kong (the "SFC") and is required to comply with certain minimum capital requirements according to the rules of the SFC. In addition, the Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated statement of financial position. The gearing ratios at 31 March 2009 and 2010 were as follows:

	2010 *HK$'000*	2009 *HK$'000*
Total borrowings *(Notes 26 and 27)*	3,713	4,476
Total equity	84,008	53,090
Gearing ratio	4%	8%

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

Effective 1 April 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2010.

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Available-for-sale financial assets	268	–	–	268

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Osaka Securities Exchange equity investments classified as available for sale.

The carrying values less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets as per consolidated statement of financial position			
31 March 2010			
Available-for-sale financial assets *(Note 21)*	–	268	268
Accounts receivable *(Note 22)*	997	–	997
Deposits and other receivables	34,582	–	34,582
Cash and cash equivalents *(Note 24)*	33,681	–	33,681
Total	69,260	268	69,528

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets as per consolidated statement of financial position			
31 March 2009			
Available-for-sale financial assets *(Note 21)*	–	580	580
Accounts receivable *(Note 22)*	1,661	–	1,661
Deposits and other receivables	4,327	–	4,327
Cash and cash equivalents *(Note 24)*	7,444	–	7,444
Total	13,432	580	14,012

	Financial liabilities at amortized cost *HK$'000*
Financial liabilities as per consolidated statement of financial position	
31 March 2010	
Accounts payable *(Note 25)*	1,389
Accruals and other payables	4,549
Finance lease payables *(Note 26)*	711
Borrowings *(Note 27)*	3,002
Total	9,651

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Financial instruments by category (continued)

	Financial liabilities at amortized cost HK$'000
Financial liabilities as per consolidated statement of financial position	
31 March 2009	
Accounts payable *(Note 25)*	2,033
Accruals and other payables	3,540
Finance lease payables *(Note 26)*	1,244
Borrowings *(Note 27)*	3,232
Total	10,049

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Estimated fair values of employee share options

The fair values of employee share options granted are calculated using the binomial model based on the Group management's significant inputs into calculations, including the impact of vesting period, exit rate of employees, estimated life of share options granted based on exercise restrictions and behavioral consideration, volatility of share price and exercise price of the share options granted. Furthermore, the calculations assume nil future dividends.

(c) Estimated fair values of investment properties

The fair values of investment properties are determined annually by independent qualified valuers on open market value, existing use basis calculated on the net income allowing for reversionary potential. In making the judgment, considerations have been given to assumptions that are mainly based on market conditions existing at the end of the reporting period.

5. REVENUE

Revenue, which is also the Group's turnover, represents total invoiced value of services rendered. Revenue recognized during the year is as follows:

	2010 *HK$'000*	2009 *HK$'000*
Service income from provision of financial information services	29,658	29,952
Advertising income	1,277	1,306
Online game income	94	1,830
	31,029	33,088

6. OTHER INCOME AND GAINS

	2010 *HK$'000*	2009 *HK$'000*
Gain on disposal of interests in subsidiaries	–	34,212
Gain on disposal of property, plant and equipment	–	158
Gross rental income from investment properties	1,018	1,063
Net fair value gains on financial assets at fair value through profit or loss	–	161
Interest income from bank deposits	11	24
Sundry income	1,008	1,825
	2,037	37,443

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the board of directors of the Company, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

At 31 March 2010, the Group is organized into two main business segments:

(i) Financial information services business – the development, production and provision of financial information services and technology solutions to corporate clients and retail investors in Greater China.

(ii) Online game business – the development and operations of online games in Mainland China.

7. SEGMENT INFORMATION (continued)

The segment results for the year ended 31 March 2010 are as follows:

	Financial information services business *HK$'000*	Online game business *HK$'000*	Group *HK$'000*
Revenue	30,935	94	31,029
Segment results	(6,087)	(41,842)	(47,929)
Finance costs			(210)
Loss before income tax			(48,139)
Income tax expense			(103)
Loss for the year			(48,242)
Other segment items included in the consolidated statement of comprehensive income are as follows:			
Goodwill impairment charge	–	27,000	27,000
Recycling of loss from equity on disposal of available-for-sale financial assets	97	–	97
Amortization of intangible assets	–	67	67
Depreciation of property, plant and equipment	2,389	1,214	3,603

7. SEGMENT INFORMATION (continued)

The segment results for the year ended 31 March 2009 are as follows:

	Financial information services business HK$'000	Online game business HK$'000	Group HK$'000
Revenue	31,258	1,830	33,088
Segment results	(16,217)	(46,100)	(62,317)
Finance costs			(332)
Share of loss of an associate			(5)
Loss before income tax			(62,654)
Income tax expense			(88)
Loss for the year			(62,742)
Other segment items included in the consolidated statement of comprehensive income are as follows:			
Goodwill impairment charge	–	43,203	43,203
Impairment loss on amount due from a former subsidiary	–	20,193	20,193
Fair value loss on investment properties	3,155	–	3,155
Recycling of loss from equity on disposal of available-for-sale financial assets	145	–	145
Amortization of intangible assets	–	22	22
Depreciation of property, plant and equipment	2,498	1,392	3,890

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, accounts receivable, prepayments, deposits and other receivables, and cash and cash equivalents.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 17) and intangible assets (Note 19), including additions resulting from acquisitions through business combinations.

7. SEGMENT INFORMATION (continued)

The segment assets and liabilities at 31 March 2010 and capital expenditure for the year then ended are as follows:

	Financial information services business *HK$'000*	Online game business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Assets	83,691	13,071	–	96,762
Liabilities	7,580	1,461	3,713	12,754
Capital expenditure	20	2,548	–	2,568

The segment assets and liabilities at 31 March 2009 and capital expenditure for the year then ended are as follows:

	Financial information services business *HK$'000*	Online game business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Assets	31,511	36,099	–	67,610
Liabilities	8,338	1,706	4,476	14,520
Capital expenditure	4,052	4,650	–	8,702

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC").

	2010 *HK$'000*	2009 *HK$'000*
Revenue		
Hong Kong	25,306	24,076
PRC	5,723	9,012
	31,029	33,088

Revenue is allocated based on the country in which the customer is located.

7. SEGMENT INFORMATION (continued)

	2010 *HK$'000*	2009 *HK$'000*
Total assets		
Hong Kong	67,162	12,431
PRC	29,332	54,599
Other countries	268	580
	96,762	67,610

Total assets are allocated based on where the assets are located.

	2010 *HK$'000*	2009 *HK$'000*
Capital expenditure		
Hong Kong	15	2,243
PRC	2,553	6,459
	2,568	8,702

Capital expenditure is allocated based on where the assets are located.

Revenue of approximately HK$5,734,000 (2009: HK$5,269,000) are derived from a single external customer. These revenue are attributable to financial information services business segment.

8. OTHER OPERATING EXPENSES

	2010 *HK$'000*	2009 *HK$'000*
Goodwill impairment charge	27,000	43,203
Impairment loss on amount due from a former subsidiary	–	20,193
Fair value loss on investment properties	–	3,155
Recycling of loss from equity on disposal of available-for-sale financial assets	97	145
Others	19	26
	27,116	66,722

9. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest expense on bank borrowings:		
– not wholly repayable within five years	125	139
Interest expense on other borrowings:		
– wholly repayable within five years	–	136
Interest on a finance lease	85	57
	210	332

10. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2010 HK$'000	2009 HK$'000
Operating lease payments in respect of rented premises	5,305	5,760
Amortization of intangible assets (included in general and administrative expenses)	67	22
Depreciation of property, plant and equipment	3,603	3,890
Development costs *(Note)*	4,664	6,375
Loss on disposal of property, plant and equipment	201	–
Auditors' remuneration – current year provision	300	320
– under-provision in prior year	–	160
Net foreign exchange losses	4	244

Note: Development costs mainly comprise depreciation of property, plant and equipment of approximately HK$261,000 (2009: HK$181,000) and employee benefit expenses of approximately HK$3,328,000 (2009: HK$5,504,000), which are also included in the total amounts disclosed separately above and in Note 14 for each of these types of expenses.

11. INCOME TAX

Hong Kong profits tax is calculated at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit arising in or derived from Hong Kong for the year (2009: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2010 HK$'000	2009 HK$'000
Current tax:		
– Hong Kong profits tax	–	–
– Overseas taxation – PRC	54	62
Adjustments in respect of prior years	49	26
Income tax expense	103	88

11. INCOME TAX (continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2009: 16.5%) as follows:

	2010 HK$'000	2009 HK$'000
Loss before income tax	(48,139)	(62,654)
Tax calculated at Hong Kong profits tax rate	(7,943)	(10,338)
Effect of different tax rates of other jurisdictions	(1,582)	(3,285)
Income not subject to tax	(328)	(3,428)
Expenses not deductible for tax purposes	9,418	14,709
Tax effect of temporary differences not recognized	277	(53)
Tax losses for which no deferred income tax asset was recognized	212	2,457
Adjustment in respect of prior years	49	26
Income tax expense	103	88

No deferred tax liabilities are recognized in the financial statements as the Group and the Company did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts at 31 March 2010 (2009: Nil). The Group's deferred tax assets and liabilities not recognized in the financial statements are as follows:

	2010 HK$'000	2009 HK$'000
Tax losses	13,871	14,362
Accelerated depreciation allowance	(403)	(416)
Revaluation of properties	(3,525)	(3,525)
	9,943	10,421

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profit is probable. No deferred tax assets are recognized in the Group's financial statements as it is uncertain as to whether these tax benefits will be utilized in the foreseeable future. The tax losses arising from subsidiaries operating in Hong Kong are subject to approval by the Inland Revenue Department of Hong Kong.

12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$47,011,000 (2009: HK$62,009,000).

13. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 March 2010 of HK$35,575,000 (2009: HK$62,309,000) by the weighted average number of 223,270,153 (2009 (restated): 119,869,463) ordinary shares in issue during the year.

(b) Diluted

The computation of diluted loss per share for the years ended 31 March 2010 and 2009 did not assume the exercise of the Company's share options and warrants outstanding during the years ended 31 March 2010 and 2009 since their exercise would result in a decrease in loss per share.

Both the weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the years ended 31 March 2010 and 2009 have been adjusted to reflect the impact of the share consolidation and open offers effected during the year.

14. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses (including directors' remuneration) during the year are as follows:

	2010 *HK$'000*	2009 *HK$'000*
Wages and salaries	20,854	27,169
Equity-settled share-based payments	22	1,366
Pension costs – defined contribution plans	278	304
Others	340	415
	21,494	29,254

15. DIRECTORS' REMUNERATION

The remuneration of every director of the Company for the years ended 31 March 2009 and 2010 is set out below:

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Contributions to pension schemes *HK$'000*	Total *HK$'000*
Year ended 31 March 2010				
Executive directors				
Yu Gang, George	–	990	12	1,002
Lin Peng, Ben (Appointed on 16 June 2009)	–	760	10	770
Independent non-executive directors				
Lam Lee G.	60	–	–	60
Wu Tak Lung	60	–	–	60
Lam Ka Wai, Graham (Appointed on 5 August 2009)	40	–	–	40
William Hay (Retired on 31 July 2009)	20	–	–	20
	180	1,750	22	1,952

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Contributions to pension schemes *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Year ended 31 March 2009					
Executive director					
Yu Gang, George	–	1,070	12	426	1,508
Non-executive director					
Kwan Pun Fong, Vincent (Resigned on 10 June 2008)	11	–	–	–	11
Independent non-executive directors					
Lam Lee G.	60	–	–	85	145
Wu Tak Lung	60	–	–	85	145
William Hay	60	–	–	60	120
	191	1,070	12	656	1,929

15. DIRECTORS' REMUNERATION (continued)

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2009: Nil). None of the directors waived or agreed to waive any remuneration during the year (2009: Nil).

The directors consider that they are the only key management personnel of the Group and details of their compensation have been set out above.

16. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included two (2009: one) directors whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining three (2009: four) individuals during the year are as follows:

	2010 *HK$'000*	2009 *HK$'000*
Basic salaries and allowances	1,692	1,970
Share-based payments	–	295
Discretionary bonus	–	174
Contributions to pension schemes	36	48
	1,728	2,487

The emoluments fell within the following bands:

	2010 Number of individuals	2009 Number of individuals
Emolument band		
Nil to HK$1,000,000	3	4

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2009: Nil).

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2008						
Cost	795	18,566	395	583	888	21,227
Accumulated depreciation	(739)	(9,401)	(202)	(249)	(262)	(10,853)
Net book amount	56	9,165	193	334	626	10,374
Year ended 31 March 2009						
Opening net book amount	56	9,165	193	334	626	10,374
Additions	–	6,825	–	1,762	113	8,700
Depreciation	(56)	(3,275)	(79)	(193)	(287)	(3,890)
Disposals	–	(2,710)	–	(193)	(230)	(3,133)
Exchange differences	–	103	–	6	8	117
Closing net book amount	–	10,108	114	1,716	230	12,168
At 31 March 2009						
Cost	795	20,964	395	2,029	265	24,448
Accumulated depreciation	(795)	(10,856)	(281)	(313)	(35)	(12,280)
Net book amount	–	10,108	114	1,716	230	12,168
Year ended 31 March 2010						
Opening net book amount	–	10,108	114	1,716	230	12,168
Additions	–	225	–	33	–	258
Depreciation	–	(3,222)	(79)	(249)	(53)	(3,603)
Disposals	–	(562)	–	(430)	–	(992)
Exchange differences	–	8	–	2	–	10
Closing net book amount	–	6,557	35	1,072	177	7,841
At 31 March 2010						
Cost	795	20,637	395	1,619	265	23,711
Accumulated depreciation	(795)	(14,080)	(360)	(547)	(88)	(15,870)
Net book amount	–	6,557	35	1,072	177	7,841

At 31 March 2010, the carrying amount of computer equipment included an amount of approximately HK$1,040,000 (2009: HK$1,360,000) in respect of assets held under finance lease.

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For the year ended 31 March 2010

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicle *HK$'000*
At 1 April 2008	
Cost	–
Accumulated depreciation	–
Net book amount	–
Year ended 31 March 2009	
Opening net book amount	–
Additions	265
Depreciation	(35)
Closing net book amount	230
At 31 March 2009	
Cost	265
Accumulated depreciation	(35)
Net book amount	230
Year ended 31 March 2010	
Opening net book amount	230
Depreciation	(53)
Closing net book amount	177
At 31 March 2010	
Cost	265
Accumulated depreciation	(88)
Net book amount	177

18. INVESTMENT PROPERTIES

Group and Company

	2010 *HK$'000*	2009 *HK$'000*
Beginning of the year	14,000	17,155
Fair value loss	–	(3,155)
End of the year	14,000	14,000

The fair value of the investment properties at 31 March 2010 was arrived at on the basis of a valuation carried out at that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent professional valuer, on open market value, existing use basis calculated on the net income allowing for reversionary potential.

The Group's interests in investment properties at their net book values are analyzed as follows:

	2010 *HK$'000*	2009 *HK$'000*
In the PRC, held on:		
Leases of between 10 to 50 years	14,000	14,000

Bank loans (Note 27) are secured by the above investment properties with carrying amount of approximately HK$14,000,000 (2009: HK$14,000,000).

The future aggregate minimum rentals receivable under non-cancelable operating leases are as follows:

	2010 *HK$'000*	2009 *HK$'000*
Not later than 1 year	1,185	1,082
Later than 1 year and no later than 5 years	1,185	–
	2,370	1,082

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19. INTANGIBLE ASSETS

Group

	Goodwill HK$'000	Trademarks, licenses and computer software HK$'000	Total HK$'000
At 1 April 2008			
Cost	73,803	172	73,975
Accumulated amortization and impairment	(3,600)	(36)	(3,636)
Net book amount	70,203	136	70,339
Year ended 31 March 2009			
Opening net book amount	70,203	136	70,339
Exchange differences	–	3	3
Additions	–	2	2
Impairment charge	(43,203)	–	(43,203)
Amortization charge	–	(22)	(22)
Disposal of interest in a subsidiary	–	(113)	(113)
Closing net book amount	27,000	6	27,006
At 31 March 2009			
Cost	73,803	8	73,811
Accumulated amortization and impairment	(46,803)	(2)	(46,805)
Net book amount	27,000	6	27,006
Year ended 31 March 2010			
Opening net book amount	27,000	6	27,006
Exchange differences	–	1	1
Additions	–	2,310	2,310
Impairment charge	(27,000)	–	(27,000)
Amortization charge	–	(67)	(67)
Closing net book amount	–	2,250	2,250
At 31 March 2010			
Cost	73,803	2,319	76,122
Accumulated amortization and impairment	(73,803)	(69)	(73,872)
Net book amount	–	2,250	2,250

19. INTANGIBLE ASSETS (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated constant growth rate of 3.5% (2009: 3.5%). The growth rate does not exceed the long-term average growth rate for the online game business in which the CGU operates. In preparing the cash flow projections, management determined budgeted revenue and expenses based on past performance and its expectations for the market development. A discount rate of 20.80% (2009: 20.80%) was used which was determined with reference to independent research sources, and reflects the specific risks relating to the industry and the business segment.

As a result of the above impairment test for goodwill, the Group recognized a goodwill impairment charge of approximately HK$27,000,000 which has been charged to the consolidated statement of comprehensive income for the year ended 31 March 2010 (2009: HK$43,203,000).

20. INVESTMENTS IN SUBSIDIARIES

Company

	2010 *HK$'000*	2009 *HK$'000*
Unlisted investments, at cost	113,715	97,761
Provision for impairment *(Note)*	(101,791)	(57,705)
	11,924	40,056

Note: A provision for impairment against the Company's costs of investments in subsidiaries of approximately HK$101,791,000 (2009: HK$57,705,000) was made at 31 March 2010 because the related recoverable amounts of the investments with reference to the net assets value of the respective subsidiaries were estimated to be less than the carrying amounts of the investments. Accordingly, the carrying amounts of the related investments were reduced to their recoverable amounts at 31 March 2010.

The following is a list of the Company's subsidiaries at 31 March 2010:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered capital	Interest held
China Game & Digital Entertainment Limited	Cayman Islands, limited liability company	Investment holding	1,098,000 ordinary share of US$0.01 each	85.71% (Direct)
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US$1 each	100% (Direct)
China Finance Holdings Limited (Formerly known as "Finet Introducing Broker Limited")	Hong Kong, limited liability company	Provision of securities dealing referral services in Hong Kong	5,000,000 ordinary shares of HK$1 each	100% (Direct)

20. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered capital	Interest held
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in Mainland China	Registered capital of HK$11,000,000	100% (Direct)
深圳市財科信息技術有限公司(transliterated as Shenzhen Cai Ke Information Technology Company Limited)	PRC, limited liability company	Provision of financial information services in Mainland China	Registered capital of RMB1,000,000	100% (Direct)
Finet Holdings Limited	Hong Kong, limited liability company	Provision of financial information management and technology solutions, internet advertising and investment holding in Hong Kong	68,990,025 ordinary shares of HK$1 each	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and Mainland China and investment holdings	10,000 ordinary shares of HK$1 each	100% (Indirect)
East Treasure Limited	Republic of Seychelles, limited liability company	Investment holding	50,000 ordinary shares of US$1 each	85.71% (Indirect)
杭州笑傲數碼科技有限公司 (transliterated as Hangzhou Xiaoao Digital Technology Company Limited)	PRC, wholly foreign owned enterprise	Provision of online game products, computer network products, technology services and technology consultancy services in the PRC	Registered capital of US$5,000,000	85.71% (Indirect)
上海龍傲游數碼科技有限公司 (transliterated as Shanghai Long Ao You Digital Technology Company Limited)	PRC, limited liability company	Development and operations of online games in the PRC	Registered capital of RMB10,000,000	85.71% (Indirect)
杭州仙暢網絡科技有限公司 (transliterated as Hangzhou Xian Chang Network Technology Company Limited)	PRC, limited liability company	Development and operations of online games in the PRC	Registered capital of RMB200,000	85.71% (Indirect)

Amounts due from and due to subsidiaries

The amounts due from and due to subsidiaries as shown on the Company's statement of financial position are unsecured, interest-free and repayable on demand.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	2010 *HK$'000*	2009 *HK$'000*
Beginning of the year	580	1,098
Additions	–	75
Disposals	(70)	(96)
Net losses transfer to equity	(242)	(497)
End of the year	268	580

Company

	2010 *HK$'000*	2009 *HK$'000*
Beginning of the year	580	1,098
Disposals	(70)	(77)
Net losses transfer to equity	(242)	(441)
End of the year	268	580

Available-for-sale financial assets include the following:

Group and Company

	2010 *HK$'000*	2009 *HK$'000*
Equity securities listed in Japan	268	580
Market value of listed equity securities	268	580

Available-for-sale financial assets are denominated in Japanese Yen.

22. ACCOUNTS RECEIVABLE

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2010, the ageing analysis of the accounts receivable was as follows:

Group

	2010 *HK$'000*	2009 *HK$'000*
0 – 30 days	771	1,186
31 – 60 days	127	194
61 – 90 days	30	109
Over 90 days	69	172
	997	1,661

22. ACCOUNTS RECEIVABLE (continued)

As of 31 March 2010, accounts receivable of approximately HK$69,000 (2009: HK$172,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these accounts receivable is as follows:

	2010 *HK$'000*	2009 *HK$'000*
Over 90 days	69	172

The carrying amounts of the Group's accounts receivable are denominated in the following currencies:

	2010 *HK$'000*	2009 *HK$'000*
HK dollars	784	1,419
US dollars	213	242
	997	1,661

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable mentioned above. The Group does not hold any collateral as security.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

Included in the Group's prepayments, deposits and other receivables as at 31 March 2010 are approximately HK$1,858,000 (2009: Nil) due from minority shareholders, which are unsecured, interest-free and repayable on demand.

Group and Company

Included in the Group's and the Company's prepayment, deposits and other receivables as at 31 March 2010 was a loan receivable of HK$30,000,000 and accrued interest thereon of HK$646,000 due from an independent third party, which was secured and bore interest at 6.5% per annum. The loan was fully settled in June 2010.

Included in the Group's and the Company's prepayments, deposits and other receivables as at 31 March 2010 is deposits paid for acquisition of a subsidiary of HK$1,500,000 (2009: Nil). The acquisition was completed on 19 May 2010 (Note 33).

24. CASH AND CASH EQUIVALENTS

	2010 *HK$'000*	2009 *HK$'000*
Group		
Cash at banks and in hand	28,677	7,444
Short-term bank deposits	5,004	–
	33,681	7,444
Company		
Cash at banks and in hand	22,399	96

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank balances are deposited with credit worthy banks with no recent history of default.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$8,232,000 (2009: HK$4,800,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

25. ACCOUNTS PAYABLE

At 31 March 2010, the ageing analysis of the accounts payable was as follows:

Group

	2010 *HK$'000*	2009 *HK$'000*
0 – 30 days	798	1,110
31 – 60 days	486	562
61 – 90 days	26	101
Over 90 days	79	260
	1,389	2,033

26. FINANCE LEASE PAYABLES

The Group leased certain of its computer equipment under a finance lease agreement. The finance lease is repayable by instalments of 36 months and has a remaining lease term of 16 months as at 31 March 2010.

At 31 March 2010, the total future minimum lease payments under the finance lease and their present values were as follows:

Group

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Within one year	618	618	533	533
In the second year	207	618	178	533
In the third to fifth years, inclusive	–	207	–	178
Total minimum finance lease payments	825	1,443	711	1,244
Future finance charges	(114)	(199)	–	–
Total net finance lease payables	711	1,244	711	1,244
Portion classified as current liabilities	(533)	(533)		
Non-current portion	178	711		

The Group's finance lease arrangement bears interest at a fixed rate and its carrying amount approximates to its fair value.

The carrying amount of the finance lease payables are denominated in Hong Kong dollars.

27. BANK BORROWINGS

Group and Company

	2010 *HK$'000*	2009 *HK$'000*
Secured bank loans – floating rates	3,002	3,232
At 31 March 2010, the bank loans are repayable as follows:		
Within 1 year	240	234
Between 1 and 2 years	249	300
Between 2 and 5 years	811	974
Over 5 years	1,702	1,724
	3,002	3,232
Less: Amount due within one year shown under current liabilities	(240)	(234)
Amount due after one year shown under non-current liabilities	2,762	2,998

The bank loans were secured by the investment properties of the Group (Note 18).

The effective interest rates (which are also equal to contracted interest rates) on the Group's floating rate bank loans are the PRC bank's prime lending rates minus 1.25% per annum.

The carrying amounts of the bank loans approximate their fair values, as the impact of discounting is not significant.

The carrying amounts of the bank loans are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2010

28. SHARE CAPITAL

Ordinary shares of HK$0.05 (2009: HK$0.01) each	2010 Number of shares	2010 Amount *(HK$'000)*	2009 Number of shares	2009 Amount *(HK$'000)*
Authorized:				
At beginning of the year	1,000,000,000	10,000	1,000,000,000	10,000
Increase during the year *(Note (a)(i))*	1,000,000,000	10,000	–	–
	2,000,000,000	20,000	1,000,000,000	10,000
Share consolidation *(Note (a)(ii))*	(1,600,000,000)	–	–	–
	400,000,000	20,000	1,000,000,000	10,000
Increase during the year *(Note (a)(iii))*	600,000,000	30,000	–	–
At end of the year	1,000,000,000	50,000	1,000,000,000	10,000
Issued and fully paid:				
At beginning of the year	599,370,000	5,993	597,850,000	5,978
Issue of shares under open offers *(Note (c))*	1,199,150,189	11,992	–	–
Issue of shares on exercise of bonus warrants *(Note (d))*	410,189	4	–	–
	1,798,930,378	17,989	597,850,000	5,978
Share consolidation *(Note (e))*	(1,439,144,303)	–	–	–
	359,786,075	17,989	597,850,000	5,978
Issue of shares upon exercise of share options *(Note (b))*	50,588	3	1,520,000	15
Issue of shares on exercise of bonus warrants *(Note (d))*	7,621,207	381	–	–
At end of the year	367,457,870	18,373	599,370,000	5,993

28. SHARE CAPITAL (continued)

Notes:

(a) (i) Pursuant to the resolution passed in the extraordinary general meeting of the Company on 3 July 2009, the authorized share capital of the Company increased to HK$20,000,000 by the creation of an additional 1,000,000,000 shares of HK$0.01 each of the Company.

(ii) Upon the share consolidation (note (e)) becoming effective on 30 November 2009, the authorized share capital of the Company became HK$20,000,000 divided into 400,000,000 shares of HK$0.05 each.

(iii) Pursuant to the resolution passed in the extraordinary general meeting of the Company on 11 February 2010, the authorized share capital of the Company increased to HK$50,000,000 by the creation of an additional 600,000,000 shares of HK$0.05 each of the Company.

(b) Share options were exercised by option-holders during the year ended 31 March 2010 to subscribe for the total of 50,588 (2009: 1,520,000) shares in the Company by payment of subscription monies of approximately HK$31,000 (2009: HK$228,000), of which approximately HK$3,000 (2009: HK$15,000) was credited to share capital and the balance of approximately HK$28,000 (2009: HK$213,000) was credited to the share premium account.

(c) Pursuant to the resolution passed in the extraordinary general meeting of the Company held on 3 July 2009, the Company issued 299,685,000 new ordinary shares ("1st Offer Shares") at a subscription price of HK$0.05 per 1st Offer Share under the open offer on the basis of one 1st Offer Share for every two existing shares held on 3 July 2009 ("1st Open Offer").

Pursuant to the resolution passed in the extraordinary general meeting of the Company held on 30 October 2009, the Company issued 899,465,189 new ordinary shares ("2nd Offer Shares") at a subscription price of HK$0.07 per 2nd Offer Share under the open offer on the basis of one 2nd Offer Share for every existing share held on 30 October 2009.

(d) In conjunction with the 1st Open Offer, each of the registered holders of fully-paid 1st Offer Shares was issued three bonus warrants for every ten Offer Shares issued and allotted by the Company under the 1st Open Offer, resulting in HK$8,990,550 bonus warrants having been issued.

Up to 31 March 2010, approximately HK$41,019 and HK$3,429,543 bonus warrants were exercised at a subscription price of HK$0.10 and HK$0.45 per share, resulting in the issue of 410,189 ordinary shares of HK$0.01 each and 7,621,207 ordinary shares of HK$0.05 each respectively. As at 31 March 2010, the Company had HK$4,625,035 bonus warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 10,277,855 additional shares of HK$0.05 each.

(e) Share Consolidation

On 30 November 2009, the Company completed the share consolidation on the basis that every five issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company was consolidated into one share of HK$0.05 each in the share capital of the Company, as set out in the announcement of the Company dated 30 September 2009.

Upon the share consolidation becoming effective on 30 November 2009, the issued share capital of the Company became HK$17,989,000 divided into 359,786,075 shares of HK$0.05 each.

29. SHARE-BASED EMPLOYEE COMPENSATION

Pre-IPO Share Option Scheme

The Company adopted a share option scheme ("Pre-IPO Share Option Scheme") on 23 July 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group.

The Pre-IPO Share Option Scheme terminated on 6 January 2005 being the date immediately preceding the date on which the shares of the Company were listed on GEM. The maximum number of shares issuable under this scheme is limited to 74,076,000 shares. The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK$1 in total.

The provisions of this scheme relating to matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of any grantees or prospective grantees except with the prior sanction of an ordinary resolution of the Company in general meeting. Any alterations to the terms and conditions of this scheme which are of a material nature or any change to the terms of the share options granted prior to such alteration, except where the alterations take effect automatically under the existing terms of this scheme and any change in the authority of the board of directors in relation to any alteration to the terms of this scheme shall be approved by the shareholders of the Company in a general meeting.

As a result of two open offers and share consolidation of the Company during the year (Notes 28 (c) and (e)), the exercise prices and numbers of the outstanding share options have been adjusted.

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2009:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2008	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2009
Pre-IPO Share Option Scheme:							
Director							
Yu Gang, George	21 September 2004	HK$0.15	*Note 1*	12,126,000	–	–	12,126,000
Employees	21 September 2004	HK$0.15	*Note 1*	11,115,000	(1,520,000)	(7,840,000)	1,755,000
Total				23,241,000	(1,520,000)#	(7,840,000)*	13,881,000

\# The weighted average share price of the Company during the period which the share options were exercised was HK$0.15.

* The 7,840,000 share options granted under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

29. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2010:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2009	Adjustments during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2010
Pre-IPO Share Option Scheme:								
Director								
Yu Gang, George	21 September 2004	HK$0.6080	*Note 1*	12,126,000	(9,133,616)	–	–	2,992,384
Employees	21 September 2004	HK$0.6080	*Note 1*	1,755,000	(811,911)	(50,588)	(667,936)	224,565
Total				13,881,000	(9,945,527)	(50,588)#	(667,936)*	3,216,949

\# The weighted average share price of the Company during the period which the share options were exercised was HK$0.5798.

* The 667,936 share options granted under the Pre-IPO Share Options Scheme lapsed upon the resignation of the employees of the Group.

Share Option Scheme

The Company adopted another share option scheme ("Share Option Scheme") on 16 December 2004 for the purpose of providing incentives and recognizing the contributions which the eligible participants have made to the Group. The Share Option Scheme unless otherwise altered or terminated, will remain in force for 10 years from the date of adoption.

The maximum number of shares issuable to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted under this scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue of the Company (the "Scheme Mandate Limit") as at the date of listing of the Company. The Company may seek approval from its shareholders in a general meeting to refresh the Scheme Mandate Limit at any time in accordance with the GEM Listing Rules.

The maximum number of unexercised share options currently permitted to be granted under this scheme and any other share option scheme of the Company is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within a 12-month period, are subject to the shareholders' approval in a general meeting in accordance with the GEM Listing Rules.

The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK$1 in total.

29. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company's shares.

As a result of two open offers and share consolidation of the Company during the year (Notes 28 (c) and (e)), the exercise prices and numbers of the outstanding share options have been adjusted.

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2009:

Grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1 April 2008	Exercised during the year	Lapsed/ cancelled during the year	Reclassified during the year	Outstanding as at 31 March 2009
Share Option Scheme:								
Directors								
Yu Gang, George	6 December 2006	HK$0.668	*Note 3(d)*	5,000,000	–	(5,000,000)^	–	–
Kwan Pun Fong,	29 September 2005	HK$0.365	*Note 2(a)*	400,000	–	–	(400,000)†	–
Vincent	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	–	(1,000,000)*	–	–
Lam Lee G.	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	–	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	–	(1,000,000)^	–	–
Wu Tak Lung	29 September 2005	HK$0.365	*Note 2(a)*	1,000,000	–	–	–	1,000,000
	6 December 2006	HK$0.668	*Note 3(d)*	1,000,000	–	(1,000,000)^	–	–
William Hay	6 December 2006	HK$0.668	*Note 3(b)*	1,000,000	–	(1,000,000)^	–	–
Sub-total				11,400,000	–	(9,000,000)	(400,000)	2,000,000
Employee	5 September 2005	HK$0.280	*Note 2(b)*	2,650,000	–	–	–	2,650,000
Employee	29 September 2005	HK$0.365	*Note 2(a)*	–	–	–	400,000	400,000
Employees	6 December 2006	HK$0.668	*Note 3(d)*	4,980,000	–	(4,980,000)^	–	–
Employees	6 December 2006	HK$0.668	*Note 3(a)*	4,500,000	–	(4,500,000)^	–	–
Employee	6 December 2006	HK$0.668	*Note 3(c)*	1,000,000	–	–	–	1,000,000
Sub-total				13,130,000	–	(9,480,000)	400,000	4,050,000
Total				24,530,000	–	(18,480,000)	–	6,050,000

^ The 17,480,000 share options granted under the Share Options Scheme were cancelled at no consideration, of which 5,200,000 share options were not yet vested at the date of cancellation. The cancellation of the share options during the vesting period was accounted for as an acceleration of vesting, and an amount of approximately HK$1,306,000 (representing the amount that otherwise would have been recognized for services received over the remainder of the vesting period) was recognized immediately in profit or loss in the consolidated statement of comprehensive income for the year ended 31 March 2009.

* The 1,000,000 share options granted under the Share Options Scheme lapsed upon the resignation of a director of the Group.

† Mr. Kwan Pun Fong, Vincent resigned as a director of the Company on 10 June 2008. Accordingly, the share options held by him were reclassified to the pool of employee.

29. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2010:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2009	Adjustments during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2010
Share Option Scheme:								
Directors								
Lam Lee G.	29 September 2005	HK$1.4790	*Note 2(a)*	1,000,000	(753,226)	–	–	246,774
Wu Tak Lung	29 September 2005	HK$1.4790	*Note 2(a)*	1,000,000	(753,226)	–	–	246,774
Sub-total				2,000,000	(1,506,452)	–	–	493,548
Employee	5 September 2005	HK$1.1345	*Note 2(b)*	2,650,000	(1,996,048)	–	–	653,952
Employee	29 September 2005	HK$1.4790	*Note 2(a)*	400,000	(301,290)	–	–	98,710
Employee	6 December 2006	HK$2.7070	*Note 3(c)*	1,000,000	(753,226)	–	–	246,774
Sub-total				4,050,000	(3,050,564)	–	–	999,436
Total				6,050,000	(4,557,016)	–	–	1,492,984

The exercise price in respect of any share options, shall subject to any adjustments in the event of any alteration in the capital structure of the Company whilst any share option remains exercisable or this scheme remains in effect. The exercise of any share option shall be subject to the shareholders in the general meeting approving any necessary increase in the authorized share capital of the Company.

The vesting period of the share options is from the date of grant until the commencement of the exercise period. All share options granted are exercisable within a period of ten years from the date of grant and subject to a vesting period and becoming exercisable in whole or in part as follows:

Note 1:

Date of vesting of the options (that is, the date when the share options became exercisable)	Percentage of share options vested on such dates
7 January 2006	30%
7 January 2007	30%
7 January 2008	40%

29. SHARE-BASED EMPLOYEE COMPENSATION (continued)

Note 2:

Date of vesting of the options (that is, the date when the share options became exercisable)					Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	(e)	
7 January 2006	6 April 2006	3 May 2006	24 June 2006	8 November 2006	30%
7 January 2007	6 April 2007	3 May 2007	24 June 2007	8 November 2007	30%
7 January 2008	6 April 2008	3 May 2008	24 June 2008	8 November 2008	40%

Note 3:

Date of vesting of the options (that is, the date when the share options became exercisable)				Percentage of share options vested on such dates
(a)	(b)	(c)	(d)	
1 January 2007	2 May 2007	5 November 2007	5 December 2007	30%
1 January 2008	2 May 2008	5 November 2008	5 December 2008	30%
1 January 2009	2 May 2009	5 November 2009	5 December 2009	40%

During the year ended 31 March 2010, employee share-based compensation of approximately HK$22,000 (2009: HK$1,366,000) has been included in the consolidated statement of comprehensive income with a corresponding credit to the employee compensation reserve.

At 31 March 2010, the Company had 3,216,949 and 1,492,984 share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme respectively. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 4,709,933 additional ordinary shares of the Company and additional share capital of approximately HK$235,000 and share premium of approximately HK$4,006,000 (before issue expenses).

30. RESERVES

Group

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

30. RESERVES (continued)

Company

	Share premium HK$'000	Employee compensation reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
Balance at 1 April 2008	134,169	4,675	9,989	(567)	(41,526)	106,740
Comprehensive income						
Loss for the year	–	–	–	–	(62,009)	(62,009)
Other comprehensive income						
Fair value loss on available-for-sale financial assets *(Note 21)*	–	–	–	(441)	–	(441)
Reserve realized upon disposal of available-for-sale financial assets	–	–	–	89	–	89
Total other comprehensive income	–	–	–	(352)	–	(352)
Total comprehensive income	–	–	–	(352)	(62,009)	(62,361)
Transactions with owners						
Issue of shares upon exercise of share options *(Note 28)*	213	–	–	–	–	213
Employee share-based compensation	–	1,366	–	–	–	1,366
Exercise of share options	54	(54)	–	–	–	–
Vested share options lapsed/cancelled	–	(4,239)	–	–	4,239	–
Total transactions with owners	267	(2,927)	–	–	4,239	1,579
Balance at 31 March 2009 and 1 April 2009	134,436	1,748	9,989	(919)	(99,296)	45,958
Comprehensive income						
Loss for the year	–	–	–	–	(47,011)	(47,011)
Other comprehensive income						
Fair value loss on available-for-sale financial assets *(Note 21)*	–	–	–	(242)	–	(242)
Reserve realized upon disposal of available-for-sale financial assets	–	–	–	97	–	97
Total other comprehensive income	–	–	–	(145)	–	(145)
Total comprehensive income	–	–	–	(145)	(47,011)	(47,156)
Transactions with owners						
Issue of shares upon exercise of share options *(Note 28)*	28	–	–	–	–	28
Issue of shares on open offers *(Note 28)*	65,955	–	–	–	–	65,955
Issue of shares on exercise of bonus warrants *(Note 28)*	3,086	–	–	–	–	3,086
Share issue costs	(4,114)	–	–	–	–	(4,114)
Employee share-based compensation	–	22	–	–	–	22
Exercise of share options	2	(2)	–	–	–	–
Vested share options lapsed/cancelled	–	(23)	–	–	23	–
Total transactions with owners	64,957	(3)	–	–	23	64,977
Balance at 31 March 2010	199,393	1,745	9,989	(1,064)	(146,284)	63,779

30. RESERVES (continued)

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

31. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group

	2010 *HK$'000*	2009 *HK$'000*
Investment in a subsidiary	8,745	–

(b) Operating lease commitments

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

Group

	2010 *HK$'000*	2009 *HK$'000*
No later than 1 year	4,752	5,416
Later than 1 year and no later than 5 years	1,173	4,282
	5,925	9,698

The Company had no significant operating lease commitment as at 31 March 2009 and 2010.

32. CONTINGENT LIABILITIES

In the year ended 31 March 2008, three libel actions were brought by a company and an individual against the Group in respect of the publication of words alleged to be defamatory of and concerning the plaintiffs contained in certain articles published at the Group's website. At the end of the reporting period, the Company's directors believe that the Group has meritorious defense against such claims and accordingly, the directors do not believe that these claims will have any material adverse effect on the Group. Therefore no provisions have been made in the financial statements in respect thereof.

33. EVENTS AFTER THE REPORTING PERIOD

Business combination

On 19 May 2010, the Group acquired the entire issued share capital of Fukoku Investment (Asia) Limited ("Fukoku") for a cash consideration of approximately HK$10,245,000. Fukoku is a company incorporated in Hong Kong with limited liability and a licensed corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.

Details of net assets acquired and goodwill are as follows:

	HK$'000
Total purchase consideration	10,245
Fair value of net assets acquired – shown as below	(8,537)
Goodwill	1,708

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	Acquiree's carrying amount and fair value *HK$'000*
Property, plant and equipment	502
Other non-current assets	950
Accounts receivable	34,088
Prepayments, deposits and other receivables	2,340
Cash and cash equivalents	42,301
Accounts payable	(69,775)
Accruals and other payables	(1,869)
Net assets acquired	8,537

There were no acquisitions in the year ended 31 March 2010.

Financial Summary

	2010 HK$'000	2009 HK$'000 (Restated)	2008 HK$'000 (Restated)	2007 HK$'000 (Restated)	2006 HK$'000 (Restated)
RESULTS					
Revenue	31,029	33,088	35,829	32,127	29,245
Operating (loss)/profits	(47,929)	(62,317)	4,255	(2,332)	(1,501)
Finance cost	(210)	(332)	(817)	(257)	(160)
(Loss)/Profit for the year	(48,139)	(62,654)	3,285	(2,589)	(1,661)
(Loss)/Earnings per share					
– Basic (in HK cents)	(15.93)	(51.98)	4.90	(2.50)	(1.70)
– Diluted (in HK cents)	(15.93)	(51.98)	4.55	(2.50)	(1.70)
ASSETS AND LIABILITIES					
Non-current assets	24,359	53,754	107,570	19,826	12,340
Current assets	72,403	13,856	21,500	43,577	26,064
Current liabilities	9,814	10,811	11,859	4,705	4,847
Non-current liabilities	2,940	3,709	3,278	3,461	3,635
Net assets	84,008	53,090	113,933	55,237	29,922