ZHI CHENG HOLDINGS LIMITED

智城控股有限公司*

(formerly known as Xing Lin Medical Information Technology Company Limited 杏林醫療信息科技有限公司)*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

ANNUAL REPORT 2011

* For identification only

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This report, for which the directors ("Directors") of Zhi Cheng Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this report misleading.

Contents

Corporate Information

Executive Director

Mr. Lien Wai Hung
(Chairman and Chief Executive Officer)

Independent Non-executive Directors

Mr. Leung Wai Man
Mr. Ho Chun Ki, Frederick
Mr. Lai Miao Yuan

Company Secretary

Mr. Lo Chi Hung

Compliance Officer

Mr. Lien Wai Hung

Authorised Representatives

Mr. Lien Wai Hung
Mr. Lo Chi Hung

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
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1 Queen's Road East
Hong Kong

Audit Committee

Mr. Leung Wai Man
Mr. Ho Chun Ki, Frederick
Mr. Lai Miao Yuan

Remuneration Committee

Mr. Lien Wai Hung
Mr. Leung Wai Man
Mr. Lai Miao Yuan

Nomination Committee

Mr. Lien Wai Hung
Mr. Leung Wai Man
Mr. Lai Miao Yuan

Auditors

HLB Hodgson Impey Cheng

Legal Advisers to the Company

As to Hong Kong Law
Michael Li & Co

As to Bermuda Law
Conyers Dill and Pearman

Head Office and Principal Place of Business in Hong Kong

Unit 2111, 21/F
Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

Principal Bankers

Hang Seng Bank Limited
Wing Lung Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Corporate Website

http://www.zhicheng-holdings.com

GEM Stock Code

8130

Chairman's Statement

Dear shareholders,

On behalf of the board of Directors (the "Board") of Zhi Cheng Holdings Limited (the "Company"), I herein present the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011.

Year 2010 was a bumpy ride, while the global economic recovery is continuing to make progress, overall conditions remain challenging with inflation beginning to have the effect of damping domestic demand. Even with the labour market stabilising, consumption outlook remains relatively clouded and there are uncertainties around the strength and sustainability of the recovery.

During the year under review, the Group recorded an increase in turnover of approximately 5.2% to HK$20.0 million (2010: HK$19.0 million). The revenue was derived from the business of provision of medical information digitalisation system and leasing of an investment property located at Canada. The Group recorded a loss attributable to owners of the Company of approximately HK$650.4 million (2010: HK$74.2 million). The deterioration in results was mainly attributed to the combined effect of the loss on redemption of promissory note of approximately HK$262.1 million, the impairment loss recognised in respect of intangible assets of approximately HK$240.2 million, the amortisation of intangible assets of approximately HK$84.8 million and the increase in finance costs to approximately HK$46.2 million.

Future Plans and Appreciation

Looking ahead, Asia in particular PRC's market growth prospects remains solid. The management is optimistic under this general backdrop and with the possibility of RMB appreciation, the management will put more focus on costs as well as broaden the revenue streams of the Group.

On 4 April 2011, the Company's wholly-owned subsidiary entered into a share acquisition agreement with an independent third party pursuant to which the Company shall purchase the entire issued share capital of Unique Smart Group Limited ("USG"). The main asset of USG is the Advertising Services Agreement where USG would provide advertising agency services to iKanTV Limited in relation to exclusive advertising agency rights for certain airtime slots on display televisions commercial broadcast in a Hong Kong retail chain store for a period of 10 months and both parties are entitled to an option to renew for a further 3 years. iKanTV Limited is an advertising company providing services to commercial advertisement and information broadcasted via display televisions, and USG shall receive 30% of the advertising rental fees as income. Benefiting from the increasing number of mainland China visitors to Hong Kong on shopping excursions, the flow of customers to retails stores have been gaining momentum. This phenomenon provides new opportunities to advertise indoors, which movie motion advertisements are possible in contrast to conventional billboards. These television advertisements can be customised to target customers within the retails stores and can directly influence buying decision in particular to mainland China visitors. Advertising rights in these areas represent business potentials within the media and advertising industry where strong growth would be expected in the near future. As the Company continues to seek opportunities in order to secure a stable source of revenue and diversify the earnings base, the proposed acquisition would further enhance the future growth and profitability of the Group. The transaction was completed on 19 April 2011.

Chairman's Statement

Pursuant to the resolutions passed on 31 May 2011, a capital reorganisation (the "Capital Reorganisation") has been effected by way of comprising (i) share consolidation that every twenty shares of HK$0.01 each in the issued share capital of the Company be consolidated into one consolidated share of HK$0.10 each ("Consolidated Share"); and (ii) capital reduction that the par value of all issued Consolidated Shares from HK$0.20 each to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.19 on each issued Consolidated Share ("Adjusted Shares") and the credit arising from the reduction of issued share capital of the Company be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses to the extent as permitted by the laws of Bermuda and the bye-laws. The board lot size for trading was changed to 20,000 Adjusted Shares after the Capital Reorganisation became effective. The Capital Reorganisation became effective on 1 June 2011.

Planning forward, the Group will continue to develop its existing business segments for stable incomes and at the same time seek potential business opportunities to produce good economic results and better return to the shareholders.

Finally, I would like to thank our Board, management and staff for their contributions to the Group. I would also like to extend my sincere gratitude to our shareholders, business partners, customers and suppliers for their continued supports.

Lien Wai Hung
Chairman

Management Discussion and Analysis

General

During the year under review, the Group is principally engaged in development and provision of medical information digitalisation system, property investment and provision of consultancy services.

Business Overview

Provision of Wi-Fi/RFID Medical Information Digitalisation System

In early 2011, the PRC government announced it has ramp up the overall budget of healthcare reform plan, unveiled in 2009, by RMB850 billion to the actual spending of RMB1,130 billion. These measures signal a continual commitment by the government to ensure universal access to health care public services and create opportunities to the medical IT industry in the PRC. The Medical Information Digitalisation System ("MIDS"), consisting of Wi-Fi, RFID and HIS modules, offers ways for hospitals to reduce clinical errors, provide improved informational support to healthcare professionals, thus increase the efficiency of care and indirectly improves the quality of patient care. With the expected investment increase on medical IT services in the PRC under the implementation of the reform plan, the prospects on the provision of MIDS continues to be positive.

On 1 April 2010, the Company entered into a sale and purchase agreement with an independent third party (the "Vendor") pursuant to which the Company shall purchase the entire issued share capital of Fortune Mark International Limited ("FMI") and sale loans at a total consideration of HK$135,000,000. FMI had entered into a software licensing agreement (the "Licensing Agreement") with Healthnet Limited ("Healthnet") pursuant to which Healthnet has granted to FMI an exclusive license to use and sublicense a software product (the "Software"). The Software is a scalable, reliable and integrated Picture Archiving and Communication System (PACS) and it is also HL-7 and DICOM compatible which consolidates a hospital's entire collection of medical imaging including X-ray, CT, MRI and ultrasound and merges with sophisticated workflow for radiology. The acquisition will enable the Group to expand into the area of PACS, as well as strengthening the coverage of MIDS, thus fulfilling the various emerging needs of hospitals in the PRC and altogether an important part of MIDS implementation. The transaction was completed on 18 May 2010.

On 24 September 2010, Gold Asia Technology Limited ("GAT"), a wholly-owned subsidiary of the Company, entered into an agreement pursuant to which GAT had conditionally agreed to purchase 100% of the total registered and paid up capital of 天津市逸晨電子科技有限公司 (Tianjin Yi Chen Electronic Technology Company Limited**), a company incorporated in the PRC ("TYC") at a total consideration of, subject to post valuation adjustment, HK$45,000,000. The main asset of TYC is the Co-operation Agreement and the Strategic Co-operation Agreement, which sets out the framework for building and operating of the Regional Healthcare Information Collation Platform ("RHICP") based on Electronic Health Record in Liuzhou city in the PRC. Pursuant to the Strategic Co-operation Agreement which the TYC has agreed to provide financial support including marketing of the collaboration platform, construction of the regional operation centers, construction of the central computer cluster and the training, maintenance and upgrade of the platform, and is expected to obtain a share of the subscription fees from medical institutions in return for the financial support provided. The acquisition will enable the Group to further penetrate the healthcare information technology market sector by providing an affordable solution to smaller scale healthcare institutions. The software on demand operation model employed by the RHICP is flexible and scalable, thus allowing the focused use of resources on developing competitive advantage rather than hardware infrastructure at individual hospitals. The transaction was completed on 16 November 2010.

** denotes a translation of a Chinese name and/or English name only

Management Discussion and Analysis

On 21 January 2010, Innovate International Group Limited ("IIG"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement pursuant to which IIG had conditionally agreed to purchase 20% of the total registered capital of Redart Digital Technology Co., Limited, a company incorporated in the PRC at a total consideration of HK$145,000,000 ("the Deposit"). On 1 February 2011, as certain conditions cannot be fulfilled, IIG entered into a deed of termination with the vendor whereby all parties mutually agreed to terminate the agreement. The Deposit has been returned to the purchaser without interest. The Company intends to use the monies from the return of the Deposit for business expansion and other investments and for general working capital purpose. The Board considers that the termination of the agreement will not have any material adverse impact on the existing business or financials of the Group.

During the year under review, the revenue contributed by such segment was HK$18.2 million (2010: HK$17.4 million) and the gross profit margin was 57.9% (2010: 22.6%).

Property Investment

On 9 April 2010, Grand Billion Investments Limited ("Grand Billion"), a wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with an independent third party pursuant to which Grand Billion has agreed to dispose of an investment property owned by Grand Billion at a consideration of HK$36,000,000. The property was acquired by the Group in 2007 at a cost of HK$23,500,000 and has been held by the Group for capital appreciation. The property has been used by the Group for its own use as office after acquisition. The book value of the property at 31 March 2010 amounted to approximately HK$34.4 million and the transaction was completed on 26 October 2010.

During the year under review, the revenue contributed by such segment was HK$1.7 million (2010: HK$1.6 million).

Provision of Consultancy Services

On 18 February 2011, the Company's wholly-owned subsidiary entered into a sale acquisition agreement with an independent third party pursuant to which the Company shall purchase the entire issued share capital of Activepart Limited ("Activepart"). The main asset of Activepart is the consultancy agreement where Activepart would provide consultancy and advisory services to Asia Wireless Media Limited ("AWM") in relation to the rechargeable stored value SIM card business in Asia for a period of 5 years. AWM is a distributor in relation to the sale of rechargeable stored value SIM cards. The prepaid SIM cards and vouchers are tailored for specific market segments where the stored value would be used for local and international calls as well as mobile data services. Activepart shall receive 50% of the net profit of AWM in respect of the SIM Cards business as service fee. With the increasing popularity and growing usage of smartphones and low cost netbooks to access the internet for social networking, online gaming and entertain contents via mobile cellular network, apart from the postpaid subscriber market based on monthly subscription fees, the prepaid mobile subscriber market also represents business potentials especially when the services and marketing of prepaid SIM cards are tailored for specific market segments. As the Company continues to seek opportunities in order to secure a stable source of revenue and diversify the earnings base, the Directors are of the view that the acquisition is in the interests of the Company and the shareholders as a whole. The transaction was completed on 9 March 2011. No revenue was recorded in such segment during the year.

Management Discussion and Analysis

Formation of a Joint Venture

On 18 October 2010, the Company entered into an agreement with Guangdong Jingxun Advanced Development Company Limited (the "Guangdong Jingxun") in relation to the formation of the joint venture company (the "JV Agreement"). The joint venture company (the "JV Company") will be engaged principally in planning, designing and operation of (i) emergency medical rescue center; (ii) BeiDou/GPS satellite positioning and tracking platform; (iii) intelligent traffic control system; (iv) mobile visual surveillance and control system; and (v) vehicle location monitoring center. Guangdong Jingxun is an all-in-one solution provider for the development, production, sales and service of satellite navigation and positioning systems, and will be responsible for the planning, setting up, operation and maintenance of the above businesses to be undertaken of the JV Company. Through the JV Company, the Group will be allowed to participate in providing emergency medical rescue center and satellite positioning system applications in the PRC, where there will be considerable market potential given the increasing demand in PRC. The Company and Guangdong Jingxun have on 30 March 2011 entered into a supplemental agreement pursuant to which the Long Stop Date has been extended to 30 September 2011. Save as the extension of the Long Stop Date, all the terms and conditions of the JV Agreement remains unchanged and in full force.

Change of Company Name and Stock Short Name

On 30 December 2010, the Company proposed that the name of the Company be changed from "Xing Lin Medical Information Technology Company Limited (杏林醫療信息科技有限公司*)" to "Zhi Cheng Holdings Limited (智城控股有限公司*)". The proposed change in name of the Company had been resolved as a special resolution by the shareholders of the Company at the special general meeting held on 1 February 2011. The Registrar of Companies in Bermuda and Hong Kong had granted approval for the proposed change in name of the Company on 7 February 2011 and 25 February 2011 respectively. The changes of name and stock short name of the Company were effective on 17 March 2011.

Financial Review

For the year under review, for continuing operations, revenue of the Group was approximately HK$20.0 million (2010: HK$19.0 million), of which HK$18.2 million (2010: HK$17.4 million) was generated from rollout of MIDS and HK$1.7 million (2010: HK$1.6 million) was generated from the leasing of an investment property located at Canada, representing an increase of approximately 5.2% as compared with the year ended 31 March 2010. Other revenue amounted to approximately HK$1.2 million, a decrease of 24.4% over the prior year.

Administration expenses increased by 1.22 times to approximately HK$118.3 million from HK$53.3 million in prior year. Such increase was mainly attributed to the amortisation of intangible assets of approximately HK$84.8 million (2010: HK$36.6 million); salaries and allowances of approximately HK$6.4 million (2010: HK$4.4 million); legal and professional fees of approximately HK$4.1 million (2010: HK$3.0 million); and overseas travelling expenses of approximately HK$4.1 million (2010: HK$1.1 million).

Management Discussion and Analysis

Finance costs increased by 56.9% to approximately HK$46.2 million from HK$29.4 million in prior year. The increase of approximately HK$16.7 million was mainly attributed to the increase in effective interest expenses on convertible bonds and promissory note. The effective interest expenses on convertible bonds and promissory note were approximately HK$19.9 million (2010: HK$11.5 million) and HK$19.5 million (2010: HK$17.9 million) respectively.

Loss attributable to owners of the Company was approximately HK$650.4 million (2010: HK$74.2 million). The deterioration in results was mainly attributed to the loss on redemption of promissory note of approximately HK$262.1 million (2010: HK$6.3 million); the impairment loss recognised in respect of intangible assets of approximately HK$240.2 million (2010: HK$Nil); the amortisation of intangible assets of approximately HK$84.8 million (2010: HK$36.6 million); and the increase in finance costs to approximately HK$46.2 million (2010: HK$29.4 million). After discounting these effects, the resultant loss was approximately HK$22.9 million.

	For the year ended 31 March 2011 HK$'000
For description purposes , included in loss for the year are the following items:	(650,385)
Loss on redemption of promissory note	262,061
Impairment loss recognised in respect of intangible assets	240,205
Amortisation of intangible assets	84,750
Effective interest expenses on convertible bonds	19,859
Effective interest expenses on promissory note	19,499
Share-based payments	2,627
Fair value changes on investment properties	(1,564)
	(22,948)

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 March 2011 (2010: HK$Nil).

Liquidity and Financial Resources

At 31 March 2011, the Group had total assets of approximately HK$1,332.4 million (2010: HK$1,717.1 million), including net cash and bank balances of approximately HK$217.0 million (2010: HK$328.8 million). The decrease in cash and bank balances coincide with the increase in capital investment.

During the year under review, the Group financed its operations with internally generated cash flows, the proceeds from the issuance of new shares and the proceeds from the disposal of an investment property.

Management Discussion and Analysis

Capital Structure

Save as disclosed below, there was no change in the capital structure of the Group at 31 March 2011 as compared with that at 31 March 2010.

(a) Open Offer

On 30 April 2010, the Company proposed to raise not less than approximately HK$183.12 million, before expenses, by way of open offer of not less than 1,831,167,113 offer shares and not more than 1,831,710,077 offer shares at the subscription price of HK$0.10 per offer share on the basis of one offer share for every four existing shares held on the record date and payable in full on application. Qualifying shareholders are entitled to apply for excess offer shares not taken up in excess of their respective entitlements under the open offer. The open offer is fully underwritten in the manner that the Company entered into an underwriting agreement with an underwriter on 29 April 2010, whereby the underwriter has conditionally agreed to underwrite the offer shares which have not been taken up. The open offer was completed on 18 June 2010 and the Company issued 1,831,167,113 new shares.

(b) Share consolidation and capital reorganisation

Pursuant to the resolutions passed on 6 August 2010, capital reorganization (the "Capital Reorganisation") has been effected by way of comprising (i) share consolidation that every ten shares of HK$0.01 each in the issued share capital of the Company be consolidated into one consolidated share of HK$0.10 each ("Consolidated Shares"); and (ii) capital reduction that the par value of all issued Consolidated Shares from HK$0.10 each to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 on each issued Consolidated Share ("Adjusted Share") and the credit arising from the reduction of issued share capital of the Company be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses to the extent as permitted by the laws of Bermuda and the Bye-laws. The Capital Reorganisation has been completed on 9 August 2010.

(c) Placing of new shares

On 20 August 2010, the Company entered into a placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent, up to 189,850,000 placing shares, on a best efforts basis, to place at a placing price of HK$0.205 per placing share. The placing of 189,850,000 placing shares was completed on 30 August 2010.

On 24 September 2010, the Company entered into a placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the Placing Agent, up to 227,800,000 placing shares, on a best efforts basis, to place at a placing price of HK$0.181 per placing share. The placing of 227,800,000 placing shares was completed on 5 October 2010.

Management Discussion and Analysis

On 8 October 2010, the Company entered into a placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent, up to 1,600,000,000 placing shares in one or more tranches provided that the number of the placing shares for each tranche is in integral multiples of 1,000,000, on a best efforts basis, to independent placees at a price of HK$0.10 per placing share. A circular containing the details of the placing was despatched to the shareholders on 30 November 2010. The placing was approved by the shareholders at the special general meeting held on 16 December 2010 and the placing of 1,600,000,000 placing shares was completed on 28 December 2010.

(d) Conversion of convertible bonds

On 8 July 2010, 336,842,105 new shares were issued upon the exercise of the conversion rights attached to the convertible bonds issued on 6 October 2009 at a conversion price of HK$0.095.

On 20 December 2010, 220,000,000 new shares were issued upon the exercise of the conversion rights attached to the convertible bonds issued on 16 December 2010 at a conversion price of HK$0.10 per share.

On 30 December 2010, 730,000,000 new shares were issued upon the exercise of the conversion rights attached to the convertible bonds issued on 16 December 2010 at a conversion price of HK$0.10 per share.

On 6 January 2011, 550,000,000 new shares were issued upon the exercise of the conversion rights attached to the convertible bonds issued on 16 December 2010 at a conversion price of HK$0.10 per share.

At 31 March 2011, the total borrowings of the Group amounted to HK$178.1 million (2010: HK$489.9 million), comprising:

(a) the liability component of approximately HK$176.7 million in respect of the convertible bonds with an aggregate principal amount of HK$500 million issued to Growth Harvest Limited as part of the consideration of the acquisition of Sunny Chance Limited which is unsecured, interest and maturing on 6 October 2019;

(b) mortgage loan of approximately HK$1.4 million secured by an investment property of the Group located in Canada.

Management Discussion and Analysis

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 14.4% (2010: 29.7%). The improvement in gearing ratio was mainly contributed by the redemption of promissory note during the year.

Charge on the Group's Assets

At 31 March 2011, the Group has pledged its investment property located in Canada with a fair value of HK$25.7 million to secure a mortgage loan amounted to approximately HK$1.4 million (2010: HK$1.8 million).

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Commitments

At 31 March 2011, the Group, as a lessor, had operating lease commitments of approximately HK$10.8 million (2010: HK$5.9 million) and as a lessee, had operating lease commitment of approximately HK$1.7 million (2010: HK$0.2 million). The Group had capital commitment for formation of and provision of financing to a joint venture company of approximately HK$50.5 million (2010: HK$Nil).

Contingent Liabilities

At 31 March 2011, the Group had no contingent liabilities (2010: HK$Nil).

Employee

At 31 March 2011, the Group had 27 employees (2010: 25). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

The Group did not enter into any new significant investment during the year ended 31 March 2011.

Management Discussion and Analysis

Material acquisitions and disposal of subsidiaries and affiliated companies

Save as the acquisition and disposal as disclosed in the "Business Review" under the "Management Discussion and Analysis" section, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2011.

Future Plan for Material Investments and Capital Assets

Save as the proposed acquisition and disposal as disclosed in the "Future Plans" under the "Chairman's Statement" section, the Group does not have any concrete plan for material investments or capital assets for the coming year.

* *For identification purposes only*

Directors and Senior Management Profile

Executive Director

Mr. Lien Wai Hung, aged 47, is the chairman and chief executive officer of the Company. He is responsible for the overall strategic planning and operations function of the Group. Mr. Lien is a practicing solicitor in Hong Kong since 1997 and is a partner of Messrs. Leung & Lien, a firm of solicitors in Hong Kong. He graduated from the University of East London with a LLB Degree in the United Kingdom. Mr. Lien was appointed as an executive director and the chairman on 27 April 2010 and 15 September 2010 respectively.

Independent Non-executive Directors

Mr. Leung Wai Man, aged 41, has over ten years of experience in company secretarial, accounting and financial management. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and Hong Kong Institute of Certified Public Accountants. Mr. Leung was appointed as an independent non-executive director on 10 July 2007.

Mr. Ho Chun Ki, Frederick, aged 53, has extensive experience in project management and bullion, securities and futures business. He is now a practicing solicitor in Hong Kong since 2000 and is an assistant solicitor of Ho, Tse, Wai & Partners, a firm of solicitors in Hong Kong. Mr. Ho was appointed as an independent non-executive director on 1 July 2010.

Mr. Lai Miao Yuan, aged 39, has worked with a film production company for a number of years and acquired extensive experience with the area of finance and accounting of film industry. Mr. Lai was appointed as an independent non-executive director on 31 March 2011.

Corporate Governance Report

The Board of Directors ("Board") is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2011.

In November 2004, The Stock Exchange of Hong Kong Limited ("Stock Exchange") issued the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the Rules governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Rules") which sets out corporate governance principles ("Principles") and code provisions ("Code Provisions") with which listed issuers are expected to follow and comply.

The Company has applied the Principles as set out in the CG Code that are considered to be relevant to the Company and has complied with most of the Code Provisions set out in the CG Code save for certain deviations, details of which will be explained in the relevant paragraphs in this report.

Good corporate governance has always been recognised as vital to the Group's success and to sustain development of the Group. The Company acknowledges the important role of its Board in providing effective leadership and direction to company business, and ensuring transparency and accountability of company operations. The Company also endeavors to periodically review its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

The key corporate governance principles and practices of the Company are summarised as follows:

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Composition

The Board currently comprises four Directors: one executive Director and three independent non-executive Directors that are more than one-third of the Board. Biographical details of the Chairman and other Directors are set out in the section of "Directors and Senior Management Profile" on page 14.

Corporate Governance Report

The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interest of the shareholders and the Company as a whole.

At 31 March 2011, the Board comprised four Directors, including one executive Director, namely Mr. Lien Wai Hung and three independent non-executive Directors, Mr. Leung Wai Man, Mr. Ho Chun Ki, Frederick and Mr. Lai Miao Yuan. One of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

In accordance with the Company's bye-laws, newly appointed Directors are required to offer themselves for re-election at the first annual general meeting following their appointment.

The Board as a whole is responsible for the appointment of new Directors and Directors nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Independence

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. The Company considers these directors to be independent under the guidelines set out in Rules 5.09 of the GEM Listing Rules.

Chairman and Chief Executive Officer

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Lien Wai Hung, who is also an executive director. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

Corporate Governance Report

Non-executive Directors

Under the Code provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least seven business days' notice of regular Board meeting are given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors Information on activities and development of the businesses of the Group. The company secretary takes detailed minutes of the meetings and keeps records of matters discussed and decision resolved at the meetings.

During the year ended 31 March 2011, 46 meetings were held. Details of the attendance of the Directors at the meetings of the Board and its respective Committees are as follows:

Name of Director	*Notes*	Board Meeting Attended/Held	Audit Committee Attended/Held	Remuneration Committee Attended/Held	Nomination Committee Attended/Held
Executive Directors					
Mr. Lien Wai Hung		44/44	N/A	1/1	1/1
Mr. Ho Ka Wai	*(1)*	1/2	N/A	0/0	0/1
Mr. Au Ho Chuen, Bonny	*(2)*	16/17	N/A	1/1	1/1
Independent non-executive Directors					
Mr. Leung Wai Man		46/46	5/5	2/2	3/3
Mr. Ho Chun Ki, Frederick	*(3)*	35/37	3/3	N/A	N/A
Mr. Lai Miao Yuan	*(4)*	0/0	0/0	0/0	0/0
Mr. Man Kong Yui	*(5)*	7/11	2/2	N/A	N/A
Mr. Kwok Chuen Hung, Dominic	*(6)*	42/46	4/5	2/2	3/3

Corporate Governance Report

Notes:

(1) Mr. Ho Ka Wai resigned from his position as executive Director with effect from 27 April 2010.

(2) Mr. Au Ho Chuen, Bonny resigned from his position as an executive Director with effect from 15 September 2010.

(3) Mr. Ho Chun Ki, Frederick has been appointed as an independent non-executive director with effect from 1 July 2010.

(4) Mr. Lai Miao Yuan has been appointed as an independent non-executive director with effect from 31 March 2011.

(5) Mr. Man Kong Yui retired as an independent non-executive Director with effect from 6 August 2010.

(6) Mr. Kwok Chuen Hung, Dominic resigned from his position as an independent non-executive director with effect from 31 March 2011.

Remuneration Committee

A remuneration committee was established with specific written terms of reference which deal clearly with its authority and duties in accordance with the requirements of the new Code. The remuneration committee is responsible for reviewing and developing the remuneration polices of the Directors and senior management. At the date of this annual report, the remuneration committee consists of three members, of which the majority are independent non-executive Directors, namely Mr. Lien Wai Hung, Mr. Leung Wai Man, Mr. Lai Miao Yuan. The chairman of the remuneration committee is Mr. Lien Wai Hung.

During the year under review, the remuneration committee held 2 meetings.

Nomination Committee

The nomination committee was established with specific written terms of reference which deal clearly with its authority and duties in accordance with the requirements of the new Code. At the date of this annual report, the nomination committee consists of three members, of which the majority is independent non-executive Directors, namely Mr. Lien Wai Hung, Mr. Leung Wai Man, Mr. Lai Miao Yuan. The chairman of the nomination committee is Mr. Leung Wai Man.

During the year under review, the nomination committee held 3 meetings.

Auditors' Remuneration

For the year ended 31 March 2011, the remuneration in respect of audit services provided by the auditors, HLB Hodgson Impey Cheng, amounted to HK$680,000. Except for the audit service fee, the Company has paid HK$377,000 to the auditors for non-audit services.

Corporate Governance Report

Audit Committee

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. Rule 5.28 to 5.29 of the GEM Rules requires that the audit committee must comprise a minimum of three members with a majority of independent non-executive Directors and at least one member must have appropriate professional qualifications or accounting or related financial management expertise.

The main duties of the audit committee include the followings:

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

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

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

The audit committee held 5 meetings during the year ended 31 March 2011, to review the financial results and reports, financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

There is no material uncertainty relating to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 March 2011, has been reviewed by the audit committee.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in rules 5.48 to 5.67 to the GEM Listing Rules as its own code of conduct for dealings in securities of the Company by Directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the required standard set out in the Code during the financial year ended 31 March 2011.

Corporate Governance Report

Respective Responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The auditors are responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

Shareholder Rights

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's bye-laws. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of 2010 annual general meeting and explained during the proceedings of the meeting.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The chairman of the Board and the chairman of the audit committee attended the annual general meeting in 2010 to answer questions at the meeting.

Separate resolutions were proposed at the annual general meeting in 2010 on each substantial issue, including the election of individual directors.

Conclusion

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The Management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2011.

Principal activities and geographical analysis of operations

The Group is principally engaged in the provision of Wi-Fi/RFID medical information digitalisation system to healthcare sector in Mainland China, property investment and provision of consultancy services. Details of the activities of its subsidiaries are set out in note 23 to the consolidated financial statements.

An analysis of the Group's turnover for the year by geographic segment is set out in note 10 to the consolidated financial statement.

Results

The results of the Group for year ended 31 March 2011 are set out in the consolidated income statement on page 31 of this annual report.

The directors do not recommend the payment of any dividend in respect of the year.

Financial summary

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 118 of this annual report.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

Share capital and share options

Details of the movements in the Company's share capital and share options during the year are set out in notes 31 and 42 to the consolidated financial statements respectively.

Reserves

Details of the movement in the reserves of the Group and the Company during the year are set out in note 32 to the consolidated financial statements.

Directors' Report

Purchase, sale or redemption of shares

During the year ended 31 March 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Convertible bonds

Details of the movements in convertible bonds during the year are set out in note 34 to the consolidated financial statements.

Distributable reserves

The Company's reserves available for distribution to shareholders at 31 March 2011 amounting to approximately HK$Nil (2010: HK$145,798,000).

Charitable donations

Charitable donations made by the Group during the year amounted to HK$Nil (2010: HK$Nil).

Events after the reporting period

Details of significant events occurring after the reporting period date are set out in note 43 to the consolidated financial statements.

Directors' Report

Connected transactions

On 8 October 2010, the Company separately entered into (i) a subscription agreement with Growth Harvest Limited who has conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$150 million with the right to convert into 1,500,000,000 conversion shares at the initial conversion price of HK$0.10 per conversion share (the "Subscription"); and (ii) a placing agreement with the placing agent, pursuant to which, the Company conditionally agreed to place, through the placing agent, up to 1,600,000,000 placing shares in one or more tranches provided that the number of the placing shares for each tranche is in integral multiples of 1,000,000, on a best efforts basis, to independent placees at a price of HK$0.10 per placing share (the "Placing"). A circular containing the details of the transactions was despatched to the shareholders on 30 November 2010. As disclosed in the circular, the maximum net proceeds from the Placing was approximately HK$158 million, which was intended to be used for repayment of the promissory note. The outstanding principal amount of the promissory note was HK$306.5 million as at the latest practicable date of the circular and was repayable on 6 October 2010. Pursuant to the terms of the Promissory Note, the Company shall pay interest on such overdue sum from the maturity date until payment in full (before and after judgment) at the rate of 10% per annum if the Company defaults in repayment on the maturity date of any part of the principal amount. Pursuant to the terms of the subscription agreement, the aggregate subscription price shall be satisfied by setting off against part of the outstanding principal amount of the promissory note in the sum of HK$150 million.

As Growth Harvest Limited is the substantial shareholder of the Company, and thus a connected person of the Company, the Subscription constitutes a non-exempt connected transaction on the part of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements. As the Placing is deemed to be a connected transaction under Rule 20.11(4)(a) of the GEM Listing Rules, the Placing is subject to Independent Shareholders' approval requirements. The transactions were approved by the Independent Shareholders at the special general meeting held on 16 December 2010 and the Subscription and Placing was completed on 16 December 2010 and 28 December 2010 respectively. The whole outstanding principal amount of the promissory note was repaid upon completion of the Placing.

Details of other connected transactions are set out in note 40 to the consolidated financial statements.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 31 March 2011.

Directors' Report

Directors

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

Executive Directors

Mr. Lien Wai Hung	
Mr. Ho Ka Wai	(resigned on 27 April 2010)
Mr. Au Ho Chuen, Bonny	(resigned on 15 September 2010)

Independent non-executive Directors

Mr. Leung Wai Man	
Mr. Ho Chun Ki, Frederick	(appointed on 1 July 2010)
Mr. Lai Miao Yuan	(appointed on 31 March 2011)
Mr. Man Kong Yui	(retired on 6 August 2010)
Mr. Kwok Chuen Hung, Dominic	(resigned on 31 March 2011)

In accordance with article 84(1) of the Company's bye-laws, Mr. Lien Wai Hung and Mr. Ho Chun Ki, Frederick would retire from office by rotation at the annual general meeting. Mr. Lien Wai Hung and Mr. Ho Chun Ki, Frederick will offer themselves for re-election.

Directors' service contracts

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 within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interest and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2011, the interests and short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of the Stock Exchange (the "GEM Listing Rules"), were as follows:

Directors' Report

Long positions in the ordinary shares of HK$0.01 each of the Company

Name of Director	Personal interests	Corporate interest	Number of Underlying shares held	Total number of shares and underlying shares held	Percentage of the Company's issued share capital
Mr. Lien Wai Hung	–	–	31,865,000 *(Note 1)*	31,865,000	0.71%

Note:

1 Mr. Lien Wai Hung, an executive director is deemed to be interested in 31,865,000 shares which fall to be issued upon exercise of the 31,865,000 share options of the Company.

Save as disclosed above, at 31 March 2011, none of the directors, or chief executive of the Company or their 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), which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required to be 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 Rules 5.46 of the GEM Listing Rules.

Share option schemes

Particulars of the Company's share option schemes are set out in note 42 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above and in note 42 to the consolidated financial statements respectively, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in contracts

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

Directors' Report

Competing interests

At 31 March 2011, none of the directors, the substantial shareholders nor their respective associates had an interest in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Substantial shareholders

At 31 March 2011, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Percentage of the Company's issued share capital
Growth Harvest Limited	Beneficial owner *(Note 1)*	1,292,814,210	1,126,126,126	2,418,940,336	54.15%
Treasure Bonus Limited	Interest of controlled corporation *(Note 1)*	1,292,814,210	1,126,126,126	2,418,940,336	54.15%
Ms. Tan Ting Ting	Interest of controlled corporation *(Note 1)*	1,292,814,210	1,126,126,126	2,418,940,336	54.15%

Note:

(1) Growth Harvest Limited ("Growth Harvest") is deemed to be interested in 1,126,126,126 shares through its interest in the Convertible Bonds in the principal amount of HK$500,000,000. Adding the 1,292,814,210 shares held by Growth Harvest, Growth Harvest is deemed to be interested in 2,418,940,336 shares of the Company. Treasure Bonus Limited ("Treasure Bonus") owns 72% of the issued share capital of Growth Harvest and Treasure Bonus are wholly and beneficially owned by Ms. Tan Ting Ting. Each of Treasure Bonus and Ms. Tan Ting Ting is deemed to be interested in the 2,418,940,336 shares.

Save as disclosed above, at 31 March 2011, the Company has not been notified by any persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Directors' Report

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 41 to the consolidated financial statements.

Major customers and suppliers

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	45.62%
– five largest customers combined	91.40%
Purchases	
– the largest supplier	59.55%
– five largest supplier combined	100%

At no time during the year did the directors, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises the three independent non-executive directors namely, Mr. Leung Wai Man, Mr. Ho Chun Ki, Frederick and Mr. Lai Miao Yuan. During the year, the audit committee held 5 meetings to review the Group's annual report, half-year report and quarterly reports.

Remuneration committee

A remuneration committee has been established with written terms of reference in accordance with the requirements of the Code of Corporate Governance Practices. The remuneration committee comprises two independent non-executive directors, namely Mr. Leung Wai Man and Mr. Lai Miao Yuan and one executive director, Mr. Lien Wai Hung who is the chairman of the remuneration committee. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management, the determination of specific remuneration packages of all executive directors and senior management, and to review and approve performance-based remuneration.

Nomination Committee

A nomination committee has been established with written terms of reference in accordance with the requirements of the Code of Corporate Governance Practices. The nomination committee comprises two independent non-executive directors, namely Mr. Leung Wai Man and Mr. Lai Miao Yuan and one executive director, Mr. Lien Wai Hung who is the chairman of the nomination committee. The roles and functions of the nomination committee include nomination of potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

Directors' Report

Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less that exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors have complied with such code of conduct and the required standard of dealings regarding directors' securities throughout the year ended 31 March 2011.

Confirmation of independence

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the GEM Listing Rules and considers all the independent non-executive directors to be independent.

Change of Company Secretary

The company secretary of the Company during the year and up to the date of this report are:

Mr. Lo Chi Hung	(appointed on 16 November 2010)
Mr. Lien Wai Hung	(resigned on 16 November 2010)

Auditors

CCIF CPA Limited had resigned as auditors of the Company with effect from 17 March 2011 and HLB Hodgson Impey Cheng have been appointed as new auditors of the Company with effect from 17 March 2011 to fill the causal vacancy.

The consolidated financial statements for the year ended 31 March 2011 have been audited by HLB Hodgson Impey Cheng who will retire and, being eligible, offer themselves for re-appointment in the forthcoming annual general meeting.

On behalf of the Board

Lien Wai Hung
Chairman

Hong Kong, 20 June 2011

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

Independent Auditors' Report to the Shareholders of Zhi Cheng Holdings Limited
(formerly known as Xing Lin Medical Information Technology Company Limited)
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Zhi Cheng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 117, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

Auditors' Responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated 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 2011, and of its 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.

Other Matter

The financial statements of the Company and of the Group for the year ended 31 March 2010 were audited by another auditor who expressed an unmodified opinion on those statements on 29 June 2010.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 20 June 2011

Consolidated Income Statement

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Continuing operations			
Turnover	8	**19,953**	18,963
Cost of sales		**(7,657)**	(13,439)
Gross profit		**12,296**	5,524
Other revenue	9	**1,234**	1,632
Administration expenses		**(118,283)**	(53,335)
Fair value changes on investment properties		**1,564**	12,680
Gain on disposal of investment properties		**1,330**	–
Impairment loss recognised in respect of intangible assets	22	**(240,205)**	–
Gain on early redemption of convertible loan note		**–**	33,668
Change in fair value of embedded derivative in convertible loan note		**–**	(35,275)
Loss on redemption of promissory note	33	**(262,061)**	(6,324)
Loss from operations	11	**(604,125)**	(41,430)
Finance costs	12	**(46,151)**	(29,423)
Loss before taxation		**(650,276)**	(70,853)
Income tax	15	**(109)**	(657)
Loss for the year from continuing operations		**(650,385)**	(71,510)
Discontinued operations	16		
Loss for the year from discontinued operations		**–**	(2,692)
Loss for the year		**(650,385)**	(74,202)
Loss for the year attributable to:			
Owners of the Company		**(650,385)**	(74,202)
Loss per share	18		
From continuing and discontinued operations			
Basic and diluted		**(HK34.07) cents**	(HK32.27) cents
From continuing operations			
Basic and diluted		**(HK34.07) cents**	(HK31.10) cents
From discontinued operations			
Basic and diluted		**–**	(HK1.17) cents

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

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Loss for the year	**(650,385)**	(74,202)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**1,709**	3,199
Total comprehensive income for the year attributable to the owners of the Company	**(648,676)**	(71,003)

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	19	**1,835**	1,667
Investment properties	20	**25,665**	57,254
Goodwill	21	**1,449**	1,449
Intangible assets	22	**1,053,920**	1,158,057
Deferred tax assets	30	**851**	818
Available-for-sale investments	24	**1,000**	–
Deposit for investments	25	**–**	145,000
		1,084,720	1,364,245
Current assets			
Trade and other receivables	26	**30,650**	24,068
Bank balances and cash	27	**217,007**	328,766
		247,657	352,834
Current liabilities			
Trade and other payables	28	**9,047**	14,627
Bank loan	29	**504**	469
Tax payable		**56**	1,039
		9,607	16,135
Net current assets		**238,050**	336,699
Total assets less current liabilities		**1,322,770**	1,700,944
Capital and reserves			
Share capital	31	**44,669**	73,247
Reserves	32	**1,096,451**	1,134,572
		1,141,120	1,207,819
Non-current liabilities			
Promissory note	33	**–**	320,440
Convertible bonds	34	**176,720**	167,638
Bank loan	29	**920**	1,345
Deferred tax liabilities	30	**4,010**	3,702
		181,650	493,125
		1,322,770	1,700,944

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 June 2011 and signed on its behalf by:

Lien Wai Hung
Director

Leung Wai Man
Director

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

Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**35**	–
Investments in subsidiaries	23	**1,340,384**	1,207,383
		1,340,419	1,207,383
Current assets			
Other receivables	26	**132,101**	205,194
Bank balances and cash	27	**201,554**	315,915
		333,655	521,109
Current liabilities			
Other payables	28	**1,267**	1,840
Net current assets		**332,388**	519,269
Total assets less current liabilities		**1,672,807**	1,726,652
Equity			
Share capital	31	**44,669**	73,247
Reserves	32	**1,451,418**	1,165,327
		1,496,087	1,238,574
Non-current liabilities			
Promissory note	33	**–**	320,440
Convertible bonds	34	**176,720**	167,638
		176,720	488,078
		1,672,807	1,726,652

The financial statements were approved and authorised for issue by the board of directors on 20 June 2011 and signed on its behalf by:

Lien Wai Hung
Director

Leung Wai Man
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Convertible bonds reserve HK$'000	Statutory reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2009	12,569	98,535	87,254	4,200	–	–	(2,288)	(9,594)	190,676
Comprehensive income for the year	–	–	–	–	–	–	–	(74,202)	(74,202)
Other comprehensive income for the year	–	–	–	–	–	–	3,199	–	3,199
Total comprehensive income for the year	–	–	–	–	–	–	3,199	(74,202)	(71,003)
Transfer to reserve	–	–	–	–	–	394	–	(394)	–
Capital reduction	(11,538)	(99,136)	110,674	–	–	–	–	–	–
Placing of new shares	50,000	450,000	–	–	–	–	–	–	500,000
Share issue expenses	–	(15,993)	–	–	–	–	–	–	(15,993)
Recognition of equity-settled share-based payments	–	–	–	2,703	–	–	–	–	2,703
Issue of shares upon exercise of share options	416	9,801	–	(2,610)	–	–	–	–	7,607
Issue of convertible bonds	–	–	–	–	527,530	–	–	–	527,530
Conversion of convertible bonds	21,800	197,834	–	–	(153,335)	–	–	–	66,299
At 31 March 2010 and 1 April 2010	73,247	641,041	197,928	4,293	374,195	394	911	(84,190)	1,207,819
Comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(650,385)**	**(650,385)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1,709**	**–**	**1,709**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1,709**	**(650,385)**	**(648,676)**
Issue of shares on open offer	**18,312**	**164,806**	**–**	**–**	**–**	**–**	**–**	**–**	**183,118**
Capital reduction	**(85,434)**	**–**	**85,434**	**–**	**–**	**–**	**–**	**–**	**–**
Placing of new shares	**20,176**	**219,975**	**–**	**–**	**–**	**–**	**–**	**–**	**240,151**
Share issue expenses	**–**	**(4,696)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,696)**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**2,627**	**–**	**–**	**–**	**–**	**2,627**
Lapsed of share options	**–**	**–**	**–**	**(795)**	**–**	**–**	**–**	**795**	**–**
Issue of convertible bonds	**–**	**–**	**–**	**–**	**50,498**	**–**	**–**	**–**	**50,498**
Conversion of convertible bonds	**18,368**	**164,917**	**–**	**–**	**(73,006)**	**–**	**–**	**–**	**110,279**
At 31 March 2011	**44,669**	**1,186,043**	**283,362**	**6,125**	**351,687**	**394**	**2,620**	**(733,780)**	**1,141,120**

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Operating activities		
Loss before taxation:		
Continuing operations	**(650,276)**	(70,853)
Discontinued operations	**–**	(2,692)
	(650,276)	(73,545)
Adjustments for:		
Interest income	**(202)**	(15)
Interest expenses	**71**	96
Effective interest income on convertible loan note	**–**	(1,607)
Effective interest expenses on convertible bonds	**19,859**	11,467
Effective interest expenses on promissory note	**19,499**	17,860
Interest on late payment of promissory note	**6,722**	–
Change in fair value of embedded derivative in convertible loan note	**–**	35,275
Fair value changes on investment properties	**(1,564)**	(12,680)
Depreciation of property, plant and equipment	**603**	324
Loss on written off of property, plant and equipment	**599**	–
Amortisation of film rights	**–**	5,986
Amortisation of intangible assets	**84,750**	36,598
Gain on disposal of investment properties	**(1,330)**	–
Impairment loss recognised in respect of intangible assets	**240,205**	–
Gain on early redemption of convertible loan note	**–**	(33,668)
Loss on redemption of promissory note	**262,061**	6,324
Share-based payments	**2,627**	2,703
Operating cash flow before movements in working capital	**(16,376)**	(4,882)
Increase in films in progress	**–**	(726)
Increase in trade and other receivables	**(6,188)**	(23,678)
(Decrease)/increase in trade and other payables	**(13,680)**	10,959
Net cash used in operating activities	**(36,244)**	(18,327)
Investing activities		
Interest received	**124**	15
Acquisition of subsidiaries	**(211,806)**	(134,015)
Disposal of subsidiaries	**–**	7,665
Payment for deposit for investments	**–**	(145,000)
Release from deposit for investments	**145,000**	–
Purchase of property, plant and equipment	**(1,323)**	(2,195)
Proceeds on disposal of investment properties	**35,730**	–
Purchase of intangible assets	**(3,216)**	–
Payment for subscription of convertible loan note	**–**	(100,000)
Proceeds on early redemption of convertible loan note	**–**	100,000
Net cash used in investing activities	**(35,491)**	(273,530)

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Financing activities		
Repayment of bank loan	**(461)**	(523)
Proceeds from open offer	**183,118**	–
Proceeds from placing of new shares	**240,151**	500,000
Share issue expenses	**(4,696)**	(15,993)
Proceeds from issue of new shares upon exercise of share options	**–**	7,607
Payment for redemption of promissory note	**(458,722)**	(13,000)
Net cash (used in)/generated from financing activities	**(40,610)**	478,091
Net (decrease)/increase in cash and cash equivalents	**(112,345)**	186,234
Cash and cash equivalents at beginning of year	**328,766**	142,409
Effect of foreign exchange rate changes	**586**	123
Cash and cash equivalents at end of year	**217,007**	328,766
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**217,007**	328,766

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

1. General Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 2111, 21/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in Note 23.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the"HKICPA"), which are effective for the Group's financial year beginning on 1 April 2010. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 4 Amendment	Amendment to HK-Int 4 Lease – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current or prior accounting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

3. Issued but not Yet Effective Hong Kong Financial Reporting Standards

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[5]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

[2] Effective for annual periods beginning on or after 1 January 2012

[3] Effective for annual periods beginning on or after 1 January 2011

[4] Effective for annual periods beginning on or after 1 July 2010

[5] Effective for annual periods beginning on or after 1 July 2011

[6] Effective for annual periods beginning on or after 1 January 2013

The directors of the Company have commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by 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 measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, as modified for the revaluation of certain financial instruments and investment properties which are stated at their fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs 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 7.

Certain comparative figures have been reclassified to conform to the current year's presentation.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the Group made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(c) Business combination

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 and HKAS 19 respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(c) Business combination *(Continued)*

Business combinations that took place prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising from an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(e) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination and are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss, except that when an item of property, plant and equipment is classified as held for sale, which it is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(f) Property, plant and equipment *(Continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Showroom equipment	33%
Office equipment	20%
Furniture and fixtures	20% – 33%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each end of the reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the asset.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(h) Leases *(Continued)*

The Group as lessee *(Continued)*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Financial instruments

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

Financial assets

The Group's financial assets are classified into one of two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits for investments, trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment loss of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss of financial assets (Continued)

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

- significant financial difficulty of the issuer or counterparty;
- breach of contract, default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial liabilities.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for similar financial assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

***Financial assets** (Continued)*

Impairment loss of financial assets (Continued)

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

Impairment loss on available-for-sale equity instrument will not be reversed in profit or loss in subsequent periods.

Financial liabilities and equity

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including promissory note, bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Convertible bonds

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the notes into equity, is included in equity (convertible bonds – equity reserve). Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds – equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds – equity reserve will be released to retained profits. No gain or loss is recognised in the consolidated income statement upon conversion or expiration of the option.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the consolidated income statement.

Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

(i) Film distribution income

Income from the distribution of films is recognised when the master materials have been delivered to customers.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in the consolidated income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Provision of radio frequency identification application ("RFID") system, hospital information ("HIS") system and picture archiving and communication system ("PACS")

Revenue from provision of RFID system, HIS system and PACS is recognised on the transfer of risks and rewards of ownership which generally coincide when the time where the systems are delivered, installed and title has passed.

(iv) Interest income

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(l) Employee benefits

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

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

(ii) Share-based payments

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

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

(iii) Termination benefits

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(m) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(n) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income with in trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in consolidated income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in consolidated income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 4(n)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided that the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with Note 4(n)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with Note 4(n)(iii).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(n) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(iii) Other provisions and contingent liabilities

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

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

(o) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for (i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; (ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and (iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(o) Foreign currencies *(Continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the exchange reserve.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

4. Summary of Significant Accounting Policies *(Continued)*

(q) Related parties

A party is considered to be related to the Group if:

(i) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a jointly controlled entity;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

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

5. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes from prior year.

The capital structure of the Group consists of total assets and total liabilities. Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio. The gearing ratio is determined as the proportion of total liabilities to total assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

5. Capital Management *(Continued)*

The debt-to-assets ratio at 31 March 2011 and 2010 was as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities				
Trade and other payables	**9,047**	14,627	**1,267**	1,840
Bank loan	**504**	469	**–**	–
	9,551	15,096	**1,267**	1,840
Non-current liabilities				
Promissory note	**–**	320,440	**–**	320,440
Convertible bonds	**176,720**	167,638	**176,720**	167,638
Bank loan	**920**	1,345	**–**	–
	177,640	489,423	**176,720**	488,078
Total debt	**187,191**	504,519	**177,987**	489,918
Non-current assets				
Property, plant and equipment	**1,835**	1,667	**35**	–
Investment properties	**25,665**	57,254	**–**	–
Goodwill	**1,449**	1,449	**–**	–
Intangible assets	**1,053,920**	1,158,057	**–**	–
Interests in subsidiaries	**–**	–	**1,340,384**	1,207,383
Available-for-sale investments	**1,000**	–	**–**	–
Deposits for investments	**–**	145,000	**–**	–
	1,083,869	1,363,427	**1,340,419**	1,207,383
Current assets				
Trade and other receivables	**30,650**	24,068	**132,101**	205,194
Bank balances and cash	**217,007**	328,766	**201,554**	315,915
	247,657	352,834	**333,655**	521,109
Total assets	**1,331,526**	1,716,261	**1,674,074**	1,728,492
Debt-to-assets ratio	**14.06%**	29.40%	**10.63%**	28.34%

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments

(a) Categories of financial instruments:

	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**246,985**	497,690
Available-for-sale investments	**1,000**	–
Financial liabilities		
Financial liabilities at amortised cost	**185,077**	503,520

(b) Fair value estimation

The fair value of financial assets and financial liabilities with standard terms and conditions and trade in active liquid are determined with reference to quoted market bid prices and ask prices respectively.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification of repackaging);

Level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input are not based on observable market data.

As at 31 March 2011 and 2010, the Group's financial instruments presented on the statement of financial position are not measured at fair value.

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(c) Fair value of financial instruments:

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;

(ii) the fair values of derivative instruments are determined based on the quoted prices provided by the securities' broker; and

(iii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the estimated future cash flows and the current market rate of return.

Except for the liability component of convertible bonds which recorded amortised cost as below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair values.

	31 March 2011		31 March 2010	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Convertible bonds	**176,720**	**256,940**	167,638	246,221

The fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the interest applied at that time by the market to instruments of comparable credit status and providing substantiality the same cash flows, on the same terms, but without conversion option.

(d) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, promissory note, convertible bonds, borrowings, loan receivables, trade receivables, trade payables and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(i) Credit risk

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

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables arising from properties investment segment and film distribution segment are due within 90 days from the date of billing. For the medical information digitalisation system ("MIDS") segment, the Group allows the customer to settle the trade receivables by instalments with credit terms ranging from 5 to 360 days. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has certain concentration of credit risk as 53.73% (2010: 99.00%) and 99.99% (2010: 100%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

In respect of bank balances, the Group has diversified its exposure into different financial institutions. Substantially all of the Group's bank balances are held in major financial institutions located in Hong Kong and the PRC, which management believes are of high credit ratings and expose no high credit risk in this aspect.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 26.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, promissory note and convertible bonds issued, and cash flow interest rate risk in relation to variable-rate bank loan and bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rate profile

The following table details the interest rate profile of the Group's and the Company's borrowings and bank balances and deposits at the end of the reporting period:

	The Group				The Company			
	2011		2010		**2011**		2010	
	Weighted average effective interest rate		Weighted average effective interest rate		**Weighted average effective interest rate**		Weighted average effective interest rate	
	%	**HK$'000**	%	HK$'000	**%**	**HK$'000**	%	HK$'000
Fixed rate:								
Convertible bonds	**12.92**	**176,720**	12.92	167,638	**12.92**	**176,720**	12.92	167,638
Promissory note	**–**	**–**	12.14	320,440	**–**	**–**	12.14	320,440
		176,720		488,078		**176,720**		488,078
Variable rate:								
Bank loan	**4.65**	**1,424**	5.47	1,814	**–**	**–**	–	–
Bank balances	**0.09**	**216,983**	0.01	328,731	**0.09**	**201,545**	0.01	315,911

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

Promissory note and convertible bonds of the Group which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss.

At 31 March 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable-rate bank balances and bank loan, with all other variables held constant, would decrease/increase the Group's loss after taxation and accumulated losses by approximately HK$2,156,000 (2010: HK$2,724,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2010.

(iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$217,007,000 at 31 March 2011 (2010: HK$328,766,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity at the end of the reporting period of the Group's and the Company's financial liabilities based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group and the Company required to pay. The analysis is performed on the same basis for 2010.

The Group

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011							
Trade and other payables	**–**	**6,933**	**–**	**–**	**–**	**6,933**	**6,933**
Bank loan	**4.65**	**560**	**560**	**399**	**–**	**1,519**	**1,424**
Convertible bonds	**12.92**	**–**	**–**	**–**	**500,000**	**500,000**	**176,720**
		7,493	**560**	**399**	**500,000**	**508,452**	**185,077**
2010							
Trade and other payables	–	13,628	–	–	–	13,628	13,628
Bank loan	5.47	532	532	886	–	1,950	1,814
Promissory note	12.14	–	–	–	602,000	602,000	320,440
Convertible bonds	12.92	–	–	–	532,000	532,000	167,638
		14,160	532	886	1,134,000	1,149,578	503,520

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk (Continued)

The Company

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011							
Other payables	**–**	**1,267**	**–**	**–**	**–**	**1,267**	**1,267**
Convertible bonds	**12.92**	**–**	**–**	**–**	**500,000**	**500,000**	**176,720**
		1,267	**–**	**–**	**500,000**	**501,267**	**177,987**
2010							
Other payables	–	1,840	–	–	–	1,840	1,840
Promissory note	12.14	–	–	–	602,000	602,000	320,440
Convertible bonds	12.92	–	–	–	532,000	532,000	167,638
		1,840	–	–	1,134,000	1,135,840	489,918

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iv) Foreign currency risk

The majority of the Group's monetary assets and monetary liabilities by value and income are denominated in HK$, Renminbi ("RMB") and Canadian Dollar ("CAD"). Certain cash and bank balances are denominated in RMB, United States Dollar ("USD") and CAD. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China (the "PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB, USD and CAD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Exposure to foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2011	2010
	HK$'000	HK$'000
Assets		
RMB	**120,715**	22,107
USD	**5**	11,021
CAD	**797**	514
Liabilities		
RMB	**5,277**	11,557
CAD	**1,703**	2,261

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iv) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the HK$ against the relevant foreign currencies. As HK$ are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies and therefore is excluded from the analysis below. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against HK$. For a 5% weakening of the relevant currencies against HK$, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2011	2010
	HK$'000	HK$'000
Impact of RMB		
Profit or loss	**5,772**	528
Impact of USD		
Profit or loss	**–**	551
Impact of CAD		
Profit or loss	**(45)**	(87)

The Group's sensitivity to foreign currency has increased during the current year mainly due to the increase in foreign currency denominated monetary net assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

7. 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 to 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) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and in the future period.

(b) Impairment of property, plant and equipment

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

(c) Investment properties

As described in Note 20, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value of the investment properties, the valuers have based on method of valuation which involves certain assumptions and estimates that reflect comparable market transactions assuming that the Group sells the properties on the market in their existing state by making reference to comparable sales evidences as available in the relevant market. In relying on the valuation report, the management has exercised their judgment and is satisfied that the method valuation is reflective of the current market conditions. Should there be any changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

7. Critical Accounting Estimates and Judgments *(Continued)*

(d) Fair value and impairment of available-for-sale investments

As described in Note 4, the management of the Company use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The Group's unlisted equity instruments with carrying amount of approximately HK$1,000,000 (2010: Nil) are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of these equity instruments also includes some assumptions not supported by observable market prices or rates.

(e) Impairment of trade and other receivables

The Group's management determines impairment of trade and other receivables on a regular basis. The estimate is based on the credit history of its customers and current market conditions. The management of the Group reassesses the impairment of trade receivables at the end of reporting period.

(f) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(g) Income tax

Certain treatments adopted by the Company in its tax returns in the past years are yet to be finalised with the Hong Kong Inland Revenue Department and other jurisdiction. In assessing the Company's income tax and deferred taxation in the 2011 accounts, the Company has followed the tax treatments it has adopted in those tax returns, which may be different from the final outcome in due course.

(h) Recoverability of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the recognised temporary differences (including tax losses) can be utilised. The assessment on the probability of whether the recognised deferred tax assets can be fully recovered involves the uses of judgment and estimates. As at 31 March 2011, the Group has recognised deferred tax assets of approximately HK$851,000 (2010: HK$818,000). The management considers that the Group is capable to generate sufficient taxable profit from its future business operations for utilising the recognised temporary differences.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

7. Critical Accounting Estimates and Judgments *(Continued)*

(i) Provisions and contingent liabilities

The Group recognised provisions for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability. As at 31 March 2011 and 2010, the Group considered that it had no disclosable contingent liabilities as there were neither pending litigations nor events with potential obligation which were probable to result in material outflow of economic benefits to the Group.

8. Turnover

Turnover represents the net amounts received and receivables from goods sold and rendering of services by the Group to customers, after allowances for returns and trade discounts where applicable and services rendered.

	2011 **HK$'000**	2010 HK$'000
Continuing operations		
Gross rental income from investment properties	**1,749**	1,594
Provision of MIDS	**18,204**	17,369
	19,953	18,963
Discontinued operations		
Film distribution	**–**	6,354
Total	**19,953**	25,317

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

9. Other Revenue

	2011 HK$'000	2010 HK$'000
Continuing operations		
Effective interest income on convertible loan note	–	1,607
Bank interest income	**202**	15
Other income	**740**	10
Net foreign exchange gain	**292**	–
Total	**1,234**	1,632

10. Segment Information

The Group manages its businesses by business line. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Properties investments: Leasing of properties to generate rental income. Currently, the Group's properties investments portfolio is located in Canada.

(ii) MIDS: Provision of RFID system, HIS system and PACS. Currently, the Group's MIDS portfolio is located in the PRC.

(iii) Consultancy services: Provision of consultancy and advisory services to entities in relation to the rechargeable stored value SIM card business. Currently, the Group's prepaid SIM cards consultancy and advisory services is provided in Hong Kong.

(iv) Film distribution: Distribution of films through the distributors to various licensees. The Group's film distribution portfolio is located in Hong Kong and was discontinued.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

10. Segment Information *(Continued)*

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Continuing operations								Discontinued operations			
	Properties investments		MIDS business		Consultancy services		Sub-total		Film distribution		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Turnover:												
Sales to external customers	**1,749**	1,594	**18,204**	17,369	**–**	–	**19,953**	18,963	**–**	6,354	**19,953**	25,317
Segment results	**2,448**	10,644	**(324,742)**	(35,577)	**(990)**	–	**(323,284)**	(24,933)	**–**	(2,692)	**(323,284)**	(27,625)
Unallocated other revenue and income							**964**	47,955	**–**	–	**964**	47,955
Unallocated expenses							**(281,805)**	(64,452)	**–**	–	**(281,805)**	(64,452)
Loss from operating activities							**(604,125)**	(41,430)	**–**	(2,692)	**(604,125)**	(44,122)
Finance costs							**(46,151)**	(29,423)	**–**	–	**(46,151)**	(29,423)
Loss before tax							**(650,276)**	(70,853)	**–**	(2,692)	**(650,276)**	(73,545)
Tax charged							**(109)**	(657)	**–**	–	**(109)**	(657)
Loss for the year							**(650,385)**	(71,510)	**–**	(2,692)	**(650,385)**	(74,202)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 4. Segment results represent the profit/(loss) earned/(suffered) by each segment without allocation of central administration cost including directors' remuneration, other gains or losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

10. Segment Information *(Continued)*

(b) Segment assets and liabilities

	Continuing operations								Discontinued operations			
	Properties investments		MIDS business		Consultancy services		Sub-total		Film distribution		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**28,251**	60,044	**1,065,938**	1,193,996	**31,010**	–	**1,125,199**	1,254,040	**–**	–	**1,125,199**	1,254,040
Unallocated assets							**207,178**	463,039	**–**	–	**207,178**	463,039
Total assets							**1,332,377**	1,717,079	**–**	–	**1,332,377**	1,717,079
Segment liabilities	**628**	6,144	**7,040**	13,143	**–**	–	**7,668**	19,287	**–**	–	**7,668**	19,287
Unallocated liabilities							**183,589**	489,973	**–**	–	**183,589**	489,973
Total liabilities							**191,257**	509,260	**–**	–	**191,257**	509,260

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than available-for-sale investments, other financial assets and current and deferred tax assets. Goodwill is allocated to reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segment; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities, borrowing, convertible bonds and promissory note. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

(c) Other segment information

	Continuing operations								Discontinued operations			
	Properties investments		MIDS business		Consultancy services		Sub-total		Film distribution		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expense	**(71)**	(96)	**–**	–	**–**	–	**(71)**	(96)	**–**	–	**(71)**	(96)
Depreciation of property, plant and equipment	**–**	(289)	**(603)**	(14)	**–**	–	**(603)**	(303)	**–**	(21)	**(603)**	(324)
Amortisation of intangible assets	**–**	–	**(83,760)**	(36,598)	**(990)**	–	**(84,750)**	(36,598)	**–**	–	**(84,750)**	(36,598)
Amortisation of film right	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(5,986)	**–**	(5,986)
Fair value gain on investment properties	**1,564**	12,680	**–**	–	**–**	–	**1,564**	12,680	**–**	–	**1,564**	12,680

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

10. Segment Information *(Continued)*

(d) Geographical information

The Group operates in three principal geographical areas – Hong Kong, the People's Republic of China (excluding Hong Kong) (the "PRC") and Canada.

The Group's revenue from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
Hong Kong	**–**	–	**159,191**	35,186
The PRC	**18,204**	17,369	**898,013**	1,158,938
Canada	**1,749**	1,594	**25,665**	24,303
	19,953	18,963	**1,082,869**	1,218,427
Discontinued operations				
Hong Kong	**–**	6,354	**–**	–
Total	**19,953**	25,317	**1,082,869**	1,218,427

* Non-current assets excluded financial instruments and deferred tax assets.

(e) Information about major customer

For the year ended 31 March 2011, revenue from three clients of the Group of approximately HK$18,204,000 reported in MIDS segment had individually accounted for over 10% of the Group's total revenue. For the year ended 31 March 2010, revenue from two clients of the Group of approximately HK$17,369,000 and HK$6,354,000 reported in MIDS segment and film distribution segment respectively had individually accounted for over 10% of the Group's total revenue. No other single customers contributed 10% or more to the Group's revenue for both 2011 and 2010.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

11. Loss from Operations

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Auditors' remuneration	**680**	540
Amortisation of intangible assets	**84,750**	36,598
Cost of sales	**7,657**	13,439
Depreciation of property, plant and equipment	**603**	303
Net foreign exchange (gain)/loss	**(292)**	402
Gross rental income from investment properties	**(1,749)**	(1,594)
Less: Direct operating expenses from investment properties that generate rental income during the year	**1,810**	1,050
	61	(544)
Operating lease payment in respect of rental premises	**1,141**	102
Staff costs (include directors' remuneration *(Note 13)*)		
Salaries and allowances	**6,397**	4,212
Share-based payment expenses	**2,627**	2,703
Contribution to retirement benefits scheme	**407**	97
	9,431	7,012
Discontinued operations		
Amortisation of film right	**–**	5,986
Distribution cost	**–**	2,801
Depreciation of property, plant and equipment	**–**	21
Staff costs (include directors' remuneration *(Note 13)*)		
Salaries and allowances	**–**	177
Share-based payment expenses	**–**	7
	–	184

12. Finance Costs

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Interest on bank loans wholly repayable within five years	**71**	96
Interest on late payment of promissory note	**6,722**	–
Effective interest expenses on convertible bonds wholly repayable over five years *(Note 34)*	**19,859**	11,467
Effective interest expenses on promissory note wholly repayable over five years *(Note 33)*	**19,499**	17,860
Total	**46,151**	29,423

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

13. Directors' Remuneration

The emoluments of each director, on a named basis for the years ended 31 March 2011 and 2010 are set out below:

For the year ended 31 March 2011

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Share-based payments HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive directors					
Mr. Ho Ka Wai *(Note (a))*	**–**	**199**	**–**	**1**	**200**
Mr. Au Ho Chuen, Bonny *(Note (b))*	**–**	**435**	**–**	**5**	**440**
Mr. Lien Wai Hung *(Note (c))*	**789**	**–**	**756**	**–**	**1,545**
Independent non-executive directors					
Mr. Leung Wai Man *(Note (g))*	**120**	**–**	**–**	**–**	**120**
Mr. Man Kong Yui *(Note (h))*	**43**	**–**	**–**	**–**	**43**
Mr. Kwok Chuen Hung, Dominic *(Note (i))*	**120**	**–**	**–**	**–**	**120**
Mr. Ho Chun Ki, Frederick *(Note (j))*	**90**	**–**	**–**	**–**	**90**
Mr. Lai Miao Yuan *(Note (k))*	**–**	**–**	**–**	**–**	**–**
Total	**1,162**	**634**	**756**	**6**	**2,558**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

13. Directors' Remuneration *(Continued)*

For the year ended 31 March 2010

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Share-based payments HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive directors					
Mr. Ho Ka Wai *(Note (a))*	–	1,130	–	10	1,140
Mr. Au Ho Chuen, Bonny *(Note (b))*	–	404	268	6	678
Mr. Lei Hong Wai *(Note (d))*	–	28	74	1	103
Mr. Cheung Kwok Wai, Elton *(Note (e))*	–	28	73	2	103
Mr. Lee Chan Wah *(Note (f))*	–	131	–	2	133
Independent non-executive directors					
Mr. Leung Wai Man *(Note (g))*	120	–	–	–	120
Mr. Man Kong Yui *(Note (h))*	120	–	–	–	120
Mr. Kwok Chuen Hung, Dominic *(Note (i))*	120	–	–	–	120
Total	360	1,721	415	21	2,517

Notes:

(a) Mr. Ho Ka Wai was appointed as executive director on 24 June 2009 and resigned on 27 April 2010

(b) Mr. Au Ho Chuen, Bonny was appointed as executive director on 1 November 2009 and resigned on 15 September 2010

(c) Mr. Lien Wai Hung was appointed as executive director on 27 April 2010

(d) Mr. Lei Hong Wai was appointed as executive director on 9 October 2007 and resigned on 24 June 2009

(e) Mr. Cheung Kwok Wai, Elton was appointed as executive director on 27 August 2008 and resigned on 24 June 2009

(f) Mr. Lee Chan Wah was appointed as executive director on 22 June 2009 and resigned on 1 November 2009

(g) Mr. Leung Wai Man was appointed as independent non-executive director on 10 July 2007

(h) Mr. Man Kong Yui was appointed as independent non-executive director on 18 September 2007 and retired on 6 August 2010

(i) Mr. Kwok Chuen Hung, Dominic was appointed as independent non-executive director on 10 November 2008 and resigned on 31 March 2011

(j) Mr. Ho Chun Ki, Frederick was appointed as independent non-executive director on 1 July 2010

(k) Mr. Lai Miao Yuan was appointed as independent non-executive director on 31 March 2011

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

13. Directors' Remuneration *(Continued)*

The share-based payment represents the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 4(l)(ii).

At 31 March 2011 and 2010, the directors held share options under the Company's share option scheme. Details of the share options are disclosed under the paragraph "Share option schemes" in the report of the directors and Note 42.

During the years ended 31 March 2011 and 2010, no emoluments or incentive payments 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. None of the directors has waived any emoluments during the year.

14. Individuals with Highest Emoluments

Of the five individuals with the highest emoluments in the Group, three (2010: three) were directors of the Company whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining two (2010: two) individuals for the years ended 31 March 2011 and 2010 were as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and allowances	**1,133**	269
Retirement scheme contribution	**18**	8
Share-based payment expense	**–**	877
	1,151	1,154

The number of non-director, highest paid individuals whose remuneration fell within the following bands, is as follows:

	2011	2010
Nil to HK$1,000,000	**2**	2

Notes to the Consolidated Financial Statements

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15. Income Tax

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Current tax charged:		
Hong Kong Profits Tax	**–**	49
PRC Enterprise Income Tax	**–**	981
	–	1,030
Deferred tax *(Note 30)*:		
Current year	**387**	(307)
Attributable to a change in tax rate	**(278)**	(66)
	109	(373)
	109	657

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2010: 25%).

Canada subsidiaries are subject to Canada Corporate Tax comprising Federal Tax and Provincial Corporation Tax. With effective from 1 January 2011, the Canada Federal Tax has been reduced from 18% to 16.5% while the Provincial Corporation Tax remained at 2.5%. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective years when the asset is realised or the liability is settled.

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15. Income Tax *(Continued)*

Income tax for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2011	2010
	HK$'000	HK$'000
Loss before taxation		
Continuing operations	**(650,276)**	(70,853)
Discontinued operations	**–**	(2,692)
	(650,276)	(73,545)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(108,178)**	(11,705)
Tax effect of expenses not deductible for tax purpose	**106,220**	12,361
Tax effect of income not taxable for tax purpose	**(1,923)**	(7,733)
Tax effect of tax losses not recognised	**4,427**	1,551
Utilisation of tax losses previously not recognised	**(159)**	–
Tax effect of unrecognised temporary difference	**–**	6,249
Tax effect resulting from change of applicable tax rate	**(278)**	(66)
Tax charge for the year	**109**	657

16. Discontinued Operations

On 8 October 2009, the Group disposed of its wholly-owned subsidiary of Creative Formula Limited ("CFL") for a total consideration of approximately HK$8.2 million. Upon completion of the disposal, CFL ceased to be a subsidiary of the Company and the business of film production and film distribution which is solely carried out by CFL will become a discontinued operation of the Group. Details of the assets and liabilities disposed of and the calculation of the profit or loss on disposal are disclosed in Note 36.

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For the year ended 31 March 2011

16. Discontinued Operations *(Continued)*

The combined results of the discontinued operations related to CFL are set out below.

	2011 **HK$'000**	2010 HK$'000
Loss for the year from discontinued operations		
Turnover	–	6,354
Cost of sales	–	(8,787)
Gross loss	–	(2,433)
Other operating expenses	–	(259)
Loss before taxation	–	(2,692)
Income tax	–	–
Loss for the year from discontinued operations	–	(2,692)
Cash flows from discontinued operations		
Net cash flows from operating activities	–	2,545
Net cash flows from investing activities	–	6,377
Net cash inflows	–	8,922

17. Dividend

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2011 (2010: Nil).

18. Loss per Share

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year as adjusted for the effect of share consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

18. Loss per Share *(Continued)*

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2011	2010
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(650,385)**	(74,202)

	2011	2010
	'000	'000
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,909,109**	229,961*

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2011	2010
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(650,385)**	(71,510)

The denominators used are the same as those detailed above for both basis and diluted loss per share.

From discontinued operations

For the year ended 31 March 2010, basic and diluted loss per share for the discontinued operations is HK1.17 cents per share, based on the loss for the year from the discontinued operations of approximately HK$2,692,000 and the denominators used are the same as those detailed above.

* The weighted average number of ordinary shares for the year ended 31 March 2011 was adjusted retrospectively to reflect the effect of share consolidation in 2011.

For the year ended 31 March 2011 and 2010, diluted loss per share was not presented because the exercise of share option and conversion of all outstanding convertible bonds would have anti-dilutive effects.

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19. Property, Plant and Equipment

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Showroom equipment HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:						
At 1 April 2009	1,037	273	–	118	–	1,428
Acquisition of subsidiaries	–	12	–	–	–	12
Additions	–	153	728	26	1,288	2,195
Disposal of a subsidiary	–	–	–	–	(1,288)	(1,288)
Exchange adjustments	–	1	3	–	–	4
At 31 March 2010 and 1 April 2010	1,037	439	731	144	–	2,351
Acquisition of a subsidiary	**–**	**–**	**–**	**5**	**–**	**5**
Additions	**184**	**68**	**–**	**202**	**869**	**1,323**
Written off for the year	**(1,037)**	**(321)**	**–**	**(24)**	**–**	**(1,382)**
Exchange adjustments	**3**	**3**	**29**	**8**	**7**	**50**
At 31 March 2011	**187**	**189**	**760**	**335**	**876**	**2,347**
Accumulated depreciation and impairment:						
At 1 April 2009	275	73	–	33	–	381
Depreciation for the year	207	69	–	27	21	324
Written back on disposal	–	–	–	–	(21)	(21)
At 31 March 2010 and 1 April 2010	482	142	–	60	–	684
Depreciation for the year	**177**	**89**	**186**	**26**	**125**	**603**
Written off for the year	**(588)**	**(181)**	**–**	**(14)**	**–**	**(783)**
Exchange adjustments	**1**	**1**	**4**	**1**	**1**	**8**
At 31 March 2011	**72**	**51**	**190**	**73**	**126**	**512**
Net book value:						
At 31 March 2011	**115**	**138**	**570**	**262**	**750**	**1,835**
At 31 March 2010	555	297	731	84	–	1,667

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

20. Investment Properties

	2011	2010
	HK$'000	HK$'000
Fair value:		
At 1 April	**57,254**	40,408
Increase in fair value recognised in the consolidated income statement	**1,564**	12,680
Disposal	**(34,400)**	–
Exchange adjustments	**1,247**	4,166
At 31 March	**25,665**	57,254

The fair values of the Group's investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out on that date by Grant Sherman Appraisal Limited, independent qualified professional valuers not connected to the Group. Grant Sherman Appraisal Limited is a member of The Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

At 31 March 2011, investment property of the Group with a fair value of approximately HK$25,665,000 (2010: HK$22,854,000) was pledged to secure banking facilities granted to the Group.

The carrying amount of investment properties shown above comprises:

	2011	2010
	HK$'000	HK$'000
Inside Hong Kong, held under Long-term leases	**–**	34,400
Outside Hong Kong, held under Freehold	**25,665**	22,854
	25,665	57,254

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

21. Goodwill

The amounts of the goodwill capitalised by the Group as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of a subsidiary, are as follows:

	2011	2010
	HK$'000	HK$'000
Cost:		
At 1 April and 31 March	**1,449**	1,449
Accumulated impairment losses:		
At 1 April and 31 March	**–**	–
Carrying amount:		
At 31 March	**1,449**	1,449

Impairment test of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units identified according to operating segment.

	2011	2010
	HK$'000	HK$'000
Properties investments	**1,449**	1,449

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

21. Goodwill *(Continued)*

Impairment test of goodwill *(Continued)*

Properties investments

The goodwill was recognised on the acquisition of the active interests in Grandeur Concord Limited and its subsidiary, Vincent Investment Limited, whose principal activities were investment holding and properties investment respectively.

The directors of the Company re-assessed the recoverable amount of goodwill allocated to properties investments business and no impairment loss was recognised.

The recoverable amount of the goodwill allocated to properties investments business was assessed by reference to value-in-use model which based on a five-year cash flow projection approved by the directors of the Company. A discount rate of 15% (2010: 6%) per annum was applied in the discounted cash flow method when assessing the recoverability of the goodwill.

Cash flow projections during the budget period are based on the same expected gross margins and inflation throughout the budget period. The cash flows beyond that five-years period have been extrapolated using an average growth rate of 3% (2010: 3.48%) per annum which is the projected long term average growth rate for the properties investments market. The directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed the aggregate recoverable amount of the cash generating unit.

There are a number of assumptions and estimations involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is pre-tax and reflect specific risks relating to the industry.

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For the year ended 31 March 2011

22. Intangible Assets

	Master services agreement HK$'000	Co-operation agreement and strategic co-operation agreement HK$'000	Licensing agreement HK$'000	Consultancy agreement HK$'000	Computer software HK$'000	Total HK$'000
Cost:						
At 1 April 2009	–	–	–	–	–	–
Acquired through acquisition of subsidiaries *(Note 35)*	1,194,655	–	–	–	–	1,194,655
At 31 March 2010 and 1 April 2010	1,194,655	–	–	–	–	1,194,655
Acquired through acquisition of subsidiaries *(Note 35)*	**–**	**51,602**	**134,000**	**32,000**	**–**	**217,602**
Additions	**–**	**–**	**–**	**–**	**3,216**	**3,216**
At 31 March 2011	**1,194,655**	**51,602**	**134,000**	**32,000**	**3,216**	**1,415,473**
Accumulated amortisation and impairment:						
At 1 April 2009	–	–	–	–	–	–
Amortised for the year	36,598	–	–	–	–	36,598
At 31 March 2010 and 1 April 2010	36,598	–	–	–	–	36,598
Amortised for the year	**75,899**	**–**	**7,861**	**990**	**–**	**84,750**
Impairment loss recognised for the year	**240,205**	**–**	**–**	**–**	**–**	**240,205**
At 31 March 2011	**352,702**	**–**	**7,861**	**990**	**–**	**361,553**
Carrying amount:						
At 31 March 2011	**841,953**	**51,602**	**126,139**	**31,010**	**3,216**	**1,053,920**
At 31 March 2010	1,158,057	–	–	–	–	1,158,057

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For the year ended 31 March 2011

22. Intangible Assets *(Continued)*

The master services agreement, co-operation agreement and strategic co-operation agreement, licensing agreement, and consultancy agreement were purchased through acquisition of subsidiaries with finite useful life. Details of the acquisition are disclosed in Note 35.

The following estimated useful lives are used in the calculation of amortisation:

Master services agreement	15 years
Co-operation agreement and strategic co-operation agreement	10 years
Licensing agreement	15 years
Consultancy agreement	5 years
Computer software	2 years

At 31 March 2011, the management of the Company advises that no amortisation has been recognised on the co-operation agreement and strategic co-operation agreement and computer software because the underlying project or software is not yet available for use.

The intangible assets will be tested for impairment whenever is an indication that they may be impaired. The particulars of impairment testing are disclosed as follows:

Impairment test of master services agreement

At 31 March 2011, the management of the Company considers that the operating performance of the master service agreement for the financial year ended 31 March 2011 is different from previous year. The provision of the custom-built Wi-Fi/RFID identification application system to the contracted hospitals is behind schedule such being mainly attributable by the vary in complexity and specifications for different hospitals in the provision process. The management of the Company is determined to co-operate with the hospital co-operator to explore other opportunities for the provision of Wi-Fi/RFID identification application system projects for hospital in the PRC and expected to catch up the original schedule within three to five years.

The recoverable amount of the master services agreement was assessed by the directors of the Company with reference to the valuation carried out by an independent firm of valuers, Grant Sherman Appraisal Limited at the end of the reporting period. The valuation was appraised on the value-in-use basis. The key assumptions for the value-in-use calculation are those regarding the discount rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using the rate that reflects current market assessments of the time value of money and the risks specific to the master services agreement associated with the MIDS business. Budgeted gross margin and turnover are based on past practices and expectations in the master services agreement associated with the MIDS industry.

At 31 March 2011, the Group has prepared 14-years (2010: 15-years) cash flow forecast derived from the most recent financial budget of the master services agreement approved by the directors of the Company using a discount rate of 25.84% (2010: 26.14%) per annum.

The result of the review undertaken indicated that an impairment loss of approximately HK$240,205,000 (2010: Nil) with reference to the valuation report was necessary for the master services agreement associated with the MIDS business.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

23. Interests in Subsidiaries

The Company

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**1,340,384**	1,207,383
Amount due from subsidiaries	**131,888**	203,071
	1,472,272	1,410,454

Notes:

(a) At 31 March 2011 and 2010, the amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

(b) The directors of the Company performed impairment tests on the carrying amounts of its investments and advances to subsidiaries in accordance with the accounting policy as stated in Note 4(j). As at 31 March 2011 and 2010, no impairment losses on amounts due from subsidiaries were recognised in the Company's financial statements respectively.

The directors of the Company consider that the carrying amounts of amounts due from subsidiaries approximate their fair value.

(c) Details of the subsidiaries of the Company at 31 March 2011 are as follows:

Name of subsidiaries	Place of incorporation/operation	Issued and fully paid share capital	Interest held	Principal activities
Direct subsidiaries:				
Classic Grace Enterprises Limited	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Grandeur Concord Limited	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Sunny Chance Limited	British Virgin Islands/ Hong Kong	US$100	100%	Investment holding
Innovate International Group Limited ("IIGL")	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Fortune Mark International Limited**	British Virgin Islands/ Hong Kong	US$100	100%	Provision of PACS system
Cheer Union Limited*	Hong Kong/Hong Kong	HK$1	100%	Investment holding
Pacific Tech Investments Limited*	Hong Kong/Hong Kong	HK$1	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

23. Interests in Subsidiaries *(Continued)*

Notes: (Continued)

Name of subsidiaries	Place of incorporation/operation	Issued and fully paid share capital	Interest held	Principal activities
Dynamic Success Holdings Limited*	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Indirect subsidiaries:				
Grand Billion Investments Limited	Hong Kong/Hong Kong	HK$1	100%	Properties investment
Vincent Investment Limited	Canada/Canada	CAD360	100%	Properties investment
Gold Asia Technology Limited	Hong Kong/Hong Kong	HK$6,000,000	100%	Investment holding
嘉鈦華數碼科技(天津)有限公司	PRC wholly foreign owned enterprise/PRC	US$4,500,000	100%	Provision of RFID system and HIS system
天津市逸晨電子科技有限公司***	PRC wholly foreign owned enterprise/PRC	RMB7,114,872	100%	Provision of MIDS
Activepart Limited****	British Virgin Islands/ Hong Kong	US$1	100%	Provision of consultancy services

* The subsidiary was newly set up during the year

** The subsidiary was acquired on 18 May 2010

*** The subsidiary was acquired on 16 November 2010

**** The subsidiary was acquired on 9 March 2011

24. Available-for-sale Investments

	2011	2010
	HK$'000	HK$'000
Unlisted shares		
Equity securities incorporated in Hong Kong	**1,000**	–

Unlisted equity securities issued by private classified as available-for-sale investments are stated at cost less impairment loss at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company consider that their fair values cannot be measured reliably. During the year ended 31 March 2011, the Group identified no impairment loss related to the unlisted equity securities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

25. Deposit for Investments

On 21 January 2010, IIGL, a wholly owned subsidiary of the Company, entered into an agreement with Ng Leung Wai (the "Vendor"), an independent third party, pursuant to which the Group shall purchase and the Vendor shall sell 20% of the registered capital of Redart Digital Technology Co., Ltd. at a total consideration of HK$145,000,000.

On 31 March 2010, HK$145,000,000 has been paid to the Vendor as deposit and payment of the consideration. The acquisition was terminated on 1 February 2011 and the deposit was wholly recovered during the year.

26. Trade and Other Receivables

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade debtors *(Note (a))*	**25,054**	18,137	**–**	–
Other debtors	**502**	1,740	**78**	1,000
Deposits and prepayment	**1,529**	1,171	**135**	1,123
Loan to key officer *(Note (b))*	**3,565**	3,020	**–**	–
Amounts due from subsidiaries, net of impairment loss *(Note 23)*	**–**	–	**131,888**	203,071
	30,650	24,068	**132,101**	205,194

Notes:

(a) An aged analysis of the Group's trade receivables at the end of the reporting period is as follows:

	2011	2010
	HK$'000	HK$'000
0 – 30 days	**19,421**	18,137
31 – 60 days	**14**	–
61 – 90 days	**11**	–
Over 90 days	**5,608**	–
	25,054	18,137

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

26. Trade and Other Receivables *(Continued)*

Notes: (Continued)

Details on the Group's credit policy are set out in Note 6(d)(i).

The management of the Company closely monitors the credit quality of trade debtors and considers the trade debtors that are neither past due nor impaired are of good credit quality.

There were no trade debtors that are past due or impaired for the two years ended 31 March 2011 and 2010.

(b) Loan to key officer:

Particulars of loan to key officer, being key personnel of the Group, disclosed as follows:

Name of officer	Balance at 31/3/2011 HK$'000	Balance at 31/3/2010 and 1/4/2010 HK$'000	Balance at 1/4/2009 HK$'000	Maximum balance outstanding during 2011 HK$'000	Maximum balance outstanding during 2010 HK$'000
Mr. Cheung Hon Wa, Dicto	**–**	3,020	–	**3,020**	3,020
Mr. Cheung Hon Chung	**3,565**	–	–	**7,190**	–

The loan to key officer is unsecured, non-interest bearing and repayable on demand.

There was no amount due but unpaid, nor any provision made against the principal amount of or interest on the loan at 31 March 2011 and 2010.

27. Bank Balances and Cash

	The Group 2011 HK$'000	The Group 2010 HK$'000	The Company 2011 HK$'000	The Company 2010 HK$'000
Cash in hand and at bank:				
Hong Kong Dollar	**44,462**	317,027	**41,673**	315,915
Renminbi	**91,821**	377	**79,881**	–
US Dollar	**5**	11,021	**–**	–
Canadian Dollar	**719**	341	**–**	–
Time deposits	**80,000**	–	**80,000**	–
	217,007	328,766	**201,554**	315,915

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

27. Bank Balances and Cash *(Continued)*

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term time deposits are denominated in Hong Kong Dollars which made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

The 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 authorised to conduct foreign exchange business.

28. Trade and Other Payables

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables *(Note (a))*	**5,267**	11,418	**–**	–
Other creditors and accruals	**1,528**	1,984	**1,177**	1,660
Tenant deposits	**48**	46	**–**	–
Amounts due to directors *(Note (b))*	**90**	180	**90**	180
Other non-income tax payable	**2,114**	999	**–**	–
	9,047	14,627	**1,267**	1,840

Notes:

(a) An aged analysis of the Group's trade payables at the end of the reporting period is as follows:

	2011	2010
	HK$'000	HK$'000
0 – 30 days	**46**	11,418
31 – 60 days	**–**	–
61 – 90 days	**1,479**	–
Over 90 days	**3,742**	–
	5,267	11,418

(b) Amounts due to directors are interest free, unsecured and repayable on demand.

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29. Bank Loan

At 31 March 2011, the bank loan was secured and repayable as follows:

	2011 HK$'000	2010 HK$'000
On demand or within one year	**504**	469
After one year but within two years	**528**	489
After two years but within five years	**392**	856
	1,424	1,814
Less: current portion	**(504)**	(469)
Non-current portion	**920**	1,345

At 31 March 2011 and 2010, the bank loan was charged at variable interest rate of Prime rate at relevant jurisdiction plus 0.9% per annum. The bank loan was secured by investment property of the Group with a fair value of approximately HK$25,665,000 (2010: HK$22,854,000) as disclosed in Note 20.

30. Deferred Taxation

The movements in the Group's deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

The Group

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Temporary differences HK$'000	Total HK$'000
At 1 April 2009	942	1,642	143	–	2,727
Acquisition of subsidiaries	–	–	–	(133)	(133)
Effect of change in tax rate	(23)	(40)	(3)	–	(66)
Exchange adjustments	223	410	33	(3)	663
Charged (credited) to the consolidated income statement	63	312	–	(682)	(307)
At 31 March 2010 and 1 April 2010	1,205	2,324	173	(818)	2,884
Effect of change in tax rate	**(90)**	**(175)**	**(13)**	**–**	**(278)**
Exchange adjustments	**63**	**127**	**9**	**(33)**	**166**
Charged to the consolidated income statement	**90**	**297**	**–**	**–**	**387**
At 31 March 2011	**1,268**	**2,573**	**169**	**(851)**	**3,159**

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For the year ended 31 March 2011

30. Deferred Taxation *(Continued)*

The Group *(Continued)*

At 31 March 2011, the Group did not recognise deferred tax assets in respect of the tax losses of approximately HK$22,191,000 (2010: HK$17,923,000). As it is not probable that taxable profits will be available against which the unused tax losses and other deductible temporary difference of the Group can be utilised, deferred tax assets have not been recognised in respect of the unused tax losses and other deductible temporary difference. Tax losses are available indefinitely for offsetting future taxable profit of the companies in which the losses arose except for the tax losses arising in the PRC of approximately HK$2,705,000 (2010: Nil) that will expire in one to five years for offsetting against future taxable profits.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011 **HK$'000**	2010 HK$'000
Deferred tax assets	**(851)**	(818)
Deferred tax liabilities	**4,010**	3,702
	3,159	2,884

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 31 March 2011, the PRC subsidiaries have no distributable profits (2010: temporary difference attributable to the profits earned by the PRC subsidiaries amounting to approximately HK$3,924,000). Deferred tax liabilities of approximately HK$197,000 has been provided for the consolidated financial statements in last year in respect of the tax that would be payable on the distribution of these retained profits as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

31. Share Capital

	2011		2010	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Authorised:				
At 1 April, ordinary shares of HK$0.01 each (2010: HK$0.01 each) *(Note (a))*	**20,000,000,000**	**200,000**	3,000,000,000	30,000
Increase in authorised share capital	**–**	**–**	17,000,000,000	170,000
At 31 March, ordinary shares of HK$0.01 each	**20,000,000,000**	**200,000**	20,000,000,000	200,000
Issued and fully paid:				
At 1 April, ordinary shares of HK$0.01 each (2010: HK$0.01 each)	**7,324,668,455**	**73,247**	1,256,897,090	12,569
Issue of shares on open offer *(Note (f))*	**1,831,167,113**	**18,312**	–	–
Capital reduction *(Note (g)(ii), (g)(iii), (b)(iii) & (b)(iv))*	**–**	**(85,434)**	–	(11,538)
Consolidation of shares *(Note (g)(i) & (b)(ii))*	**(8,543,409,906)**	**–**	(1,153,831,527)	–
Placing of new shares *(Note (h))*	**2,017,650,000**	**20,176**	5,000,000,000	50,000
Exercise of share options *(Note (d))*	**–**	**–**	41,602,892	416
Conversion of shares from convertible bonds *(Note (i) & (e))*	**1,836,842,105**	**18,368**	2,180,000,000	21,800
At 31 March, ordinary shares of HK$0.01 each (2010: HK$0.01 each)	**4,466,917,767**	**44,669**	7,324,668,455	73,247

Notes:

For the year ended 31 March 2010:

(a) On 5 October 2009, an ordinary resolution was passed by the shareholders of the Company approving the increase in authorised share capital from HK$30,000,000 divided into 3,000,000,000 shares of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 shares of HK$0.01 each by the creation of 17,000,000,000 shares of HK$0.01 each.

(b) A special resolution was passed at an extraordinary general meeting on 30 March 2009 and an approval was obtained from the shareholders for approving the capital reorganisation of the Company. The effects of the capital reorganisation were as follow:

(i) change of domicile from Cayman Islands to Bermuda (the "Change of Domicile") became effective after 4:00 p.m. on 20 April 2009, where the Company discontinued by de-registration under the laws of Cayman Islands and by way of continuation of the Company as an exempted company under the laws of Bermuda;

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31. Share Capital *(Continued)*

Notes: (Continued)

(ii) the capital consolidation pursuant to which every ten shares of HK$0.01 each in the issued share capital of the Company is consolidated into one issued share of HK$0.10 each in the issued share capital of the Company. The capital consolidation is completed on 11 May 2009, and complied with all the provisions of sections 46 of the Companies Act 1981 of Bermuda (as amended) (the "Companies Act");

(iii) the capital reduction pursuant to which the par value of each of the issued consolidated shares is reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 each. The capital reduction is completed on 11 May 2009, and complied with all the provisions of sections 46 of the Companies Act; and

(iv) a credit of approximately HK$11,538,000 arose and was immediately transferred to cancel the share premium and distributable capital reduction reserve in the contributed surplus account of the Company amounting to approximately HK$99,136,000 and HK$87,254,000 respectively, whilst the credit balance amounting to approximately HK$197,928,000 was transferred to the contributed surplus account. Such designated contributed surplus account of the Company shall be the contributed surplus account of the Company within the meaning of the Companies Act effective upon the Change of Domicile.

(c) On 20 October 2009, the Company entered into a placing agreement with CLSA Limited, an independent third party for placing up to a maximum of 5,000,000,000 ordinary shares at HK$0.10 per placing share. On 27 November 2009, the Company issued and allotted 5,000,000,000 shares with the gross proceeds of approximately HK$500,000,000 before expense. The arrangement of shares placing was passed by a special resolution at a special general meeting on 25 November 2009.

(d) During the year ended 31 March 2010, certain option holders exercised their option rights to subscribe for an aggregate of 3,508,055 shares at an exercise price of HK$0.25, an aggregate of 11,700,000 shares at an exercise price of HK$0.50, an aggregate of 1,256,897 shares at an exercise price of HK$0.20 and an aggregate of 25,137,940 shares at an exercise price of HK$0.025 respectively.

(e) During the year ended 31 March 2010, convertible bonds with nominal value HK$218,000,000 were converted into 2,180,000,000 shares of the Company of HK$0.01 each at a conversion price of HK$0.10 per share.

For the year ended 31 March 2011:

(f) On 29 April 2010, the Company has entered into an underwriting agreement with the underwriter, Kingston Securities Limited ("Kingston"), for underwriting of the open offer of not less than 1,831,167,113 offer shares and not more than 1,831,710,077 offer shares at a price of HK$0.10 per offer share on the basis of one offer shares for every four existing share. The arrangement of open offer was completed on 18 June 2010 and a total of 1,831,167,113 have been issued.

(g) A special resolution was passed at an extraordinary general meeting on 6 August 2010 and an approval was obtained from the shareholders for approving the capital reorganisation of the Company. The effects of the capital reorganisation were as follow:

(i) the capital consolidation pursuant to which every ten shares of HK$0.01 each in the issued share capital of the Company is consolidated into one issued share of HK$0.10 each in the issued share capital of the Company. The capital consolidation is completed on 9 August 2010, and complied with all the provisions of sections 46 of the Companies Act;

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31. Share Capital *(Continued)*

Notes: (Continued)

(ii) the capital reduction pursuant to which the par value of each of the issued consolidated shares is reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 each. The capital reduction is completed on 9 August 2010, and complied with all the provisions of sections 46 of the Companies Act; and

(iii) a credit of approximately HK$85,434,000 arising from the reduction of issued share capital will be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses to the extent as permitted by the laws of Bermuda and the Bye-laws.

(h) (i) On 20 August 2010, the Company entered into a placing agreement with Kingston Securities Limited (the "Placing Agent"), an independent third party, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 189,850,000 ordinary shares at HK$0.205 per placing share to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. On 30 August 2010, the Company issued and allotted 189,850,000 shares with the gross proceeds of approximately HK$38,919,250 before expense.

(ii) On 24 September 2010, the Company entered into a placing agreement with the Placing Agent, an independent third party, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 227,800,000 ordinary shares at HK$0.181 per placing share to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. On 5 October 2010, the Company issued and allotted 227,800,000 shares with the gross proceeds of approximately HK$41,231,800 before expense.

(iii) On 8 October 2010, the Company entered into a placing agreement with the Placing Agent, an independent third party, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 1,600,000,000 ordinary shares at HK$0.10 per placing share to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. On 28 December 2010, the Company issued and allotted 1,600,000,000 shares with the gross proceeds of approximately HK$160,000,000 before expense. The arrangement of shares placing was passed by a special resolution at a special general meeting on 16 December 2010.

(i) During the year ended 31 March 2011, (1) convertible bonds with nominal value HK$32,000,000 were converted into 336,842,105 shares of the Company of HK$0.01 each at a conversion price of HK$0.095 per share; and (2) convertible bonds with nominal value HK$150,000,000 were converted into 1,500,000,000 shares of the Company of HK$0.01 each at a conversion price of HK$0.10 per share.

32. Reserves

The Group

The amounts of the Group's reserves and the movements therein for the current and prior reporting years are presented in the consolidated statement of changes in equity on page 35 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

32. Reserves *(Continued)*

The Company

	Share premium *(Note (iii))* HK$'000	Contributed surplus *(Note (i), (ii))* HK$'000	Share-based compensation reserve *(Note (iv))* HK$'000	Convertible bonds reserve *(Note (v))* HK$'000	Accumulated losses *(Note (i))* HK$'000	Total HK$'000
At 1 April 2009	98,535	87,322	4,200	–	(8,844)	181,213
Comprehensive income for the year	–	–	–	–	(43,354)	(43,354)
Capital reduction	(99,136)	110,674	–	–	–	11,538
Placing of new shares	450,000	–	–	–	–	450,000
Share issue expenses	(15,993)	–	–	–	–	(15,993)
Recognition of equity-settled share-based payments	–	–	2,703	–	–	2,703
Issue of shares upon exercise of share options	9,801	–	(2,610)	–	–	7,191
Issue of convertible bonds	–	–	–	527,530	–	527,530
Conversion of convertible bonds	197,834	–	–	(153,335)	–	44,499
At 31 March 2010 and 1 April 2010	641,041	197,996	4,293	374,195	(52,198)	1,165,327
Comprehensive income for the year	**–**	**–**	**–**	**–**	**(324,464)**	**(324,464)**
Issue of shares on open offer	**164,806**	**–**	**–**	**–**	**–**	**164,806**
Capital reduction	**–**	**85,434**	**–**	**–**	**–**	**85,434**
Placing of new shares	**219,975**	**–**	**–**	**–**	**–**	**219,975**
Share issue expenses	**(4,696)**	**–**	**–**	**–**	**–**	**(4,696)**
Recognition of equity-settled share-based payments	**–**	**–**	**2,627**	**–**	**–**	**2,627**
Lapsed of share options	**–**	**–**	**(795)**	**–**	**795**	**–**
Issue of convertible bonds	**–**	**–**	**–**	**50,498**	**–**	**50,498**
Conversion of convertible bonds	**164,917**	**–**	**–**	**(73,006)**	**–**	**91,911**
At 31 March 2011	**1,186,043**	**283,430**	**6,125**	**351,687**	**(375,867)**	**1,451,418**

Notes:

(i) *Distributable reserve*

The contributed surplus account of the Company is available for distribution in accordance with the Companies Act. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

32. Reserves *(Continued)*

Notes: (Continued)

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company has no reserves available for distribution to shareholders as at 31 March 2011 (2010: HK$145,798,000).

(ii) Contributed surplus

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

The contributed surplus of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange pursuant to the reorganisation of the Group.

During the year ended 31 March 2010, approximately HK$110,674,000 arose from the capital reorganisation scheme of the Company on 11 May 2009. Pursuant to the scheme, the issued share capital was reduced from HK$12,820,350 of 1,282,035,030 share of HK$0.01 each to HK$1,282,035 of 1,282,035,030 shares of HK$0.001 each by cancelling the amount of approximately HK$11,538,000 or HK$0.009 from each share, and a credit of approximately HK$110,674,000 arising from the capital reduction was transferred to cancel the share premium and distributable capital reduction reserve in the contributed surplus account of the Company amounting to approximately HK$99,136,000 and HK$87,542,000 respectively, whilst the credit balance amounting to approximately HK$197,928,000 was transferred to the contributed surplus account.

During the year ended 31 March 2011, approximately HK$85,434,000 arose from the capital reorganisation scheme of the Company on 9 August 2010. Pursuant to the scheme, the issued share capital was reduced from HK$94,926,777 of 9,492,677,673 share of HK$0.01 each to HK$9,492,678 of 9,492,677,673 shares of HK$0.001 each by cancelling the amount of approximately HK$85,434,000 or HK$0.009 from each share, and a credit of approximately HK$85,434,000 arising from the capital reduction was transferred to the contributed surplus account of the Company.

(iii) Share premium

After the Change of Domicile, the application of share premium account is governed by the relevant provisions set out in the Company's Bye-laws and the Companies Act.

(iv) Share-based compensation reserve

The share-based compensation reserve of the Company and the Group arise on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in Note 4(l)(ii).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

32. Reserves *(Continued)*

Notes: (Continued)

(v) *Convertible bonds reserve*

The convertible bonds reserve represents the value of the unexercised equity component of convertible bonds issued by the Company.

(vi) *Statutory reserve*

The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

(vii) *Translation reserve*

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4(o).

33. Promissory Note

The Group and the Company

	2011	2010
	HK$'000	HK$'000
At 1 April	**320,440**	–
Issue of promissory note, fair value	**–**	309,256
Effective interest expenses *(Note 12)*	**19,499**	17,860
Redemption of promissory note	**(339,939)**	(6,676)
At 31 March	**–**	320,440

On 6 October 2009, the Group issued unsecured, zero coupon rate promissory note with the principal amount of HK$615,000,000 in connection with the acquisition of entire issued share capital of Sunny Chance Limited (Note 35(d)). The Company has the right to extend the maturity date of the promissory note by giving not less than 30 days prior written notice to the payee. It is intended that the promissory note will be extended for five years upon expiry of a fixed term of twelve months from the date of issue.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

33. Promissory Note *(Continued)*

The Group and the Company ***(Continued)***

The fair value of the promissory notes was determined at approximately HK$309,256,000 as at the issue date on 6 October 2009, based on an independent valuation carried out by an independent firm of valuers, Grant Sherman Appraisal Limited. The effective interest rate of the promissory note is determined to be 12.14% per annum.

During the year ended 31 March 2011, the Group redeemed the promissory note with principal amount of HK$602,000,000 (2010: HK$13,000,000) and a loss on redemption of promissory note of approximately HK$262,061,000 (2010: HK$6,324,000) is recognised.

On 16 December 2010, the Company redeemed the promissory note with principal amount of HK$150,000,000 by way of issuing convertible bonds with total nominal value of HK$150,000,000 at price of HK$150,000,000 (Note 34).

34. Convertible Bonds

Convertible bonds with principal amount of HK$750 million

On 6 October 2009, the Company issued bonds with total nominal value of HK$750,000,000 at price of HK$750,000,000 to an independent third party as a consideration for the acquisition of the entire issued share capital of Sunny Chance Limited (Note 35). The bonds are non-interest bearing and will be redeemed within 10 years from the date of issue at the bonds' nominal value.

The bonds can be converted into ordinary shares of the Company of HK$0.01 each at any time during the conversion period at initial fixed conversion price being HK$0.10 and adjusted to HK$0.095 per share after share consolidation, capital reorganisation and open offer. The Company may redeem any bond during the conversion period at the principal amount of the bonds' nominal value.

The fair values of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component, included in long-term borrowings, was calculated at effective interest rate of 12.92% per annum. The residual amount, representing the value of the equity conversion component, is included in equity.

During the year ended 31 March 2010, the bonds with the nominal value of HK$218,000,000 were converted into 2,180,000,000 shares of the Company of HK$0.01 each at a conversion price of HK$0.10 per share.

During the year ended 31 March 2011, the bonds with the nominal value of HK$32,000,000 were converted into 336,842,105 shares of the Company of HK$0.01 each at a conversion price of HK$0.095 per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

34. Convertible Bonds *(Continued)*

Convertible bonds with principal amount of HK$150 million

On 16 December 2010, the Company issued bonds with total nominal value of HK$150,000,000 at price of HK$150,000,000 to set off against part of the outstanding principal amount of the promissory note in the sum of HK$150,000,000. The bonds are non-interest bearing and will be redeemed within 5 years from the date of issue at the bonds' nominal value.

The bonds can be converted into ordinary shares of the Company of HK$0.01 each at any time during the conversion period at fixed conversion price being HK$0.10. The Company may redeem any bond during the conversion period at the principal amount of the bonds' nominal value.

The fair values of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component, included in long-term borrowings, was calculated at effective interest rate of 8.551% per annum. The residual amount, representing the value of the equity conversion component, is included in equity.

During the year ended 31 March 2011, the entire bonds with the nominal value of HK$150,000,000 were converted into 1,500,000,000 shares of the Company of HK$0.01 each at a conversion price of HK$0.10 per share.

The movement of the liability component of the convertible bonds for the year is set out as below:

	The Group and the Company		
	Convertible bonds with principal amount of HK$750 million	**Convertible bonds with principal amount of HK$150 million**	**Total**
	HK$'000	HK$'000	HK$'000
Nominal value of convertible bonds issued during the year ended:			
31 March 2010	750,000	–	
31 March 2011	–	150,000	
Equity conversion component	(527,530)	(50,498)	
Liability component at the date of issue	222,470	99,502	
Liability component at 1 April 2009	–	–	–
Issued during the year	222,470	–	222,470
Effective interest capitalised *(Note 12)*	11,467	–	11,467
Conversion during the year	(66,299)	–	(66,299)
At 31 March 2010 and 1 April 2010	167,638	–	167,638
Issued during the year	**–**	**99,502**	**99,502**
Effective interest capitalised *(Note 12)*	**19,498**	**361**	**19,859**
Conversion during the year	**(10,416)**	**(99,863)**	**(110,279)**
At 31 March 2011	**176,720**	**–**	**176,720**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

35. Acquisitions of Assets through Acquisition of Subsidiaries

(a) Acquisition of Licensing Agreement

On 18 May 2010, the Group acquired a licensing agreement and its related assets and liabilities for a total consideration of HK$135,000,000, which was satisfied by cash. The purchase was by way of acquisition of the entire issued share capital and the outstanding shareholders' loan of Fortune Mark International Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of licensing agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired	
Intangible assets – licensing agreement *(Note 22)*	134,000
Available-for-sale investments	1,000
Amounts due to shareholders	(1,999)
Net assets acquired	133,001
Shareholders' loan	1,999
	135,000
Total consideration satisfied by:	
Cash	135,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(135,000)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

35. Acquisitions of Assets through Acquisition of Subsidiaries *(Continued)*

(b) Acquisition of Co-operation Agreement and Strategic Co-operation Agreement

On 16 November 2010, the Group acquired a co-operation agreement and strategic co-operation agreement and its related assets and liabilities for a total consideration of HK$45,000,000, which was satisfied by cash. The purchase was by way of acquisition of the entire issued share capital of 天津市逸晨電子科技有限公司. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of co-operation agreement and strategic co-operation agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired	
Property, plant and equipment	5
Intangible assets – co-operation agreement and strategic co-operation agreement *(Note 22)*	51,602
Other receivables	316
Bank balances and cash	194
Other payables	(7,117)
	45,000
Total consideration satisfied by:	
Cash	45,000
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	194
Cash consideration paid	(45,000)
	(44,806)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

35. Acquisitions of Assets through Acquisition of Subsidiaries *(Continued)*

(c) Acquisition of Consultancy Agreement

On 9 March 2011, the Group acquired a consultancy agreement and its related assets and liabilities for a total consideration of HK$32,000,000, which was satisfied by cash. The purchase was by way of acquisition of the entire issued share capital and shareholders' loan of Activepart Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of consultancy agreement are summarised below:

	HK$'000
Net assets acquired	
Intangible assets – consultancy agreement *(Note 22)*	32,000
Total consideration satisfied by:	
Cash	32,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(32,000)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

35. Acquisitions of Assets through Acquisition of Subsidiaries *(Continued)*

(d) Acquisition of Master Services Agreement

On 6 October 2009, the Group acquired a master services agreement and its related assets and liabilities for a total consideration of approximately HK$1,194,256,000, which was satisfied by cash of approximately HK$135,000,000, convertible bond of approximately HK$750,000,000 and promissory note of approximately HK$309,256,000. The purchase was by way of acquisition of the entire issued share capital of Sunny Chance Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of master services agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired	
Property, plant and equipment	12
Intangible assets – master services agreement *(Note 22)*	1,194,655
Deferred tax assets	133
Other receivables	7
Bank balances and cash	985
Other payables	(1,536)
	1,194,256
Total consideration satisfied by:	
Cash	135,000
Convertible bonds *(Note 34)*	750,000
Promissory note *(Note 33)*	309,256
	1,194,256
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	985
Cash consideration paid	(135,000)
	(134,015)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

36. Disposal of a Subsidiary

Disposal of Creative Formula Limited

As detailed in Note 16, the Group disposed its entire interests in Creative Formula Limited for a total consideration of HK$8,200,000 on 8 October 2009. The transaction was completed on 8 October 2009.

The carrying amounts of net assets/(liabilities) of the subsidiary at the dates of disposal are as follows:

	HK$'000
Net assets/(liabilities) acquired	
Property, plant and equipment	1,267
Film right	7,958
Trade and other receivables	25
Bank balances and cash	535
Other creditors and accruals	(1,585)
	8,200
Gain on disposal	–
Total consideration	8,200
Total consideration satisfied by:	
Cash	8,200
Net cash inflow arising on disposal:	
Cash consideration	8,200
Bank balances and cash disposed of	(535)
	7,665

Creative Formula Limited contributed loss of approximately HK$259,000 to the Group's loss for the period since 1 April 2009 to the date of disposal.

37. Major Non Cash Transactions

The consideration for the acquisition of subsidiaries that occurred during the year ended 31 March 2010 comprised issue of promissory note and convertible bonds. Further details of the acquisitions are set out in Note 35(d). During the year ended 31 March 2011, the Group did not have major non-cash transactions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

38. Pledged Of Assets

At 31 March 2011, investment property of the Group with fair value of approximately HK$25,665,000 (2010: HK$22,854,000) was pledged to secure banking facilities granted to the Group.

39. Commitments

(a) Operating lease commitments

The Group as lessor

Property rental income earned during the year was approximately HK$1,749,000 (2010: HK$1,594,000). The investment property of the Company is expected to generate rental yield of 7% (2010: 3%) on an ongoing basis. The properties held have committed tenants for the next six years.

The Group leases out investment property under operating leases. At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases receivable as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	**2,042**	1,623
In the second to fifth years, inclusive	**7,356**	3,940
Over five years	**1,395**	338
	10,793	5,901

The Group as lessee

At the end of the reporting period, the Group was committed to make the following future minimum lease payments in respect of office properties with lease terms of between 1 to 2 years (2010: 1 to 2 years) under non-cancellable operating leases which are payable as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	**1,390**	123
In the second to fifth years, inclusive	**314**	34
	1,704	157

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

39. Commitments *(Continued)*

(b) Other commitments

	2011 HK$'000	2010 HK$'000
Capital commitments authorised and contracted for:		
Formation of a joint venture company *(Note (i))*	**468**	–
Provision of financing to a joint venture company *(Note (i))*	**50,000**	–
	50,468	–

Note:

(i) On 18 October 2010, the Company and 廣東景訊高新技術發展有限公司 (the "PRC Partner") entered into a joint venture agreement (the "JV Agreement") relating to formation of a joint venture company (the "JV Company") (as supplemented by a supplemental agreement dated 30 March 2011). Pursuant to the JV Agreement, the JV Company will have a registered capital of not exceeding US$100,000 and owned as to 60% by the Group and 40% by the PRC Partner. The Group will be responsible for provision of financing to the JV Company up to not exceeding HK$50,000,000 for its operation. The formation of the JV Company is not yet completed on the date when the consolidated financial statements are authorised for issue.

40. Material Related Party Transactions

Save as disclosed elsewhere in the consolidated financial statements, the Company and the Group had the following material transactions with related parties during the year:

(a) Related entities

	2011 HK$'000	2010 HK$'000
Repayment of promissory note to a related company *(Note (i))*	**452,000**	–
Payment of interest on late payment of promissory note to a related company *(Note (i))*	**6,722**	–

Note:

(i) The Group repaid promissory note amounted to HK$452,000,000 and paid interest on late payment of the relevant promissory note amount to approximately HK$6,722,000 to Growth Harvest Limited, a substantial shareholder of the Company, during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

40. Material Related Party Transactions *(Continued)*

(b) Compensation to key management personnel

Compensation for directors of the Company and other members of key management personnel during the year is as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and allowance	**3,057**	2,081
Retirement scheme contribution	**199**	21
Share-based payment expense	**1,886**	683
	5,142	2,785

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(c) Loans to related parties

Details of the balances with related parties at the end of the reporting period are set out in Note 26.

41. Defined Benefit Plans

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the consolidated income statement of approximately HK$407,000 (2010: HK$97,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. At 31 March 2011, no contributions of benefit plans (2010: Nil) due at the end of the reporting period had not been paid over to the plans.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

42. Share Option Scheme

Pursuant to the written resolutions of the shareholders of the Company dated 2 August 2002, a share option scheme ("Share Option Scheme") was approved and adopted.

The major terms of the Share Option Scheme are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

(b) The participants include:

(i) (1) any employee or proposed employee of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and

(7) any joint venture partner or counter-party to business transactions of the Group.

(ii) any company wholly owned by one or more persons belonging to any of the above classes of participants.

(c) The exercise price of a share option shall be a price determined by the directors and shall at least be the higher of:

(i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

(ii) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

42. Share Option Scheme *(Continued)*

(d) Maximum number of shares:

(i) The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time; and

(ii) The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes must not in aggregate, exceed 10% of the shares in issue at the date of adoption of the Share Option Scheme (the "Limit") provided that share options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Limit.

(e) The total number of shares issued and to be issued upon the exercise of share options granted and to be granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the shares in issue.

(f) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

On 25 February 2008, the Company granted share options to certain of its consultants and employees to subscribe for an aggregate of 19,246,851 shares under the Share Option Scheme at an initial exercise price of HK$0.114 per share and adjusted to HK$109.10 per share after share consolidation, capital reorganisation and open offer.

On 28 April 2008, the Company granted share options to certain of its directors, consultants and employees to subscribe for an aggregate of 123,582,001 shares under the Share Option Scheme at an initial exercise price of HK$0.1018 per share and adjusted to HK$97.40 per share after share consolidation, capital reorganisation and open offer.

On 27 March 2009, the Company granted share options to certain of its consultants and employees to subscribe for an aggregate of 12,568,970 shares under the Share Option Scheme at an initial exercise price of HK$0.02 per share and adjusted to HK$0.20 per share after share consolidation and capital reorganisation.

On 9 April 2009, the Company granted share options to certain of its directors and consultants to subscribe for an aggregate of 60,218,500 shares under the Share Option Scheme at an initial exercise price of HK$0.025 per share and adjusted to HK$0.25 per share after share consolidation and capital reorganisation.

On 9 November 2009, the Company granted share options to certain of its directors and consultants to subscribe for an aggregate of 12,820,000 shares under the Share Option Scheme at an initial exercise price of HK$0.50 per share and adjusted to HK$5.00 per share after share consolidation and capital reorganisation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

42. Share Option Scheme *(Continued)*

On 29 December 2010, the Company granted share options to certain of its directors, consultants and employees to subscribe for an aggregate of 94,925,000 shares under the Share Option Scheme at an initial exercise price of HK$0.114 per share.

During the year ended the Company's share options granted under the Scheme are as follows:

Date of grant	Category of eligible persons	Exercise price HK$	Exercise period	Outstanding at 1 April 2009	Granted during the year	Adjustment for capital reorganisation	Exercised during the year	Outstanding at 31 March 2010 and 1 April 2010	Granted during the year	Adjustment for capital reorganisation	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2011
25 February 2008	Consultants	109.10	25 February 2008 to 24 February 2011	658,208	–	(592,388)	–	65,820	–	(59,238)	–	(6,582)	–
	Employees	109.10	25 February 2008 to 24 February 2011	658,208	–	(592,388)	–	65,820	–	(59,238)	–	(6,582)	–
28 April 2008	Directors	97.40	28 April 2008 to 27 April 2011	2,626,350	–	(2,363,716)	–	262,634	–	(236,371)	–	–	26,263
	Consultants	97.40	28 April 2008 to 27 April 2011	5,493,364	–	(4,944,030)	–	549,334	–	(494,401)	–	–	54,933
	Employees	97.40	28 April 2008 to 27 April 2011	1,082,477	–	(974,230)	–	108,247	–	(97,422)	–	–	10,825
27 March 2009	Consultants	0.20	27 March 2009 to 26 March 2010	6,268,970	–	(5,642,073)	(626,897)	–	–	–	–	–	–
	Employees	0.20	27 March 2009 to 26 March 2010	6,300,000	–	(5,670,000)	(630,000)	–	–	–	–	–	–
9 April 2009	Directors	0.25	9 April 2009 to 8 April 2010	–	22,511,590	(20,260,432)	(2,251,158)	–	–	–	–	–	–
	Consultants	0.25	9 April 2009 to 8 April 2010	–	37,706,910	(11,312,073)	(26,394,837)	–	–	–	–	–	–
9 November 2009	Directors	5.00	9 November 2009 to 8 November 2010	–	1,780,000	–	(1,780,000)	–	–	–	–	–	–
	Consultants	5.00	9 November 2009 to 8 November 2010	–	4,800,000	–	(4,260,000)	540,000	–	(486,000)	–	(54,000)	–
	Employees	5.00	9 November 2009 to 8 November 2010	–	6,240,000	–	(5,660,000)	580,000	–	(522,000)	–	(58,000)	–

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For the year ended 31 March 2011

42. Share Option Scheme *(Continued)*

Date of grant	Category of eligible persons	Exercise price HK$	Exercise period	Outstanding at 1 April 2009	Granted during the year	Adjustment for capital reorganisation	Exercised during the year	Outstanding at 31 March 2010 and 1 April 2010	Granted during the year	Adjustment for capital reorganisation	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2011
29 December 2010	Director	0.114	29 December 2010 to 28 December 2011	–	–	–	–	–	31,865,000	–	–	–	31,865,000
	Consultant	0.114	29 December 2010 to 28 December 2011	–	–	–	–	–	31,865,000	–	–	–	31,865,000
	Employee	0.114	29 December 2011 to 28 December 2011	–	–	–	–	–	31,195,000	–	–	–	31,195,000
			Total	23,087,577	73,038,500	(52,351,330)	(41,602,892)	2,171,855	94,925,000	(1,954,670)	–	(125,164)	95,017,021
			Exercisable at the end of the year					2,171,855					95,017,021
			Weighted average exercise price	HK$45.15	HK$1.08	HK18.07	HK$1.58	HK$50.46	HK$0.11	HK$50.46	–	HK$15.95	HK$0.21

The fair value of options granted under the Scheme measured at the date of grant during the year ended was approximately HK$2,627,000. The following significant assumptions were used to derive the fair values using the Black-Scholes Option Pricing Model:

Date of grant	**29 December 2010**	29 December 2010
Total number of share options	**63,060,000**	31,865,000
Option value	**0.02373**	0.03547
Option life	**1 year**	1 year
Expected tenor	**0.5 year**	1 year
Exercise price	**0.114**	0.114
Stock price at the date of grant	**0.114**	0.114
Volatility	**103.61%**	103.61%
Risk free rate	**0.37%**	0.40%

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For the year ended 31 March 2011

43. Events after the Reporting Period

The following events have occurred subsequent to 31 March 2011:

(a) On 4 April 2011, the Company, through its wholly owned subsidiary, entered into a conditional agreement with Mr. Wong Sin Lai ("Mr. Wong"), an independent third party, pursuant to which the purchaser shall purchase and Mr. Wong shall sell the entire issued share capital of Unique Smart Group Limited ("Unique Smart") at a total consideration of HK$33,000,000, in which the details are set out in the Company's announcement dated 4 April 2011. The acquisition has been completed on 19 April 2011.

(b) On 31 May 2011, a special resolution was passed at an extraordinary general meeting and an approval was obtained from the shareholders for approving the capital reorganisation of the Company comprising:

(i) the share consolidation that every twenty issued shares of par value of HK$0.01 each in the issued share capital of the Company be consolidated into one issued share of the Company of par value of HK$0.20 each of the Company ("Consolidated Share");

(ii) the capital reduction whereby (1) the par value of each of the issued Consolidated Share shall be reduced from par value of HK$0.20 each to HK$0.01 by canceling the paid-up capital to the extent of HK$0.19 on each of the then issued Consolidated Share and that the relevant amount of issued capital thereby cancelled be made available for issue of adjusted shares of par value of HK$0.01 each so that the authorised capital of the Company will continue to be HK$200,000,000 divided into 20,000,000,000 adjusted shares of par value of HK$0.01 each; and (2) the credits arising from the reduction of issued share capital of the Company be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses of the Company to the extent as permitted by the laws of Bermuda and the Bye-laws.

44. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 June 2011.

Group Financial Summary

Results

	Years ended 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Turnover	–	377	1,585	18,963	**19,953**
(Loss)/profit before taxation	(25,492)	25,456	(20,135)	(70,853)	**(650,276)**
Income tax (expense)/credit	–	(1,322)	1,014	(657)	**(109)**
(Loss)/profit for the year from continuing operations	(25,492)	24,134	(19,121)	(71,510)	**(650,385)**
Discontinued operations					
Gain/(loss) for the year from discontinued operations	9,338	(4,845)	(1,472)	(2,692)	**–**
(Loss)/profit for the year and attributable to the owners of the Company	(16,154)	19,289	(20,593)	(74,202)	**(650,385)**

Assets and Liabilities

	As at 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	9,952	58,288	42,904	1,364,245	**1,084,720**
Current assets	80,834	114,447	159,035	352,834	**247,657**
Current liabilities	94,845	1,609	4,060	16,135	**9,607**
Non-current liabilities	14,085	7,157	4,203	493,125	**181,650**