財華社
FINET

Finet Group Limited

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

Annual Report
2010/2011

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors (the "Directors") of Finet Group Limited (the "Company" together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this annual 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 herein or this annual report misleading.

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Corporate Profile

Founded in 1998 and listed on the Stock Exchange (stock code: 08317), the Company specializes in two segments, namely, (i) the development, production and provision of financial information services and technology solutions to corporate and retail client in Hong Kong and Greater China; and (ii) the securities and futures business that specializes in the provision of online securities and futures trading. The Group aims to be the one-stop shop for financial information, analysis and securities and futures trading with real-time data, financial news and intelligent algo-trading technologies for both institutional and retail investors covering multiple markets and products.

The Group is headquartered in Hong Kong with offices in Shanghai, Shenzhen and Beijing.

Corporate Information

Board of Directors

Executive Directors
Ms. LO Yuk Yee *(Chairman)*
Mr. CHOW Wing Chau
Mr. YIU Wing Hei

Independent non-executive Directors
Mr. WONG Wai Kin
Mr. SIU Siu Ling, Robert
Mr. LEUNG Chi Hung

Company Secretary

Mr. WONG Ka Man, *FCCA, CPA*

Authorized Representatives

Ms. LO Yuk Yee
Mr. WONG Ka Man

Audit Committee

Mr. WONG Wai Kin *(Chairman)*
Mr. SIU Siu Ling, Robert
Mr. LEUNG Chi Hung

Remuneration Committee

Ms. LO Yuk Yee *(Chairman)*
Mr. WONG Wai Kin
Mr. SIU Siu Ling, Robert

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Registered Office

Clarendon House
2 Church Street,
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong

Room C, 11/F.
Bank of East Asia Harbour View Centre
56 Gloucester Road, Wanchai
Hong Kong

Company Website

www.finet.hk

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Stock Code

08317

Investor Relations

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

Financial Highlights

	Year ended 31 March 2011 HK$'000	Year ended 31 March 2010 HK$'000
Operating Results		
Revenue – continuing operations	34,005	30,935
Loss attributable to owners of the Company	(39,769)	(35,575)

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000
Financial Position		
Total assets	106,716	96,762
Total liabilities	35,468	12,754
Net assets	71,248	84,008
Cash and cash equivalents	20,106	33,681

	Year ended 31 March 2011 HK cents	Year ended 31 March 2010 HK cents (Restated)
Loss Per Share		
Basic and diluted - continuing operations	(43)	(14)
Basic and diluted - discontinued operation	(6)	(65)
	(49)	(79)

Statement from the Chairman

Dear shareholders:

The Group continued to face challenges as well as opportunities in the fiscal year 2010/2011. On the macro level, the catastrophic earth quake in Japan in March 2011, the growing fear of further tightening of monetary policy in the People's Republic of China ("PRC"), political unrest in the Middle East, the debt crisis in the euro-zone, the fear of economic slowdown coupled with expiry of quantitative easing measures in the United States of America have dampened market sentiments and led to fall in trading volume of securities and market's appetite for related products. On the micro level, there were growing competition in the financial information business and growing demand for provision of services through multiple and mobile portals and endorsing the growth strategy of the Group's Internet, Mobile and Media sectors ("IMM") in the PRC that we have been executing over the past few years.

To fulfill our goal in capturing IMM growth opportunities in the PRC and at the same time to strengthen our business fundamentals in existing business lines of financial information services and securities and futures business, we raised additional financial resources through the placing of new shares raising approximately HK$30.7 million (before expenses) in October 2010 and the completion of an open offer of new shares in June 2011 raising approximately HK$88.2 million (before expenses).

We completed the acquisition of Fukoku Investment (Asia) Limited, a boutique stocks and futures brokerage firm in Hong Kong in May 2010 which was renamed as Finet Securities Limited. We believe this acquisition is a significant step forward to achieve our business model to provide one-stop shop solutions that seamlessly embed transaction services with information services. The acquisition will allow us to capitalize on the Group's brand name that we have developed for over a decade and monetize from the exponential growth of investors in the PRC who are increasingly investing overseas following internationalization of Renminbi ("RMB").

We also noticed the increasing competition, soaring operating and marketing costs have forced a number of consolidations and lay-offs in the online game industry in the PRC. The Group believed it is appropriate to re-deploy its financial resources to areas which may yield more promising returns and the Group sold all of its interests in the online game business to an independent third party in February 2011.

Financial Results

During the fiscal year, the Group continued to record loss, nevertheless, we believe we had paved the way for future stellar performance following our strategic transformation of the group from a financial information provider in Hong Kong to a PRC consumer market player in the IMM sectors over the past few years.

Outlook

We see the upgrade of system and the extension of trading hours by the Stock Exchange as new business opportunities. Both the delivery channels of the basic market prices services ("BMP Services") of the Group and its service scope will be broadened by such system enhancement. The Group will be able to provide the BMP Services not only through its existing websites, but also on smart phones in various application platforms such as iPhone, iPad and Android.

The Group expect that, in the long run, the extension of the trading hours by the Stock Exchange will increase the transaction volume of listed securities especially for PRC related securities because of the convergence of trading hours of Hong Kong market with that of the PRC market.

The Group attained authorization as the exclusive daily financial e-magazine provider in 139-Mailbox operated by China Mobile in the Guangdong Province, the PRC, which expanded the mobile distribution channels into the fast-growing business-to-consumer market in the PRC. The services will be extended to other areas in the PRC.

Statement from the Chairman

The Group also positioned itself as an important gateway for leading overseas content providers to tap into the growing market in the PRC.

The Group has spent years of efforts to build its business fundamentals and acquire appropriate companies in the internet, mobile and media sectors. These will allow the Group to capitalize on the tremendous growth of the mainstream consumer markets of the PRC in the coming years.

It is expected that the Group will benefit significantly from the many exciting business opportunities arising from the latest positive market trends such as (i) the penetration of 3G services in the PRC; (ii) the growing prevalence of mobile internet combined with massive mobile user base in the PRC; (iii) the success of online application store business model; (iv) the plan of converging the IMM sectors; and (v) the increasing integration between financial markets of Hong Kong and the PRC and the internationalization of the RMB.

Appreciation

On behalf of the board ("Board") of Directors, I would like to thank our shareholders, business partners and customers for their continuing support during the fiscal year, without which we would not have built our business fundamentals.

I would like to extend my gratitude to my fellow Directors and all the staff for their commitment to enforce the Group's IMM strategy and I shall continue to count on your hardwork to shape the leadership position of the Group in the IMM sector.

LO Yuk Yee
Chairman

28 June 2011

Management Discussion and Analysis

OPERATIONS REVIEW

To better execute the Group's IMM growth strategy in the PRC and, at the same time, to strengthen the Group's business fundamentals in the existing business lines of financial information services and securities and futures business, the Group has enlarged its financial resources through the placing of new shares raising approximately HK$30.7 million (before expenses) in October 2010 and the open offer of new shares in June 2011 raising approximately HK$88.2 million (before expenses) so as to enable the Group to both invest in its existing business lines and to seize strategic business opportunities in the future through mergers and acquisitions.

The increasing competition, soaring operating and marketing costs have forced a number of consolidations and lay-offs in the online game industry in the PRC. The Group believed it is appropriate to re-deploy its financial resources to areas which may yield more promising returns and the Group sold all of its interests in the online game business to an independent third party in February 2011.

Financial Information Business

During the fiscal year under review, changes in market and appetite of clients have supported the business model of the Group by providing one-stop shop solution to investors that includes transaction services in addition to pure data, news and analytics. The Group believed that the growing sophistication in today's information technology with powerful hedge funds, algo-trading technologies and cross-market arbitrage opportunities, the market would demand technologically advanced one-stop solution providers.

The Group has been carefully examining the ways to improve its competitive advantages and operational efficiency amid the deteriorating business environment. The Group is determined to improve and make changes in its information business. On one hand, the Group has continued to promote the brand name of Finet as a leading news provider and to expand its financial news distribution channels and introduced value-added services in press release, media monitoring and investor relations to its clients which so far have been appreciated by the market. On the other hand, the Group has been expanding its mobile distribution channels for financial content. The Group has been chosen as the exclusive daily financial e-magazine provider in 139–Mailbox operated by China Mobile in the Guangdong Province, the PRC, through a tender process. The services will be extended to other areas in the PRC. By leveraging China Mobile's massive user base, this will help the Group to tap into the PRC's lucrative business-to-consumer market that has been growing at astonishing speed.

The Group has been providing mobile solution to existing clients with encouraging results and has identified several mobile platform providers to distribute financial information in both the PRC and Hong Kong.

Securities and Futures Business

The completion of acquisition of Finet Securities Limited was a significant step forward to achieve the business model of the Group to provide one-stop shop solutions that seamlessly embed transaction services with information services. The Group has been consolidating the securities and futures business segment and is taking steps to tap into margin financing and asset management business to fit into the one-stop shop solutions model.

Management Discussion and Analysis

FINANCIAL REVIEW

Turnover from continuing operations of the Group for the year ended 31 March 2011 was approximately HK$34,005,000 (2010: HK$30,935,000), which represented an increase of approximately 9.9% as compared to the previous financial year. The net increase was primarily attributable to: (i) contribution from the securities and futures business of approximately HK$5,674,000; and (ii) a decrease in financial services and advertising services of approximately HK$2,604,000.

Other income and gains from continuing operations of the Group for the year ended 31 March 2011 was approximately HK$13,845,000 (2010: HK$2,016,000), the increase was mainly due to the fair value gain on investment properties approximately HK$11,848,000.

Cost of sales from continuing operations of the Group for the year ended 31 March 2011 was approximately HK$10,163,000 (2010: HK$9,323,000), representing an increase of approximately 9.0% as compared to the previous financial year. The increase in the cost of sales was largely in line with the increase in turnover.

Selling and marketing expenses from continuing operations of the Group for the year ended 31 March 2011 was increased to approximately HK$479,000 compared with approximately HK$364,000 in 2010. The increase was mainly attributable to the increase in marketing and promotion efforts of financial information services business.

General and administrative expenses from continuing operations of the Group for the year ended 31 March 2011 was increased by approximately HK$14,002,000 to approximately HK$43,256,000 (2010: HK$29,254,000), The net increase was primarily attributable to: (i) inclusion of expenses from the securities and futures business; and (ii) increase in legal and professional fees.

Other operating expenses from continuing operations of the Group for the year ended 31 March 2011 were approximately HK$21,675,000 (2010: HK$97,000), which mainly represented the goodwill impairment charge of approximately HK$1,509,000 on the securities and futures business; impairment loss on amount due from a former Director of approximately HK$4,661,000; impairment loss on amounts due from former subsidiaries of approximately HK$8,995,000; and fair value loss on held for trading investments of approximately HK$6,510,000.

Finance costs from continuing operations of the Group for the year ended 31 March 2011 were approximately HK$227,000 (2010: HK$210,000), which represented the interest charges on bank loans for the investment properties in the PRC and on the finance leases for the computer equipments.

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit arising in or derived from Hong Kong for the year under review (2010: Nil). Hong Kong profits tax of approximately HK$49,000 was paid during the year ended 31 March 2010, for adjustment in respect of prior year. PRC income tax of approximately HK$60,000 was paid during the year ended 31 March 2011 (2010: HK$54,000) for the rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK$6,870,000 was attributable to PRC deferred income tax liabilities attributable to revaluation of investment properties in the PRC.

Loss shared by non-controlling interests, representing non-controlling interests' share of loss in the Group's online game business of the Group up to the effective date of disposal in February 2011, for the year ended 31 March 2011 was approximately HK$1,717,000 (2010: HK$12,667,000).

The audited consolidated loss attributable to owners of the Company for the year ended 31 March 2011 was approximately HK$39,769,000 (2010: HK$35,575,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March		
	2011	2010	change
	HK$'000	*HK$'000*	
Net current assets	49,211	62,589	-21%
Total assets	106,716	96,762	+10%
Total liabilities	35,468	12,754	+178%
Total equity	71,248	84,008	-15%
Cash and cash equivalents	20,106	33,681	-40%
Debts to equity ratio	0.50x	0.15x	+233%
Gearing ratio	0.04x	0.04x	–

As at 31 March 2011, the total assets of the Group increased by approximately HK$9,954,000 to approximately HK$106,716,000 as compared to approximately HK$96,762,000 as at the end of the previous financial year, representing an increase of approximately 10%.

As at 31 March 2011, the total liabilities of the Group increased by approximately HK$22,714,000 to approximately HK$35,468,000 as compared to approximately HK$12,754,000 as at the end of the previous financial year, representing an increase of approximately 178%.

As at 31 March 2011, the total equity of the Group decreased by approximately HK$12,760,000 to approximately HK$71,248,000 as compared to approximately HK$84,008,000 as at the end of the previous financial year, representing a decrease of approximately 15%.

DISCLOSURE UNDER RULE 18.32 OF THE GEM LISTING RULES

As disclosed in the announcement of the Company dated 29 September 2010, the Company entered into the conditional placing agreement with Pacific Foundation Securities Limited dated 29 September 2010 for the placing of up to 73,000,000 new ordinary shares of HK$0.05 each in the share capital of the Company to not fewer than six placees at the placing price of HK$0.42 per placing share of HK$0.05 each on a best-efforts basis, which represented (i) a discount of 12.50% to the closing price of HK$0.48 per share of HK$0.05 each as quoted on the Stock Exchange on the date immediately prior to the date of the placing agreement; and (ii) a discount of approximately 18.92% to the average closing price of HK$0.518 per share of HK$0.05 each as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the placing agreement. The net proceeds of the placing were intended to be used as general working capital of the Group.

As disclosed in the announcement of the Company dated 15 October 2010, an aggregate of 73,000,000 placing shares of HK$0.05 each have been successfully placed by Pacific Foundation Securities Limited to not fewer than six placees who are independent third parties of the Company at the placing price of HK$0.42 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK$30 million. The aggregate nominal value of the shares issued under the placing was HK$3,650,000, and the net price of each share was approximately HK$0.41. The net proceeds from the placing have been utilized by the Group in securities and futures business.

GEARING RATIO

As at 31 March 2011, the Group's gearing ratio was approximately 4% (2010: 4%), based on total borrowings of approximately HK$3,285,000 (2010: HK$3,713,000) and total equity of the Group of approximately HK$71,248,000 (2010: HK$84,008,000).

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2011, the Group held available-for-sale financial assets of approximately HK$484,000 (2010: HK$268,000) and held for trading investments of approximately HK$30,879,000 (2010: nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Details of acquisition and disposal of subsidiaries during the year ended 31 March 2011 are set out in Note 35 and Note 36 to the financial statements respectively.

CHARGES OF ASSETS

As at 31 March 2011, the investment properties and the property, plant and equipment with an aggregate carrying value of approximately HK$25,848,000 and approximately HK$1,159,000 respectively (2010: HK$14,000,000 and HK$1,040,000 respectively) were pledged as security for the borrowing facilities of the Group.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

CONTINGENT LIABILITIES

Details of the contingent liabilities are set out in Note 38 to the financial statements.

STAFF

The Group had 113 (2010: 186) full-time employees in Hong Kong and the PRC as at 31 March 2011.

During the year, the Group incurred total staff costs from continuing operations (including Directors' emoluments) of approximately HK$17,422,000 (2010: HK$14,706,000).

Employees' remuneration are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, discretionary bonus or other incentives are offered to employees to reward their performance and contributions.

The emoluments of the Directors are decided by their individual performance, their responsibilities and the current market rate.

The Company has adopted a share option scheme under which the Company may grant options to Directors and eligible employees to subscribe the shares of the Company.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to disclosure requirement under Rules 17.15 to 17.21 of GEM Listing Rules.

PROSPECT

It is believed that the Group's years of efforts to build its business fundamentals and acquire appropriate companies in the burgeoning IMM sectors have allowed the Group to capitalize on the tremendous growth of the mainstream PRC consumer markets in the coming years.

Looking ahead, the Group will benefit significantly from the many exciting business opportunities arising from the latest positive market trends including (i) the penetration of 3G services in the PRC; (ii) the growing prevalence of mobile internet combined with massive mobile user base in the PRC; (iii) the success of online application business model; (iv) the plan of converging IMM sectors in the PRC and the increasing integration between Hong Kong's and the PRC's financial markets and the internationalization of the RMB.

Board of Directors and Senior Management

Executive Directors

Ms. LO Yuk Yee ("Ms. LO")

Ms. LO, aged 51, is an experienced investor in cutting-edge technology and venture capital in the past 20 years, her experience covers a broad range of industries crossing biotechnology, internet business, and finance field in the PRC, United States of America and Hong Kong. Ms. LO also worked in the banking, insurance and finance fields before she became an entrepreneur. She was the chief executive officer and chairman of a listed company in Hong Kong between 2002 and 2006.

Mr. CHOW Wing Chau ("Mr. CHOW')

Mr. CHOW, aged 45, is a director of CFD Associates Limited since May 2006. He has more than 15 years of experience on financial control, company secretary, enterprise risk management and fund raising activities. Since 1995, Mr. CHOW has held various senior finance and management positions with public companies and private companies in Hong Kong. He graduated with Bachelor of Economics degree from Macquarie University in Australia and is a member of Hong Kong Institute of Certified Public Accountants and is a member of CPA Australia.

Mr. YIU Wing Hei ("Mr. YIU")

Mr. YIU, aged 31, graduated with a Bachelor degree majoring in Economics and Finance from the University of Hong Kong. He has vast experience in securities trading in Asia and asset management. Mr. YIU has over 5 years of experience in development of mining projects in Asia, such as Indonesia and the Philippines. He is currently responsible for commodity trading mainly in heavy metal and rare commodities.

Independent non-executive Directors

Mr. WONG Wai Kin ("Mr. WONG')

Mr. WONG, aged 52, is a practicing certified public accountant and a proprietor of a public accounting firm in Hong Kong. Mr. WONG holds a Diploma in Accounting and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. WONG has over 28 years of professional and commercial experience in accounting, auditing, taxation and corporate finance.

Mr. SIU Siu Ling, Robert ("Mr. SIU")

Mr. SIU, aged 58, is a partner of the firm Messrs. Robert Siu & Co., Solicitors. Mr. SIU is now an independent non-executive director of Incutech Investments Limited, a company listed on the Main Board of the Stock Exchange (stock code: 356) and Kaisun Energy Group Limited, a company listed on the GEM of the Stock Exchange (stock code: 8203). Mr. SIU holds a bachelor degree in law and a postgraduate certificate in law from the University of Hong Kong. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. Mr. SIU legal practice is mainly in the field of commercial and corporate finance.

Mr. LEUNG Chi Hung ("Mr. LEUNG')

Mr. LEUNG, aged 55, has commenced his accountancy professional training since 1976 and is a member of certain international accountancy bodies. Mr. LEUNG is also a Certified Public Accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited, Certified Public Accountants (Practising). He is an independent non- executive director of Daido Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 544). Mr. LEUNG was an independent non-executive director of Temujin International Investments Limited, a company listed on the Main Board of the Stock Exchange (stock code: 204) from 30 April 2009 to 11 April 2011. He was an independent non-executive director of Dore Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 628) from 17 April 2002 to 1 June 2010.

Senior Management's Profile

Mr. WONG Ka Man, the company secretary of the Company, is a fellow member of the Associated of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in professional accounting, auditing and taxation.

Corporate Governance Report

Corporate Governance Practice

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

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the provisions set out in the Code on Corporate Governance Practices ("CG Code"), contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2011, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual. During the year ended 31 March 2011, the roles of the chairman and chief executive officer were performed by the same individual, Dr. YU Gang, George up to 30 September 2010 when Dr. YU Gang, George retired as a Director. Dr. LAM Lee G., a former independent non-executive Director, was appointed as the chairman of the Company on 30 September 2010 and resigned on 25 January 2011. Ms. LO Yuk Yee was appointed as the chairman of the Company on 25 January 2011. Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011.

As such, the Company did not comply with Code provision A.2.1 of the CG Code for the period from 1 April 2010 to 30 September 2010 during the year ended 31 March 2011. The current Board is not in the position to advise the considered reason for such deviation mentioned above.

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2011. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

The Board

The composition of the Board during the year ended 31 March 2011 and as at the date of this report and the biographical details of the Directors as at the date of this report are set out in the section headed "Report of the Directors" and the section headed "Board of Directors and Senior Management" of this annual report respectively.

During the year ended 31 March 2011, the Board held 16 physical meetings and the attendance of the Directors are as follows:

Name of director		Number of attendance	% of attendance
Executive Directors			
Ms. LO Yuk Yee	(appointed on 28 October 2010)	9/9	100%
Mr. LUM Chor Wah, Richard	(appointed on 30 September 2010 and resigned on 28 June 2011)	7/10	70%
Mr. CHOW Wing Chau	(appointed on 26 August 2010)	12/15	80%
Mr. YIU Wing Hei	(appointed on 26 August 2010)	14/15	93.3%
Mr. WONG Po Tin	(appointed on 13 September 2010 and resigned on 23 February 2011)	7/8	87.5%
Ms. CHAN Siu Lai	(appointed on 26 August 2010 and resigned on 23 September 2010)	2/3	66.7%
Dr. YU Gang, George	(retired on 30 September 2010)	5/5	100%
Mr. LIN Peng, Ben	(resigned on 3 January 2011)	9/9	100%
Independent non-executive Directors			
Mr. WONG Wai Kin	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	10/12	83.3%
Mr. SIU Siu Ling, Robert	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	8/12	66.7%
Mr. LEUNG Chi Hung	(appointed on 23 February 2011)	5/5	100%
Mr. LUI Tin Nang	(appointed on 26 August 2010 and retired on 30 September 2010)	4/4	100%
Dr. LAM Lee G.	(resigned on 25 January 2011)	5/9	55.6%
Mr. WU Tak Lung	(removed on 13 September 2010)	4/4	100%
Mr. LAM Ka Wai, Graham	(resigned on 25 January 2011)	7/9	77.8%

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

The Board is responsible for the overall management of the Company in accordance with articles of association of the Company ("Articles of Association") (and following the change of domicile of the Company from the Cayman Islands to Bermuda effective from 16 June 2011, the bye-laws of the Company or the "Bye-Laws") and is entitled to delegate its powers in respect of daily management to any executive Directors, committees of the Board and the management team. The Board is primarily responsible for approving and monitoring the Company's major corporate matters, the evaluation of the performance of the Company and oversight of the management.

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

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

Corporate Governance Report

Non-executive Directors and Retirement by Rotation

Each of the independent non-executive Directors is appointed for a term of one year.

Each Director is subject to retirement and rotation requirement under the Article of Association or following the change of domicile of the Company from the Cayman Islands to Bermuda, the Bye-Laws.

Audit Committee

The Board established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. The audit committee currently comprises three members who are independent non-executive Directors, namely, Mr. WONG Wai Kin, Mr. SIU Siu Ling, Robert and Mr. LEUNG Chi Hung (with Mr. WONG Wai Kin as the chairman thereof).

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

The audit committee met four times during the year ended 31 March 2011 and the attendance of the members is as follows:

Name of director		Number of attendance	% of attendance
Mr. WONG Wai Kin	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	3/3	100%
Mr. SIU Siu Ling, Robert	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	3/3	100%
Mr. LEUNG Chi Hung	(appointed on 23 February 2011)	–	–
Mr. WU Tak Lung	(removed on 13 September 2010)	2/2	100%
Dr. LAM Lee G.	(resigned on 25 January 2011)	3/3	100%
Mr. LAM Ka Wai, Graham	(resigned on 25 January 2011)	3/3	100%

During the year ended 31 March 2011, the audit committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements as well as audit matters of the Company, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

The audited financial statements for the year ended 31 March 2011 have been reviewed by the audit committee.

Remuneration Committee

The remuneration committee of the Company currently comprises the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely, Mr. WONG Wai Kin and Mr. SIU Siu Ling, Robert (with Ms. LO Yuk Yee as the chairman thereof). The principal responsibilities of the remuneration committee include the formulation of the Company's remuneration policy, the approval or recommendation of remuneration packages for the Directors and the senior management, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

According to the terms of reference, the remuneration committee should meet once a year. The remuneration committee met one time during the year ended 31 March 2011 in which the remuneration committee reviewed the remuneration policy of the Company and the performance of the executive Directors and the attendance of the members is as follows:

Name of Director		Number of attendance	% of attendance
Ms. LO Yuk Yee	(appointed on 28 October 2010)	1/1	100%
Mr. WONG Wai Kin	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	1/1	100%
Mr. SIU Siu Ling, Robert	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	1/1	100%

Nomination of Directors

The Company does not have a nomination committee. The Board is responsible for considering suitable candidate to serve as Directors and approving and terminating the appointment of Directors. The Board selects and nominates candidates based on whether they possess the skills and experience required by the Group's development.

The Board is mainly responsible for looking for suitable candidates to join the Board when there are vacancies or when it is necessary to hire additional Directors. The members of the Board will propose the appointment of the candidates concerned to each member of the Board, and all members of the Board will review the qualifications of the candidates concerned and decide whether they are suitable to join the Company and the terms of their appointment based on their calibre, experience and background.

The Company will appoint Directors who are able to contribute to the success or development of the Group from time to time. Each Director is subject to retirement and rotation requirement as stated before.

Corporate Governance Report

During the year ended 31 March 2011, the Board has held a total of 6 meetings relating to the appointment and resignation of Directors, and the attendance of the Directors are as follows:

	Attended
Executive Directors	
Ms. LO Yuk Yee (appointed on 28 October 2010)	2/2
Mr. LUM Chor Wah, Richard (appointed on 30 September 2010 and resigned on 28 June 2011)	2/2
Mr. CHOW Wing Chau (appointed on 26 August 2010)	3/6
Mr. YIU Wing Hei (appointed on 26 August 2010)	6/6
Mr. WONG Po Tin (appointed on 13 September 2010 and resigned on 23 February 2011)	5/5
Ms. CHAN Siu Lai (appointed on 26 August 2010 and resigned on 23 September 2010)	–/1
Dr. YU Gang, George (retired on 30 September 2010)	2/2
Mr. LIN Peng, Ben (resigned on 3 January 2011)	4/4
Independent non-executive Directors	
Mr. WONG Wai Kin (appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	3/5
Mr. SIU Siu Ling, Robert (appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)	2/5
Mr. LEUNG Chi Hung (appointed on 23 February 2011)	–/–
Mr. LUI Tin Nang (appointed on 26 August 2010 and retired on 30 September 2010)	2/2
Dr. LAM Lee G. (resigned on 25 January 2011)	2/4
Mr. WU Tak Lung (removed on 13 September 2010)	1/1
Mr. LAM Ka Wai, Graham (resigned on 25 January 2011)	3/4

Minimum Number Requirement for Independent Non-executive Directors

Following the resignation of Dr. LAM Lee G. and Mr. LAM Ka Wai, Graham on 25 January 2011, the Company had only two independent non-executive Directors and two members in its audit committee, and such numbers do not meet the minimum requirement prescribed in Rules 5.05(1) and 5.28 of the GEM Listing Rules. On 23 February 2011, Mr. LEUNG Chi Hung was appointed as an independent non-executive Director and member of audit committee of the Company to fill the vacancy accordingly.

Auditors' Remuneration

HLB Hodgson Impey Cheng ("HLB"), the auditors of the Company, provides audit and non-audit services to the Company during the year ended 31 March 2011. The remuneration paid/payable to HLB for the provision of audit and non-audit services in respect of review engagements during the year under review is HK$300,000 and HK$5,000 respectively.

Internal Controls

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

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

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

Report of the Directors

The Directors have the pleasure to present the annual report together with the audited financial statements of the Group for the year ended 31 March 2011.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of financial information services and in securities and futures business.

Results and Appropriations

Details of the Group's results for the year ended 31 March 2011 are set out in the accompanying financial statements.

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

Group Financial Summary

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

Reserves

Movements in reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 31 and Note 34 on page 90 to the accompanying financial statements.

The Company had reserves of approximately HK$6,695,000 (2010: HK$53,109,000) available for dividend distribution to shareholders as at 31 March 2011.

Share Capital

Details of movements in share capital of the Company are set out in Note 32 to the accompanying financial statements.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2011 and up to the date of this report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association (and following the change of domicile of the Company from Cayman Islands to Bermuda effective from 16 June 2011, the Bye-Laws or the laws in the Cayman Islands or in Bermuda.

Report of the Directors

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 22 to the accompanying financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company are set out in Note 18 to the accompanying financial statements.

Borrowings and Interest Capitalized

Particulars of borrowings of the Group and the Company as at 31 March 2011 are set out in Note 30 to the accompanying financial statements. No interest was capitalized by the Group during the year.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float required under the GEM Listing Rules.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out in the section headed "Board of Directors and Senior Management" of this annual report.

Directors

The Directors who held office during the year ended 31 March 2011 and up to the date of this annual report were:

Executive Directors

Ms. LO Yuk Yee	(appointed on 28 October 2010)
Mr. LUM Chor Wah, Richard	(appointed on 30 September 2010 and resigned on 28 June 2011)
Mr. CHOW Wing Chau	(appointed on 26 August 2010)
Mr. YIU Wing Hei	(appointed on 26 August 2010)
Mr. WONG Po Tin	(appointed on 13 September 2010 and resigned on 23 February 2011)
Ms. CHAN Siu Lai	(appointed on 26 August 2010 and resigned on 23 September 2010)
Dr. YU Gang, George	(retired on 30 September 2010)
Mr. LIN Peng, Ben	(resigned on 3 January 2011)

Independent non-executive Directors

Mr. WONG Wai Kin	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)
Mr. SIU Siu Ling, Robert	(appointed on 13 September 2010 and designated as an independent non-executive Director on 16 September 2010)
Mr. LEUNG Chi Hung	(appointed on 23 February 2011)
Mr. LUI Tin Nang	(appointed on 26 August 2010 and retired on 30 September 2010)
Dr. LAM Lee G.	(resigned on 25 January 2011)
Mr. WU Tak Lung	(removed on 13 September 2010)
Mr. LAM Ka Wai, Graham	(resigned on 25 January 2011)

Detailed information of the Directors standing for re-election will be set out in the circular in relation to the forthcoming annual general meeting of the Company to be despatched to the shareholders of the Company.

Emoluments of the Directors and the Five Highest Paid Individuals

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in Note 16 and Note 17 to the accompanying financial statements respectively.

Directors' Service Agreements

Each of the independent non-executive Directors is appointed for a term of one year.

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

Interest in Shares and Underlying Shares

Directors' and chief executive's interests and short positions in the shares and underlying shares

As at 31 March 2011, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Number of shares		Number of underlying shares			
	Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation	Total number of shares	% of shares in issue (note 2)
Executive Director:						
Ms. LO Yuk Yee ("Ms. LO")	–	203,266,790 *(Note 1)*	–	–	203,266,790	46.11%

Notes:

1. 203,266,790 shares of HK$0.05 each were held by Maxx Capital International Limited ("Maxx Capital") which was wholly-owned by Pablos International Limited ("Pablos"), and Pablos was wholly owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 203,266,790 shares of HK$0.05 each held by Maxx Capital.

2. As at 31 March 2011, 440,813,053 shares of HK$0.05 of the Company were issued.

Save as disclosed above, as at 31 March 2011, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Report of the Directors

Substantial shareholders' interest and short position in the shares of the Company

As at 31 March 2011, so far as the Directors are aware, persons other than Directors or chief executives of the Company who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name of Director	Number of shares and capacity in which the share were held		Number of underlying shares and capacity in which the share were held		Total number of shares	% of shares in issue (note 2)
	Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation		
Substantial shareholders:						
Maxx Capital (Note 1)	203,266,790	–	–	–	203,266,790	46.11%
Pablos (Note 1)	–	203,266,790	–	–	203,266,790	46.11%

Notes:

1. 203,266,790 shares of HK$0.05 each were held by Maxx Capital, which was wholly-owned by Pablos and Pablos was wholly owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 203,266,790 shares of HK$0.05 each held by Maxx Capital. Ms. LO is a director of each of Maxx Capital and Pablos.

2. As at 31 March 2011, 440,813,053 shares of HK$0.05 of the Company were issued.

Other persons who are required to disclose their interests

Save as disclosed above, the Directors are not aware of other person who, as at 31 March 2011, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Movements of Options

Details of the movements of options granted under the Pre-IPO Share Option Scheme (as defined in the prospectus of the Company dated 31 December 2004) adopted on 23 July 2004 for the year ended 31 March 2011 are as follows:

Name of grantee	Date of grant	Adjusted exercise price	Number of share options			
			Balance as at 1 April 2010	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31 March 2011
Director:						
Dr. YU Gang, George *(Note 1)*	21 September 2004	HK$0.6080	2,992,384	–	(2,992,384)	–
Employees	21 September 2004	HK$0.6080	224,565	(59,226)	(165,339)	–
Total			3,216,949	(59,226)	(3,157,723)	–

Notes:

1. Dr. YU Gang, George retired as an executive Director with effect from 30 September 2010.

2. The average closing price of the shares of the Company of HK$0.05 each of the five trading days immediately prior to the date of exercise of the option was HK$1.274 per share.

Movements of Options (continued)

Details of movements of the options granted under the Share Option Scheme (as defined in the prospectus of the Company dated 31 December 2004) adopted on 16 December 2004 for the year ended 31 March 2011 are as follows:

			Number of share options		
Name of grantee	Date of grant	Adjusted exercise price	Balance as at 1 April 2010	Lapsed/ cancelled during the year	Balance as at 31 March 2011
Independent non-executive Directors:					
Dr. LAM Lee G. *(Note 1)*	29 September 2005	HK$1.4790	246,774	(246,774)	–
Mr. WU Tak Lung *(Note 2)*	29 September 2005	HK$1.4790	246,774	(246,774)	–
Employees:					
Employee	5 September 2005	HK$1.1345	653,952	(653,952)	–
Employee	29 September 2005	HK$1.4790	98,710	(98,710)	–
Employee	6 December 2006	HK$2.7070	246,774	(246,774)	–
Total			1,492,984	(1,492,984)	–

Notes:

1. Dr. LAM Lee G. resigned as an independent non-executive Director with effect from 25 January 2011.

2. Mr. WU Tak Lung was removed as an independent non-executive Director with effect from 13 September 2010.

Outstanding Unlisted Warrants

Upon obtaining the approval of the shareholders of the Company on 3 July 2009, unlisted warrants ("Unlisted Warrants") were issued by the Company to subscribe for the shares of the Company. As at 1 April 2010, a total of 10,277,855 shares of the Company of HK$0.05 each may be subscribed by the holders of the Unlisted Warrants. During the year ended 31 March 2011, a total of 295,957 shares of the Company of HK$0.05 each have been issued by the Company upon exercise of the subscription rights attaching to the Unlisted Warrants by such holders and the Company received the total subscription monies of approximately HK$133,000.

Save as disclosed in the paragraph headed "Movements of Options" of this section or as disclosed in this paragraph, during the year ended 31 March 2011, no Unlisted Warrants, or any other convertible securities, options, warrants or similar rights, were issued or granted or exercised by the Company or any of its subsidiaries.

Report of the Directors

Customers and Suppliers

For the year ended 31 March 2011, the five largest customers accounted for approximately 46% (2010: 42%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 83% (2010: 74%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 18% (2010: 18%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 46 % (2010: 46%) of the Group's total cost of sales.

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

Directors' Interest in Contracts

There was no contracts of significance subsisting during or at the end of the year ended 31 March 2011 in which any of the Directors was materially interested, whether directly or indirectly.

Significant Contracts

There was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year ended 31 March 2011. Furthermore, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

Management Contracts

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

Confirmation of Independence by Independent Non-executive Directors

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

Corporate Governance

The Company has published its Corporate Governance Report, details of which are set out in the section headed "Corporate Governance Report" of this annual report.

Competing Interests

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 March 2011.

Auditors

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

On behalf of the Board
Finet Group Limited

LO Yuk Yee
Chairman

Hong Kong, 28 June 2011

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

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

Chartered Accountants
Certified Public Accountants

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

We have audited the consolidated financial statements of Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 93, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of 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 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, 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.

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 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 the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

We draw attention to Note 38 to the financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Company by two minority shareholders of a former subsidiary of the Company. Our opinion is not qualified in respect of this matter.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 28 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Continuing operations			
Revenue	5	34,005	30,935
Cost of sales		(10,163)	(9,323)
Gross profit		23,842	21,612
Other income and gains	6	13,845	2,016
Selling and marketing expenses		(479)	(364)
General and administrative expenses		(43,256)	(29,254)
Other operating expenses	8	(21,675)	(97)
Finance costs	9	(227)	(210)
Loss before income tax	10	(27,950)	(6,297)
Income tax expense	11	(6,930)	(103)
Loss for the year from continuing operations		(34,880)	(6,400)
Discontinued operation			
Loss for the year from discontinued operation	12	(6,606)	(41,842)
Loss for the year		(41,486)	(48,242)
Loss attributable to:			
Owners of the Company		(39,769)	(35,575)
Non-controlling interests		(1,717)	(12,667)
		(41,486)	(48,242)
Loss for the year		(41,486)	(48,242)
Other comprehensive income:			
Fair value gain/(loss) on available-for-sale financial assets		216	(242)
Reserve realized upon disposal of available-for-sale financial assets		–	97
Release of translation reserve upon disposal of subsidiaries		(1,822)	–
Currency translation differences		(492)	91
Other comprehensive income for the year		(2,098)	(54)
Total comprehensive income for the year		(43,584)	(48,296)
Attributable to:			
Owners of the Company		(41,916)	(35,641)
Non-controlling interests		(1,668)	(12,655)
		(43,584)	(48,296)
Loss per share for loss attributable to the owners of the Company during the year	14		
From continuing operations			
– Basic and diluted (in HK cent)		(43)	(14)
From discontinued operation			
– Basic and diluted (in HK cent)		(6)	(65)
		(49)	(79)

Consolidated Statement of Financial Position

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	18	3,911	7,841
Investment properties	19	25,848	14,000
Intangible assets	20	950	2,250
Statutory deposits and other assets	21	405	–
Available-for-sale financial assets	23	484	268
		31,598	24,359
Current assets			
Accounts receivable	24	6,680	997
Prepayments, deposits and other receivables	25	8,308	37,725
Held for trading investments	26	30,879	–
Client trust bank balances		9,145	–
Cash and cash equivalents	27	20,106	33,681
		75,118	72,403
Total assets		106,716	96,762
Current liabilities			
Accounts payable	28	14,664	1,389
Accruals and other payables		8,822	4,549
Deferred income		1,827	3,103
Finance lease payables – due within one year	29	345	533
Borrowings – due within one year	30	249	240
		25,907	9,814
Net current assets		49,211	62,589
Total assets less current liabilities		80,809	86,948
Non-current liabilities			
Finance lease payables – due after one year	29	177	178
Borrowings – due after one year	30	2,514	2,762
Deferred tax liabilities	31	6,870	–
		9,561	2,940
Net assets		71,248	84,008
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	32	22,041	18,373
Reserves	34	49,207	64,435
		71,248	82,808
Non-controlling interests		–	1,200
Total equity		71,248	84,008

LO Yuk Yee	**CHOW Wing Chau**
Director	*Director*

Statement of Financial Position

As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	18	124	177
Investment properties	19	25,848	14,000
Investments in subsidiaries	22	17,941	11,924
Available-for-sale financial assets	23	484	268
		44,397	26,369
Current assets			
Amounts due from subsidiaries	22	1,769	7,050
Prepayments, deposits and other receivables	25	3,503	32,963
Cash and cash equivalents	27	3,277	22,399
		8,549	62,412
Total assets		52,946	88,781
Current liabilities			
Accruals and other payables		3,964	2,055
Amounts due to subsidiaries	22	1,472	1,572
Borrowings – due within one year	30	249	240
		5,685	3,867
Net current assets		2,864	58,545
Total assets less current liabilities		47,261	84,914
Non-current liabilities			
Borrowings – due after one year	30	2,514	2,762
Deferred tax liabilities	31	6,870	–
		9,384	2,762
Net assets		37,877	82,152
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	32	22,041	18,373
Reserves	34	15,836	63,779
Total equity		37,877	82,152

LO Yuk Yee
Director

CHOW Wing Chau
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

		Reserves									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Employee compensation reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2009	5,993	134,436	4,870	1,748	2,394	9,989	(919)	(117,419)	35,099	11,998	53,090
Comprehensive income											
Loss for the year	–	–	–	–	–	–	–	(35,575)	(35,575)	(12,667)	(48,242)
Other comprehensive income											
Fair value loss on available-for-sale financial assets *(Note 23)*	–	–	–	–	–	–	(242)	–	(242)	–	(242)
Reserve realized upon disposal of available-for-sale financial assets	–	–	–	–	–	–	97	–	97	–	97
Currency translation differences	–	–	–	–	79	–	–	–	79	12	91
Total other comprehensive income	–	–	–	–	79	–	(145)	–	(66)	12	(54)
Total comprehensive income	–	–	–	–	79	–	(145)	(35,575)	(35,641)	(12,655)	(48,296)
Transactions with owners											
Issue of shares upon exercise of share options *(Note 32)*	3	28	–	–	–	–	–	–	28	–	31
Issue of shares upon open offers *(Note 32)*	11,992	65,955	–	–	–	–	–	–	65,955	–	77,947
Issue of shares upon exercise of bonus warrants *(Note 32)*	385	3,086	–	–	–	–	–	–	3,086	–	3,471
Share issue costs	–	(4,114)	–	–	–	–	–	–	(4,114)	–	(4,114)
Employee share-based compensation *(Note 15)*	–	–	–	22	–	–	–	–	22	–	22
Exercise of share options *(Note 33)*	–	2	–	(2)	–	–	–	–	–	–	–
Vested share options lapsed/cancelled	–	–	–	(23)	–	–	–	23	–	–	–
Total contributions by and distributions to owners	12,380	64,957	–	(3)	–	–	–	23	64,977	–	77,357
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	1,857	1,857
Total transactions with owners	12,380	64,957	–	(3)	–	–	–	23	64,977	1,857	79,214
Balance at 31 March 2010 and 1 April 2010	18,373	199,393	4,870	1,745	2,473	9,989	(1,064)	(152,971)	64,435	1,200	84,008
Comprehensive income											
Loss for the year	–	–	–	–	–	–	–	(39,769)	(39,769)	(1,717)	(41,486)
Other comprehensive income											
Fair value gain on available-for-sale financial assets *(Note 23)*	–	–	–	–	–	–	216	–	216	–	216
Release of translation reserve upon disposal of subsidiaries *(Note 36)*	–	–	–	–	(1,822)	–	–	–	(1,822)	–	(1,822)
Currency translation differences	–	–	–	–	(541)	–	–	–	(541)	49	(492)
Total other comprehensive income	–	–	–	–	(2,363)	–	216	–	(2,147)	49	(2,098)
Total comprehensive income	–	–	–	–	(2,363)	–	216	(39,769)	(41,916)	(1,668)	(43,584)
Transactions with owners											
Issue of shares upon exercise of share options *(Note 32)*	3	33	–	–	–	–	–	–	33	–	36
Issue of shares upon placement *(Note 32)*	3,650	27,010	–	–	–	–	–	–	27,010	–	30,660
Issue of shares upon exercise of bonus warrants *(Note 32)*	15	119	–	–	–	–	–	–	119	–	134
Share issue costs	–	(474)	–	–	–	–	–	–	(474)	–	(474)
Disposal of subsidiaries *(Note 36)*	–	–	–	–	–	–	–	–	–	468	468
Vested share options lapsed/cancelled	–	–	–	(1,745)	–	–	–	1,745	–	–	–
Total contributions by and distributions to owners	3,668	26,688	–	(1,745)	–	–	–	1,745	26,688	468	30,824
Balance at 31 March 2011	22,041	226,081	4,870	–	110	9,989	(848)	(190,995)	49,207	–	71,248

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Loss before income tax including discontinued operation		(34,556)	(48,139)
Adjustments for:			
– Depreciation of property, plant and equipment		3,743	3,603
– Amortization of intangible assets		34	67
– Goodwill impairment charge		1,509	27,000
– Impairment loss on amount due from a former director		4,661	–
– Impairment loss on amounts due from former subsidiaries		8,995	–
– Gain on disposal of subsidiaries		(5,406)	–
– Recycling of loss from equity on disposal of available-for-sale financial assets		–	97
– Loss on disposal of property, plant and equipment		229	201
– Fair value gain on investment properties		(11,848)	–
– Fair value loss on held for trading investments		6,510	–
– Interest income		(4)	(11)
– Finance costs		227	210
– Equity-settled share-based payments		–	22
Changes in working capital:			
– Held for trading investments		(37,389)	–
– Accounts receivable		28,405	664
– Prepayments, deposits and other receivables		13,420	(32,974)
– Accounts payable		(54,267)	(644)
– Accruals and other payables		12,586	1,009
– Deferred income		(1,276)	(1,368)
– Client trust bank balances		26,567	–
Cash used in operations		(37,860)	(50,263)
Interest paid		(116)	(125)
Income tax paid		(60)	(103)
Net cash used in operating activities		(38,036)	(50,491)

	Note	2011 HK$'000	2010 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	18	(1,334)	(258)
Purchase of intangible assets	20	(106)	(2,310)
Proceeds from disposal of property, plant and equipment		–	791
Proceeds from disposal of available-for-sale financial assets		–	70
Acquisition of a subsidiary	35	(3,656)	–
Disposal of subsidiaries	36	380	–
Interest received		4	11
Net cash used in investing activities		(4,712)	(1,696)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	32	30,830	81,449
Share issue costs		(474)	(4,114)
Capital contributions from non-controlling interests of subsidiaries		–	1,857
Interest element of finance lease rental payments		(111)	(85)
Capital element of finance lease rental payments		(189)	(533)
Repayment of borrowings		(239)	(230)
Net cash generated from financing activities		29,817	78,344
Net (decrease)/increase in cash and cash equivalents		(12,931)	26,157
Cash and cash equivalents at beginning of the year		33,681	7,444
Effect of foreign exchange rate changes, net		(644)	80
Cash and cash equivalents at end of the year	27	20,106	33,681

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

1. GENERAL INFORMATION

Finet Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in (i) the development, production and provision of financial information services and technology solutions to corporate and retail clients in Hong Kong and Greater China; and (ii) the securities and futures business that specializes in the provision of online securities and futures trading. The Group was also engaged in the development and operations of online games in Mainland China which was discontinued in current year (Note 12).The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in Note 22.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. Subsequent to the end of the reporting period, the Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business is situated at Room C, 11/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

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

These consolidated financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 28 June 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2010 by the Group.

HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

HKAS 27 (revised), requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. HKAS 27 (revised) has had no impact on the current period, as there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

HKAS 1 (amendment), "Presentation of financial statements". The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The amendment has no material impact on the Group's or the Company's financial statements.

HKAS 38 (amendment), "Intangible assets" – effective from 1 April 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

HKFRS 5 (amendment), "Non-current assets held for sale and discontinued operations". The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HK(IFRIC) 17, "Distribution of non-cash assets to owners" – effective on 1 July 2009. The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

HK(IFRIC) 18, "Transfers of assets from customers" – effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

HK(IFRIC) 9, "Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement" – effective 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

HK(IFRIC) 16, "Hedges of a net investment in a foreign operation" – effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.

HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating leases using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) *New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)*

HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 April 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 April 2010 on the basis of information existing at the inception of those leases, and recognized the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified its leasehold land from operating lease to finance lease. The land interest of the Group that is held to earn rentals and/or capital appreciation is accounted for as investment property and carried at fair value. The land interest of the Group that is held for own use is accounted for as property, plant and equipment and is depreciated from the land interest available for it's intended use over the shorter of the useful live of the asset and the lease term. The application of HKAS 17(amendment) has had no material impact on the Group's or Company's financial statements for the current and prior years.

HKAS 36 (amendment), "Impairment of assets" – effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics).

HKFRS 2 (amendments), "Group cash-settled share-based payment transactions" – effective form 1 January 2010. In addition to incorporating HK(IFRIC) 8, "Scope of HKFRS 2", and HK(IFRIC) 11, "HKFRS 2 – Group and treasury share transactions", the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.

HK-Int 5,"Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause". The amendment clarifies that term loans that include a clause that gives the lender the conditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 requires retrospective application. The application of HK-Int 5 has had no material impact on the amounts reported for the current and prior years.

(c) *New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2010 and have not been early adopted by the Group*

The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 9, "Financial instruments" – issued in November 2009. This standard is the first step in the process to replace HKAS 39, "Financial instruments: recognition and measurement". HKFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2010 and have not been early adopted by the Group (continued)

Revised HKAS 24 (revised), “Related party disclosures” – issued in November 2009. It supersedes HKAS 24, “Related party disclosures”, issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 April 2011. When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates. The Group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

“Classification of rights issues” (amendment to HKAS 32) – issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. The Group will apply the amended standard from 1 April 2011.

HK (IFRIC) – Int 19, “Extinguishing financial liabilities with equity instruments” – effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Group will apply the interpretation from 1 April 2011. It is not expected to have any impact on the Group or the parent entity’s financial statements.

Prepayments of a minimum funding requirement (amendments to HK (IFRIC) – Int 14). The amendments correct an unintended consequence of HK (IFRIC) – Int 14, “HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK (IFRIC) – Int 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Group will apply these amendments for the financial reporting period commencing on 1 April 2011.

In addition, HKICPA has published a number of amendments for the existing standards under its annual improvements project.

These amendments are expected to have no material impact to the consolidated financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

(a) Subsidiaries

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

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

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

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within "finance costs". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "general and administrative expenses".

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

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

- all resulting exchange differences are recognized in other comprehensive income.

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

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

2.5 Property, plant and equipment

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and recognized within "Other (losses)/gains – net" in the consolidated statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.6 Investment property

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

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

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

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

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

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

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

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

2.7 Intangible assets

(a) *Goodwill*

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(b) *Trademarks and licenses*

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

(c) *Trading rights*

Trading rights represent eligibility rights to trade on or through the Stock Exchange and on the Hong Kong Futures Exchange Limited with indefinite useful life, which are carried at cost less accumulated impairment losses.

(d) *Computer software*

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of investments in subsidiaries and non-financial assets

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

2.9 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(b) *Loans and receivables*

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

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

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

Recognition and measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

Recognition and measurement (continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of comprehensive income within "other (losses)/gains – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

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

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

2.10 Impairment of financial assets

(a) Assets carried at amortized cost

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

(a) Assets carried at amortized cost (continued)

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

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

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

The Group first assesses whether objective evidence of impairment exists.

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

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

(b) Assets classified as available for sale

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables

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

2.12 Cash and cash equivalents and client trust bank balances

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

Client trust bank balances are not readily usable by the Group and are excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2.13 Share capital

Ordinary shares are classified as equity.

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

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.15 Borrowings

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

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

2.16 Development costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully within the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. As at the reporting period, the total amount of forfeited contributions, which arose upon employees leaving the MPF Scheme and available to reduce the contribution payable in future years was nil (2010: Nil).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee benefits (continued)

(a) *Pension obligations (continued)*

Retirement benefits to employees in the People's Republic of China (the "PRC") are provided through a defined contribution plan. The Group is required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

(b) *Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(c) *Termination benefits*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Provisions

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

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

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

2.20 Revenue recognition

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

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

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

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

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

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

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

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

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

(h) Dividend income is recognized when the right to receive payment is established.

(i) Commission income from securities and futures brokerage is recognized on a trade date basis when the relevant transactions are executed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases

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

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

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

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

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

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

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

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

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

2.22 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognized but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2.23 Dividend distribution

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale financial assets (Note 23) and held for trading investments (Note 26) at 31 March 2011. The Group's listed investments are listed on the Osaka Securities Exchange in Japan, the NASDAQ in the United States and the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

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

	Increase/ (decrease) in carrying amount of equity investments *HK$'000*	(Decrease)/ increase in loss before income tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2011			
5% increase in equity price	1,568	(1,544)	24
5% decrease in equity price	(1,568)	1,544	(24)
2010			
5% increase in equity price	13	–	13
5% decrease in equity price	(13)	–	(13)

* *Excluding retained earnings*

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) *Market risk (continued)*

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

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

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before income tax HK$'000	Increase/ (decrease) in equity* HK$'000
2011			
Hong Kong dollar	50	(13)	–
Hong Kong dollar	(50)	13	–
2010			
Hong Kong dollar	50	(6)	–
Hong Kong dollar	(50)	6	–

* *Excluding retained earnings*

(b) *Credit risk*

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

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

At the end of the reporting period, the Group has certain concentrations of credit risk as 51% (2010: 7%) and 91% (2010: 28%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 24 to the consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

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

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

	On demand or within 1 year *HK$'000*	More than 1 year but less than 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
2011				
Accounts payable	14,664	–	–	14,664
Accruals and other payables	8,822	–	–	8,822
Finance lease payables	378	215	–	593
Borrowings	355	1,777	1,183	3,315
2010				
Accounts payable	1,389	–	–	1,389
Accruals and other payables	4,549	–	–	4,549
Finance lease payables	618	207	–	825
Borrowings	240	1,060	1,702	3,002

3.2 Capital risk management

Certain of the Group's subsidiaries are regulated by the Securities and Futures Commission of Hong Kong (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the SFC. In addition, the Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated statement of financial position. The gearing ratios at 31 March 2010 and 2011 were as follows:

	2011 *HK$'000*	2010 *HK$'000*
Total borrowings *(Notes 29 and 30)*	3,285	3,713
Total equity	71,248	84,008
Gearing ratio	4%	4%

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2011:

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Held for trading investments	30,879	–	–	30,879
Available-for-sale financial assets	484	–	–	484
	31,363	–	–	31,363

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Financial instruments by category

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

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets as per consolidated statement of financial position				
31 March 2011				
Statutory deposits and other assets *(Note 21)*	–	405	–	405
Available-for-sale financial assets *(Note 23)*	–	–	484	484
Accounts receivable *(Note 24)*	–	6,680	–	6,680
Deposits and other receivables	–	5,805	–	5,805
Held for trading investments *(Note 26)*	30,879	–	–	30,879
Client trust bank balances	–	9,145	–	9,145
Cash and cash equivalents *(Note 27)*	–	20,106	–	20,106
Total	30,879	42,141	484	73,504

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets as per consolidated statement of financial position			
31 March 2010			
Available-for-sale financial assets *(Note 23)*	–	268	268
Accounts receivable *(Note 24)*	997	–	997
Deposits and other receivables	34,582	–	34,582
Cash and cash equivalents *(Note 27)*	33,681	–	33,681
Total	69,260	268	69,528

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Financial instruments by category (continued)

	Financial liabilities at amortized cost *HK$'000*
Financial liabilities as per consolidated statement of financial position	
31 March 2011	
Accounts payable *(Note 28)*	14,664
Accruals and other payables	8,822
Finance lease payables *(Note 29)*	522
Borrowings *(Note 30)*	2,763
Total	26,771

	Financial liabilities at amortized cost *HK$'000*
Financial liabilities as per consolidated statement of financial position	
31 March 2010	
Accounts payable *(Note 28)*	1,389
Accruals and other payables	4,549
Finance lease payables *(Note 29)*	711
Borrowings *(Note 30)*	3,002
Total	9,651

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

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

(b) Estimated fair values of investment properties

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

5. REVENUE

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

	Continuing operations		Discontinued operation		Total	
	2011	2010	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Service income from provision of financial information services	26,799	29,658	–	–	26,799	29,658
Advertising income	1,532	1,277	–	–	1,532	1,277
Online game income	–	–	1	94	1	94
Brokerage commission and service income from securities and futures business	5,674	–	–	–	5,674	–
	34,005	30,935	1	94	34,006	31,029

6. OTHER INCOME AND GAINS

	Continuing operations		Discontinued operation		Total	
	2011	2010	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Gain on disposal of subsidiaries *(Note 36)*	–	–	5,406	–	5,406	–
Gross rental income from investment properties	1,138	1,018	–	–	1,138	1,018
Dividend income from available-for-sale financial assets	40	–	–	–	40	–
Interest income from bank deposits	4	4	–	–	4	4
Net foreign exchange gains	144	–	30	21	174	21
Fair value gain on investment properties	11,848	–	–	–	11,848	–
Sundry income	671	994	–	–	671	994
	13,845	2,016	5,436	21	19,281	2,037

7. SEGMENT INFORMATION

At 31 March 2011, the Group is organized into two main operating segments:

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

(ii) Securities and futures business that specializes in the provision of online securities and futures trading.

The segment results for the year ended 31 March 2011 are as follows:

	Continuing operations			Discontinued operation	
	Securities and futures business	Financial information services business	Sub total	Online game business	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	5,674	28,331	34,005	1	34,006
Segment results	(9,433)	(18,290)	(27,723)	(6,606)	(34,329)
Finance costs					(227)
Loss before income tax					(34,556)
Income tax expense					(6,930)
Loss for the year					(41,486)
Other segment items included in the consolidated statement of comprehensive income are as follows:					
Goodwill impairment charge	1,509	–	1,509	–	1,509
Amortization of intangible assets	–	–	–	34	34
Depreciation of property, plant and equipment	223	2,348	2,571	1,172	3,743

7. SEGMENT INFORMATION (continued)

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

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

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets, held for trading investments, accounts receivable, prepayments, deposits and other receivables, client trust bank balances and cash and cash equivalents.

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

Capital expenditure comprises additions to property, plant and equipment (Note 18), intangible assets (Note 20) and statutory deposits and other assets (Note 21), including additions resulting from acquisitions through business combinations.

7. SEGMENT INFORMATION (continued)

The segment assets and liabilities at 31 March 2011 and capital expenditure for the year then ended are as follows:

	Financial information services business HK$'000	Securities and futures business HK$'000	Unallocated HK$'000	Group HK$'000
Assets	46,034	60,682	–	106,716
Liabilities	12,111	13,202	10,155	35,468
Capital expenditure	1,222	3,584	–	4,806

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

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

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

	2011 HK$'000	2010 HK$'000
Revenue		
Hong Kong	25,613	25,306
PRC	8,393	5,723
	34,006	31,029

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

7. SEGMENT INFORMATION (continued)

	2011 HK$'000	2010 HK$'000
Total assets		
Hong Kong	99,913	67,162
PRC	5,040	29,332
Other countries	1,763	268
	106,716	96,762

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

	2011 HK$'000	2010 HK$'000
Capital expenditure		
Hong Kong	3,623	15
PRC	1,183	2,553
	4,806	2,568

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

Revenue of approximately HK$6,055,000 (2010: HK$5,734,000) are derived from a single external customer. These revenue are attributable to financial information services segment.

8. OTHER OPERATING EXPENSES

	Continuing operations		Discontinued operation		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Goodwill impairment charge	1,509	–	–	27,000	1,509	27,000
Impairment loss on:						
– Amount due from a former director	4,661	–	–	–	4,661	–
– Amounts due from former subsidiaries	8,995	–	–	–	8,995	–
Fair value loss on held for trading investments	6,510	–	–	–	6,510	–
Recycling of loss from equity on disposal of available-for-sale financial assets	–	97	–	–	–	97
Others	–	–	2	19	2	19
	21,675	97	2	27,019	21,677	27,116

9. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2011	2010	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest expense on bank borrowings:						
– not wholly repayable within five years	116	125	–	–	116	125
Interest on finance leases	111	85	–	–	111	85
	227	210	–	–	227	210

10. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2011	2010	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Development costs *(Note)*	–	–	3,758	4,664	3,758	4,664
Operating lease payments in respect of rented premises	4,605	4,225	1,040	1,080	5,645	5,305
Depreciation of property, plant and equipment	2,571	2,389	1,172	1,214	3,743	3,603
Loss on disposal of property, plant and equipment	229	201	–	–	229	201
Auditors' remuneration						
– current year provision	500	263	11	37	511	300
– under-provision in prior year	150	–	–	–	150	–
Net foreign exchange losses	–	2	–	2	–	4
Amortization of intangible assets	–	–	34	67	34	67

Note: Development costs mainly comprise depreciation of property, plant and equipment of approximately HK$807,000 (2010: HK$261,000) and employee benefit expenses of approximately HK$2,377,000 (2010: HK$3,328,000), which are also included in the total amounts disclosed separately above and in Note 15 for each of these types of expenses.

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11. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit arising in or derived from Hong Kong for the year (2010: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2011 *HK$'000*	2010 *HK$'000*
Current tax:		
– Hong Kong profits tax	–	–
– Overseas taxation – PRC	60	54
Adjustments in respect of prior years	–	49
	60	103
Deferred tax *(Note 31)*	6,870	–
Income tax expense	6,930	103

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2010: 16.5%) as follows:

	2011 *HK$'000*	2010 *HK$'000*
Loss before income tax	(34,556)	(48,139)
Tax calculated at Hong Kong profits tax rate	(5,702)	(7,943)
Effect of different tax rates of other jurisdictions	(1,316)	(1,582)
Income not subject to tax	(3,218)	(328)
Expenses not deductible for tax purposes	6,563	9,418
Tax effect of temporary differences not recognized	311	277
Tax losses for which no deferred income tax asset was recognized	3,422	212
Adjustment in respect of prior years	–	49
Effect of revaluation of properties	6,870	–
Income tax expense	6,930	103

12. DISCONTINUED OPERATION

On 28 February 2011, the Group disposed its entire 85.71% equity interest in China Game & Digital Entertainment Limited and its subsidiaries. The operation of the online game business carried out by the Group up to the date of disposal is presented in the consolidated financial statements of the Group as discontinued operation.

	2011 *HK$'000*	2010 *HK$'000*
Revenue	1	94
Cost of sales	–	–
Gross profit	1	94
Other income and gains	30	21
Development costs	(3,758)	(4,664)
Selling and marketing expenses	(1,908)	(2,595)
General and administrative expenses	(6,375)	(7,679)
Other operating expenses	(2)	(27,019)
Loss before income tax	(12,012)	(41,842)
Income tax expense	–	–
	(12,012)	(41,842)
Gain on disposal of subsidiaries *(Note 36)*	5,406	–
Loss for the year from discontinued operation	(6,606)	(41,842)
Net cash used in operating activities	(4,832)	(7,633)
Net cash used in investing activities	(683)	(1,910)
Net cash from financing activities	–	12,947
Net cash (used in)/from discontinued operation	(5,515)	3,404

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$74,847,000 (2010: HK$47,011,000).

14. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company from continuing operations for the year ended 31 March 2011 of approximately HK$34,880,000 (2010: HK$6,400,000) by the weighted average number of approximately 80,273,480 (2010 (restated): 44,654,030) ordinary shares in issue during the year.

Basic loss per share is calculated by dividing the loss attributable to owners of the Company from discontinued operation for the year ended 31 March 2011 of approximately HK$4,889,000 (2010: HK$29,175,000) by the weighted average number of approximately 80,273,480 (2010 (restated): 44,654,030) ordinary shares in issue during the year.

The weighted average numbers of ordinary shares in 2011 and 2010 have been retrospectively adjusted for the five-to-one share consolidation which took place subsequent to the end of the reporting period in May 2011.

(b) Diluted

The computation of diluted loss per share for the years ended 31 March 2011 and 2010 did not assume the exercise of the Company's share options and warrants outstanding during the years ended 31 March 2011 and 2010 since their exercise would result in a decrease in loss per share.

15. EMPLOYEE BENEFIT EXPENSES

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

	Continuing operations		Discontinued operation		Total	
	2011	2010	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wages and salaries	16,807	14,277	2,482	6,577	19,289	20,854
Equity-settled share-based payments	–	22	–	–	–	22
Pension costs- defined contribution plans	341	278	124	–	465	278
Others	274	129	27	211	301	340
	17,422	14,706	2,633	6,788	20,055	21,494

16. DIRECTORS' REMUNERATION

The remuneration of every director of the Company for the years ended 31 March 2010 and 2011 is set out below:

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Contributions to pension schemes *HK$'000*	Total *HK$'000*
Year ended 31 March 2011				
Executive directors				
Ms. LO Yuk Yee (appointed on 28 October 2010)	10	600	–	610
Mr. CHOW Wing Chau (appointed on 26 August 2010)	35	–	–	35
Mr. YIU Wing Hei (appointed on 26 August 2010)	35	–	–	35
Mr. LUM Chor Wah, Richard (appointed on 30 September 2010 and resigned on 28 June 2011)	30	–	–	30
Ms. CHAN Siu Lai (appointed on 26 August 2010 and resigned on 23 September 2010)	4	–	–	4
Mr. WONG Po Tin (appointed on 13 September 2010 and resigned on 23 February 2011)	27	–	–	27
Dr. YU Gang, George (retired on 30 September 2010)	–	749	7	756
Mr. LIN Peng, Ben (resigned on 3 January 2011)	–	810	11	821
Independent non-executive directors				
Mr. SIU Siu Ling, Robert (appointed on 13 September 2010 and designated as an independent non-executive director on 16 September 2010)	33	–	–	33
Mr. WONG Wai Kin (appointed on 13 September 2010 and designated as an independent non-executive director on 16 September 2010)	33	–	–	33
Mr. LEUNG Chi Hung (appointed on 23 February 2011)	6	–	–	6
Mr. LAM Ka Wai, Graham (resigned on 25 January 2011)	49	–	–	49
Dr. LAM Lee G. (resigned on 25 January 2011)	105	–	–	105
Mr. WU Tak Lung (removed on 13 September 2010)	29	–	–	29
Mr. LUI Tin Nang (appointed on 26 August 2010 and retired on 30 September 2010)	5	–	–	5
	401	2,159	18	2,578
Year ended 31 March 2010				
Executive directors				
Dr. YU Gang, George	–	990	12	1,002
Mr. LIN Peng, Ben (appointed on 16 June 2009)	–	760	10	770
Independent non-executive directors				
Dr. LAM Lee G.	60	–	–	60
Mr. WU Tak Lung	60	–	–	60
Mr. LAM Ka Wai, Graham (appointed on 5 August 2009)	40	–	–	40
Mr. William HAY (retired on 31 July 2009)	20	–	–	20
	180	1,750	22	1,952

16. DIRECTORS' REMUNERATION (continued)

During the year ended 31 March 2011, no bonuses had been paid or receivable by the directors which are discretionary or are based on the Company's, the Group's or any member of the Group's performance.

During the year ended 31 March 2011, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2010: Nil). None of the directors waived or agreed to waive any remuneration during the year (2010: Nil).

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

17. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included three (2010: two) directors whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining two (2010: three) individuals during the year are as follows:

	2011 *HK$'000*	2010 *HK$'000*
Basic salaries and allowances	935	1,692
Contributions to pension schemes	19	36
	954	1,728

The emoluments fell within the following band:

	2011 Number of individuals	2010 Number of individuals
Emolument band Nil to HK$1,000,000	2	3

During the year ended 31 March 2011, no bonuses had been paid or receivable by the any of the five highest paid individuals which are discretionary or are based on the Company's, the Group's or any member of the Group's performance.

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2010: Nil).

18. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2009						
Cost	795	20,964	395	2,029	265	24,448
Accumulated depreciation	(795)	(10,856)	(281)	(313)	(35)	(12,280)
Net book amount	–	10,108	114	1,716	230	12,168
Year ended 31 March 2010						
Opening net book amount	–	10,108	114	1,716	230	12,168
Additions	–	225	–	33	–	258
Depreciation	–	(3,222)	(79)	(249)	(53)	(3,603)
Disposals	–	(562)	–	(430)	–	(992)
Exchange differences	–	8	–	2	–	10
Closing net book amount	–	6,557	35	1,072	177	7,841
At 31 March 2010						
Cost	795	20,637	395	1,619	265	23,711
Accumulated depreciation	(795)	(14,080)	(360)	(547)	(88)	(15,870)
Net book amount	–	6,557	35	1,072	177	7,841
Year ended 31 March 2011						
Opening net book amount	–	6,557	35	1,072	177	7,841
Acquisition of a subsidiary *(Note 35)*	–	–	502	–	–	502
Additions	140	1,026	83	85	–	1,334
Depreciation	(126)	(2,951)	(130)	(483)	(53)	(3,743)
Disposal of subsidiaries *(Note 36)*	–	(1,531)	–	(414)	–	(1,945)
Disposals	–	–	(229)	–	–	(229)
Exchange differences	–	115	–	36	–	151
Closing net book amount	14	3,216	261	296	124	3,911
At 31 March 2011						
Cost	926	17,288	760	1,013	265	20,252
Accumulated depreciation	(912)	(14,072)	(499)	(717)	(141)	(16,341)
Net book amount	14	3,216	261	296	124	3,911

At 31 March 2011, the carrying amount of computer equipment included an amount of approximately HK$1,159,000 (2010: HK$1,040,000) in respect of assets held under finance leases.

For the year ended 31 March 2011

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicles *HK$'000*
At 1 April 2009	
Cost	265
Accumulated depreciation	(35)
Net book amount	230
Year ended 31 March 2010	
Opening net book amount	230
Depreciation	(53)
Closing net book amount	177
At 31 March 2010	
Cost	265
Accumulated depreciation	(88)
Net book amount	177
Year ended 31 March 2011	
Opening net book amount	177
Depreciation	(53)
Closing net book amount	124
At 31 March 2011	
Cost	265
Accumulated depreciation	(141)
Net book amount	124

19. INVESTMENT PROPERTIES

Group and Company

	2011 *HK$'000*	2010 *HK$'000*
Beginning of the year	14,000	14,000
Fair value gain	11,848	–
End of the year	25,848	14,000

The fair value of the investment properties at 31 March 2011 was arrived at on the basis of a valuation carried out at that date by LCH (Asia-Pacific) Surveyors Limited, an independent professional valuer, on open market value, existing use basis calculated on the net income allowing for reversionary potential.

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

	2011 *HK$'000*	2010 *HK$'000*
In the PRC, held on:		
Leases of between 10 to 50 years	25,848	14,000

Bank loans (Note 30) are secured by the above investment properties with carrying amount of approximately HK$25,848,000 (2010: HK$14,000,000).

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

	2011 *HK$'000*	2010 *HK$'000*
Not later than 1 year	1,209	1,185
Later than 1 year and no later than 5 years	–	1,185
	1,209	2,370

20. INTANGIBLE ASSETS

Group

	Goodwill HK$'000	Trading rights in the Stock Exchange and Hong Kong Futures Exchange Limited HK$'000	Trademarks, licenses and computer software HK$'000	Total HK$'000
At 1 April 2009				
Cost	73,803	–	8	73,811
Accumulated amortization and impairment	(46,803)	–	(2)	(46,805)
Net book amount	27,000	–	6	27,006
Year ended 31 March 2010				
Opening net book amount	27,000	–	6	27,006
Exchange differences	–	–	1	1
Additions	–	–	2,310	2,310
Impairment charge	(27,000)	–	–	(27,000)
Amortization charge	–	–	(67)	(67)
Closing net book amount	–	–	2,250	2,250
At 31 March 2010				
Cost	73,803	–	2,319	76,122
Accumulated amortization and impairment	(73,803)	–	(69)	(73,872)
Net book amount	–	–	2,250	2,250
Year ended 31 March 2011				
Opening net book amount	–	–	2,250	2,250
Exchange differences	–	–	1	1
Additions	–	–	106	106
Acquisition of a subsidiary (Note 35)	1,509	950	–	2,459
Impairment charge	(1,509)	–	–	(1,509)
Disposal of subsidiaries (Note 36)	–	–	(2,323)	(2,323)
Amortization charge	–	–	(34)	(34)
Closing net book amount	–	950	–	950
At 31 March 2011				
Cost	1,509	950	–	2,459
Accumulated amortization and impairment	(1,509)	–	–	(1,509)
Net book amount	–	950	–	950

20. INTANGIBLE ASSETS (continued)

Impairment tests for goodwill

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

(a) *Online game business*

The carrying amount of goodwill at 31 March 2010 was allocated to the Group's online game business as a cash generating unit (the "Online Game CGU"). The recoverable amount of the Online Game CGU was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using an estimated constant growth rate of 3.5%. The growth rate did not exceed the long-term average growth rate for the online game business in which the Online Game CGU operated. In preparing the cash flow projections, management determined budgeted revenue and expenses based on past performance and its expectations for the market development. A discount rate of 20.80% was used which was determined with reference to independent research sources, and reflected the specific risks relating to the industry and the operating segment. As a result of the above impairment test for goodwill, the Group recognized a goodwill impairment charge of approximately HK$27,000,000 which was charged to the consolidated statement of comprehensive income for the year ended 31 March 2010.

Goodwill allocated to the Online Game CGU was derecognized upon the Group's disposal of China Game Digital & Entertainment Limited and its subsidiaries during the year ended 31 March 2011.

(b) *Securities and futures business*

The carrying amount of goodwill at 31 March 2011 has been allocated to Finet Securities Limited as a cash-generating unit (the "Securities and Futures CGU"). The recoverable amount of the Securities and Futures CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are ignored. In preparing the cash flow projections, management determined budgeted revenue and expenses based on past performance and its expectations of future changes in the market. A discount rate of 15.76% was used which reflects current market assessments of the time value of money and reflects the specific risks relating to the industry and the operating segment. As a result of the above impairment test for goodwill, the Group recognized a goodwill impairment charge of approximately HK$1,509,000 which has been charged to the consolidated statement of comprehensive income for the year ended 31 March 2011.

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21. STATUTORY DEPOSITS AND OTHER ASSETS

Group

	2011 *HK$'000*	2010 *HK$'000*
Hong Kong Securities and Futures Commission ("SFC")		
– Securities dealer deposit	100	–
– Commodity dealer deposit	100	–
The Stock Exchange of Hong Kong Limited		
– Compensation fund deposit	50	–
– Fidelity fund deposit	50	–
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– Guarantee fund	50	–
– Admission fee	50	–
Stamp duty deposit	5	–
	405	–

22. INVESTMENTS IN SUBSIDIARIES

Company

	2011 *HK$'000*	2010 *HK$'000*
Unlisted investments, at cost	34,835	113,715
Provision for impairment *(Note)*	(16,894)	(101,791)
	17,941	11,924

Note: A provision for impairment against the Company's costs of investments in subsidiaries of approximately HK$16,894,000 (2010: HK$101,791,000) was made at 31 March 2011 because the related recoverable amounts of the investments with reference to the net assets value of the respective subsidiaries were estimated to be less than the carrying amounts of the investments. Accordingly, the carrying amounts of the related investments were reduced to their recoverable amounts at 31 March 2011.

22. INVESTMENTS IN SUBSIDIARIES (continued)

The following is a list of the Company's subsidiaries at 31 March 2011:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered capital	Interest held
Finet Group (BVI) Limited	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of US$1 each	100% (Direct)
China Finance Holdings Limited (Formerly known as "Finet Introducing Broker Limited")	Hong Kong, limited liability company	Provision of securities dealing referral services in Hong Kong	5,000,000 ordinary shares of HK$1 each	100% (Direct)
Finet Group Technology (Shenzhen) Limited	PRC, wholly foreign owned enterprise	Provision of financial information services in Mainland China	Registered capital of HK$11,000,000	100% (Direct)
深圳市財科信息技術有限公司 (transliterated as Shenzhen Cai Ke Information Technology Company Limited)	PRC, limited liability company	Provision of financial information services in Mainland China	Registered capital of RMB1,000,000	100% (Direct)
Finet Holdings Limited	Hong Kong, limited liability company	Provision of financial information management and technology solutions, internet advertising and investment holding in Hong Kong	68,990,025 ordinary shares of HK$1 each	100% (Indirect)
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and Mainland China and investment holding	1 ordinary share of HK$1 each	100% (Indirect)
China Hong Kong News Group Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$1 each	100% (Indirect)
Finet Information Services Limited	Hong Kong, limited liability company	Inactive	2 ordinary shares of HK$1 each	100% (Indirect)
China Hong Kong Finance Group Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$ 1 each	100% (Indirect)

For the year ended 31 March 2011

22. INVESTMENTS IN SUBSIDIARIES (continued)

The following is a list of the Company's subsidiaries at 31 March 2011:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/ registered capital	Interest held
Finet Finance Limited	Hong Kong, limited liability company	Inactive	2 ordinary shares of HK$ 1 each	100% (Indirect)
Finet Asset Management Limited	Hong Kong, limited liability company	Inactive	2 ordinary shares of HK$ 1 each	100% (Indirect)
Finet Corporate Finance Limited	Hong Kong, limited liability company	Inactive	2 ordinary shares of HK$ 1 each	100% (Indirect)
Hong Kong Affairs Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$ 1 each	100% (Direct)
Finet Securities Limited	Hong Kong, limited liability company	Acting as dealer in securities and commodities and trading in securities and commodities	19,000,000 ordinary shares of HK$1 each	100% (Direct)

Amounts due from and due to subsidiaries

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

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group and Company

	2011 *HK$'000*	2010 *HK$'000*
Beginning of the year	268	580
Disposals	–	(70)
Net gain/(loss) transfer to equity	216	(242)
End of the year	484	268

Available-for-sale financial assets include the following:

	2011 *HK$'000*	2010 *HK$'000*
Equity securities listed in Japan	484	268
Market value of listed equity securities	484	268

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

24. ACCOUNTS RECEIVABLE

	2011 *HK$'000*	2010 *HK$'000*
Accounts receivable arising from the ordinary course of business of dealing in futures contracts and options		
– Brokers	5,359	–
Other trade receivables	1,321	997
Accounts receivable	6,680	997

Accounts receivable from brokers are current. These represent margin deposits arising from the business of dealing in futures contracts. The amount is unsecured, interest-free, and repayable on demand.

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2011, the ageing analysis of the other trade receivables was as follows:

Group

	2011 *HK$'000*	2010 *HK$'000*
0 – 30 days	933	771
31 – 60 days	197	127
61 – 90 days	2	30
Over 90 days	189	69
	1,321	997

As of 31 March 2011, other trade receivables of approximately HK$189,000 (2010: HK$69,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these other trade receivable is as follows:

	2011 *HK$'000*	2010 *HK$'000*
Over 90 days	189	69

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

	2011 *HK$'000*	2010 *HK$'000*
Hong Kong dollars	4,564	784
Renminbi	42	–
United States dollars	32	213
Japanese Yen	2,042	–
	6,680	997

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

For the year ended 31 March 2011

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2011 *HK$'000*	2010 *HK$'000*
Prepayments	2,503	3,143
Utility and other deposits	5,323	1,084
Loan receivable	–	30,646
Amounts due from non-controlling interests	–	1,858
Other receivables	482	994
Amount due from a former director	4,661	–
Amounts due from former subsidiaries	8,995	–
	21,964	37,725
Less: Provision for impairment	(13,656)	–
	8,308	37,725

Group

The amount due from a former director, Dr. YU Gang, George, at 31 March 2011 was unsecured, interest-free and repayable on demand. Management considered the amount due may not be recoverable and a full provision for impairment was made.

The amounts due from former subsidiaries, China Game & Digital Entertainment Limited and its subsidiaries, at 31 March 2011 were unsecured, interest-free and repayable on demand. Management considered the amounts due may not be recoverable and a full provision for impairment was made.

The amounts due from non-controlling interests at 31 March 2010 were unsecured, interest-free and repayable on demand.

Group and Company

Included in the Group's and the Company's prepayments, deposits and other receivables at 31 March 2010 was a loan receivable of HK$30,000,000 and accrued interest thereon of HK$646,000 due from an independent third party, which was secured by personal guarantee, bore interest at 6.5% per annum. The loan receivable and accrued interest thereon were fully settled during the year ended 31 March 2011.

26. HELD FOR TRADING INVESTMENTS

Group

	2011 *HK$'000*	2010 *HK$'000*
Listed securities, held for trading:		
– Equity securities – Hong Kong	29,600	–
– Equity securities – United States	1,279	–
	30,879	–

26. HELD FOR TRADING INVESTMENTS (continued)

Held for trading investments are denominated in the following currencies:

	2011 *HK$'000*	2010 *HK$'000*
Hong Kong dollars	29,600	–
United States dollars	1,279	–
	30,879	–

The fair values of the above equity securities were based on their current bid prices in an active market.

At 31 March 2011, the carrying amount of interests in the following company exceeds 10% of total assets of the Group:

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
NewOcean Energy Holdings Limited	Bermuda, limited liability company	Sale and distribution of liquefied petroleum gas and sale of electronic products	20,000,000 ordinary shares of HK$0.10 each	1.53%

27. CASH AND CASH EQUIVALENTS

	2011 *HK$'000*	2010 *HK$'000*
Group		
Cash at banks and in hand	20,106	28,677
Short-term bank deposits	–	5,004
	20,106	33,681
Company		
Cash at banks and in hand	3,277	22,399

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

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$94,000 (2010: HK$8,232,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

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28. ACCOUNTS PAYABLE

	2011 *HK$'000*	2010 *HK$'000*
Accounts payable arising from securities broking		
– Clients	4,339	–
– Securities brokers	149	–
Accounts payable arising from futures broking		
– Clients	8,287	–
Other trade payables	1,889	1,389
Accounts payable	14,664	1,389

The settlement terms of accounts payable arising from securities broking are one or two trade days after the trade execution date.

Accounts payable to clients arising from futures broking are margin deposits received from clients for their trading of futures contracts. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

At 31 March 2011, the ageing analysis of the other trade payables was as follows:

Group

	2011 *HK$'000*	2010 *HK$'000*
0 – 30 days	962	798
31 – 60 days	584	486
61 – 90 days	328	26
Over 90 days	15	79
	1,889	1,389

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

	2011 *HK$'000*	2010 *HK$'000*
Renminbi	12	62
Hong Kong dollars	8,202	1,327
Japanese Yen	2,546	–
United States dollars	3,904	–
	14,664	1,389

29. FINANCE LEASE PAYABLES

The Group leased certain of its computer equipment under finance lease agreements. The finance leases are repayable by installments of 36 months and have remaining lease terms ranging from 4 to 27 months as at 31 March 2011.

At 31 March 2011, the total future minimum lease payments under the finance leases and their present values were as follows:

Group

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Within one year	378	618	346	533
In the second year	172	207	141	178
In the third to fifth years, inclusive	43	–	35	–
Total minimum finance lease payments	593	825	522	711
Future finance charges	(71)	(114)	–	–
Total net finance lease payables	522	711	522	711
Portion classified as current liabilities	(345)	(533)		
Non-current portion	177	178		

The Group's finance lease arrangements bear interest at fixed rates and their carrying amounts approximate to their fair values.

The carrying amounts of the finance lease payables are denominated in the following currencies:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollars	204	711
Renminbi	318	–
	522	711

For the year ended 31 March 2011

30. BANK BORROWINGS

Group and Company

	2011 *HK$'000*	2010 *HK$'000*
Secured bank loans – floating rates	2,763	3,002
At 31 March 2011, the bank loans are repayable as follows:		
Within 1 year	249	240
Between 1 and 2 years	260	249
Between 2 and 5 years	843	811
Over 5 years	1,411	1,702
	2,763	3,002
Less: Amount due within one year shown under current liabilities	(249)	(240)
Amount due after one year shown under non-current liabilities	2,514	2,762

The bank loans were secured by the investment properties of the Group (Note 19).

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

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

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

31. DEFERRED TAX

The movement on the deferred tax liabilities account is as follows:

Group and Company

	2011 *HK$'000*	2010 *HK$'000*
Beginning of the year	–	–
Charge to the consolidated statement of comprehensive income	6,870	–
End of the year	6,870	–

The deferred tax liabilities are attributable to revaluation of properties.

The Group's deferred tax assets not recognized in the financial statements are as follows:

	2011 *HK$'000*	2010 *HK$'000*
Tax losses	17,293	13,871

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

32. SHARE CAPITAL

Ordinary shares of HK$0.05 (2010: HK$0.05) each	2011 Number of shares	2011 Amount *(HK$'000)*	2010 Number of shares	2010 Amount *(HK$'000)*
Authorized:				
At beginning of the year	1,000,000,000	50,000	1,000,000,000	10,000
Increase during the year *(Note (a)(i))*	–	–	1,000,000,000	10,000
	1,000,000,000	50,000	2,000,000,000	20,000
Share consolidation *(Note (a)(ii))*	–	–	(1,600,000,000)	–
	1,000,000,000	50,000	400,000,000	20,000
Increase during the year *(Note (a)(iii))*	–	–	600,000,000	30,000
At end of the year	1,000,000,000	50,000	1,000,000,000	50,000
Issued and fully paid:				
At beginning of the year	367,457,870	18,373	599,370,000	5,993
Issue of shares under open offers *(Note (c))*	–	–	1,199,150,189	11,992
Issue of shares upon exercise of bonus warrants *(Note (d))*	–	–	410,189	4
	367,457,870	18,373	1,798,930,378	17,989
Share consolidation *(Note (e))*	–	–	(1,439,144,303)	–
	367,457,870	18,373	359,786,075	17,989
Issue of shares upon exercise of share options *(Note (b))*	59,226	3	50,588	3
Issue of shares upon exercise of bonus warrants *(Note (d))*	295,957	15	7,621,207	381
Issue of shares upon placement *(Note (f))*	73,000,000	3,650	–	–
At end of the year	440,813,053	22,041	367,457,870	18,373

32. SHARE CAPITAL (continued)

Notes:

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

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

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

(b) Share options were exercised by option-holders during the year ended 31 March 2011 to subscribe for a total of 59,226 (2010: 50,588) shares in the Company by payment of subscription monies of approximately HK$36,000 (2010: HK$31,000), of which approximately HK$3,000 (2010: HK$3,000) was credited to share capital and the balance of approximately HK$33,000 (2010: HK$28,000) was credited to the share premium account.

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

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

(d) In conjunction with the 1st Open Offer, each of the registered holders of fully-paid 1st Offer Shares was issued three bonus warrants for every ten 1st Offer Shares issued and allotted by the Company under the 1st Open Offer, resulting in 89,905,500 bonus warrants having been issued.

During the year ended 31 March 2010, approximately 410,189 and 7,621,207 bonus warrants were exercised at a subscription price of HK$0.10 and HK$0.45 per share, resulting in the issue of 410,189 ordinary shares of HK$0.01 each and 7,621,207 ordinary shares of HK$0.05 each, respectively.

During the year ended 31 March 2011, approximately 295,957 bonus warrants were exercised at a subscription price of HK$0.45 per share, resulting in the issue of 295,957 ordinary shares of HK$0.05 each. As at 31 March 2011, the Company had 9,961,969 bonus warrants outstanding. The exercise in full of such warrants would, under the capital structure of the Company at 31 March 2011, result in the issue of 9,961,969 additional shares of HK$0.05 each.

(e) Share consolidation

On 30 November 2009, the Company completed the share consolidation on the basis that every five issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company were consolidated into one share of HK$0.05 each in the share capital of the Company. On 30 November 2009, the issued share capital of the Company became HK$17,989,000 divided into 359,786,075 shares of HK$0.05 each.

(f) On 15 October 2010, the Company placed, through the placing agents, 73,000,000 ordinary shares of HK$0.05 each in the share capital of the Company to not less than six placees at the placing price of HK$0.42 per share.

33. SHARE-BASED EMPLOYEE COMPENSATION

Pre-IPO Share Option Scheme

The Company adopted a share option scheme ("Pre-IPO Share Option Scheme") on 23 July 2004 for the purpose of recognizing and acknowledging the contributions of certain directors, senior management and employees of the Group to the growth and development of the Group and the listing of the Company's shares on GEM.

The Pre-IPO Share Option Scheme terminated on 6 January 2005 being the date immediately preceding the date on which the shares of the Company were listed on GEM. The maximum number of shares issuable under this scheme is limited to 74,076,000 shares and no shares are available for issue under the Pre-IPO Share Option Scheme as at the date of the annual report. The grant of share options is effective upon receipt of the acceptance of the offer in writing duly signed by the eligible participant together with a payment of a nominal consideration of HK$1 in total.

Options granted under the Pre-IPO Share Option Scheme vested (i) 12 months after the listing date in respect of 30% of the options granted; (ii) 24 months after the listing date in respect of the next 30% of the options granted; and (iii) 36 months after the listing date in respect of the remaining 40% of the options granted.

As disclosed in the prospectus of the Company dated 31 December 2004, the exercise price of the options of HK$0.15 per share (prior to adjustments) represents a discount of approximately 45.5% of the placing price of HK$0.275 (being the mid-point of the indicative placing price range between HK$0.25 per share and HK$0.30 per share). The discount of the placing price reflected the recognition and acknowledgement by the Company of the substantial contributions of the grantees to the growth and development of the Group since its inception and the listing of the Company's shares on GEM.

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

As a result of two open offers and share consolidation of the Company during the year 2010 (Notes 32 (c) and (e)), the exercise prices and numbers of the outstanding share options have been adjusted.

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

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

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

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

33. SHARE-BASED EMPLOYEE COMPENSATION (continued)

Pre-IPO Share Option Scheme (continued)

The following table discloses movements of the share options granted under the Pre-IPO Share Option Scheme during the year ended 31 March 2011:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2010	Adjustments during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2011
Pre-IPO Share Option Scheme:								
Director								
Dr. YU Gang, George	21 September 2004	HK$0.6080	Note 1	2,992,384	–	–	(2,992,384)	–
Employees	21 September 2004	HK$0.6080	Note 1	224,565	–	(59,226)	(165,339)	–
Total				3,216,949	–	(59,226)#	(3,157,723)*	–

The weighted average share price of the Company during the period which the share options were exercised was HK$0.6080.

* The 3,157,723 share options granted under the Pre-IPO Share Options Scheme lapsed or cancelled upon the completion of the mandatory unconditional cash offers by MAXX Capital International Limited in September 2010.

Share Option Scheme

The Company adopted another share option scheme ("Share Option Scheme") on 16 December 2004. The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions which the eligible participants thereunder have made or may make to the Group. The Share Option Scheme is aimed to provide the eligible participants with the opportunity to own a personal stake in the Company with a view to achieving the objectives of motivating the eligible participants and attracting/or and retaining or otherwise maintaining on-going relationship with the eligible participants whose contributions are, will be or are likely to be beneficial to the long term growth of the Group. The Share Option Scheme, unless otherwise altered or terminated, will remain in force for 10 years from the date of its adoption, i.e. until 15 December 2014.

Eligible participants to the Share Option Scheme include (i) any director (whether executive or non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or any subsidiaries holds any interest; and (ii) any discretionary trust the discretionary objects of which include any director (whether executive, non-executive or independent non-executive), employee (whether full time or part time), officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or subsidiaries holds any interest, together with any corporation wholly-owned by any person mentioned in (i).

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

33. SHARE-BASED EMPLOYEE COMPENSATION (continued)

Share Option Scheme (continued)

The 10% General Limit has been refreshed at the extraordinary general meeting of the Company held on 11 February 2010 ("February 2010 EGM"), and hence the 10% General Limit as at 31 March 2011 was 36,660,419 shares of HK$0.05 each being 10% of the number of shares in issue as at the date of the February 2010 EGM of the Company of 366,604,199 shares of HK$0.05 each.

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

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

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

An offer shall remain open for acceptance by an eligible participant for a period of 21 days from the date of such offer.

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

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33. SHARE-BASED EMPLOYEE COMPENSATION (continued)

Share Option Scheme (continued)

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

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

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2011:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2010	Adjustments during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2011
Share Option Scheme:								
Directors								
Dr. LAM Lee G.	29 September 2005	HK$1.4790	Note 2(a)	246,774	–	–	(246,774)*	–
Mr. WU Tak Lung	29 September 2005	HK$1.4790	Note 2(a)	246,774	–	–	(246,774)*	–
Sub-total				493,548	–	–	(493,548)	–
Employee	5 September 2005	HK$1.1345	Note 2(b)	653,952	–	–	(653,952)*	–
Employee	29 September 2005	HK$1.4790	Note 2(a)	98,710	–	–	(98,710)*	–
Employee	6 December 2006	HK$2.7070	Note 3(c)	246,774	–	–	(246,774)†	–
Sub-total				999,436	–	–	(999,436)	–
Total				1,492,984	–	–	(1,492,984)	–

* The 1,246,210 share options granted under the Share Options Scheme lapsed or cancelled upon the completion of the mandatory unconditional cash offers by MAXX Capital International Limited in September 2010.

† The 246,774 share options granted under the Share Options Scheme lapsed upon the resignation of the employee of the Group.

33. SHARE-BASED EMPLOYEE COMPENSATION (continued)

Share Option Scheme (continued)

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

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

Note 1:

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

Note 2:

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

Note 3:

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

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

At 31 March 2011, the Company had no share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme.

Note: Dr. YU Gang, George retired as an executive director with effect from 30 September 2010.

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34. RESERVES

Group

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

Company

	Share premium HK$'000	Employee compensation reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
Balance at 1 April 2009	134,436	1,748	9,989	(919)	(99,296)	45,958
Comprehensive income						
Loss for the year	–	–	–	–	(47,011)	(47,011)
Other comprehensive income						
Fair value loss on available-for-sale financial assets *(Note 23)*	–	–	–	(242)	–	(242)
Reserve realized upon disposal of available-for-sale financial assets	–	–	–	97	–	97
Total other comprehensive income	–	–	–	(145)	–	(145)
Total comprehensive income	–	–	–	(145)	(47,011)	(47,156)
Transactions with owners						
Issue of shares upon exercise of share options *(Note 32)*	28	–	–	–	–	28
Issue of shares upon open offers *(Note 32)*	65,955	–	–	–	–	65,955
Issue of shares upon exercise of bonus warrants *(Note 32)*	3,086	–	–	–	–	3,086
Share issue costs	(4,114)	–	–	–	–	(4,114)
Employee share-based compensation	–	22	–	–	–	22
Exercise of share options	2	(2)	–	–	–	–
Vested share options lapsed/cancelled	–	(23)	–	–	23	–
Total transactions with owners	64,957	(3)	–	–	23	64,977
Balance at 31 March 2010 and 1 April 2010	199,393	1,745	9,989	(1,064)	(146,284)	63,779
Comprehensive income						
Loss for the year	–	–	–	–	(74,847)	(74,847)
Other comprehensive income						
Fair value gain on available-for-sale financial assets *(Note 23)*	–	–	–	216	–	216
Total other comprehensive income	–	–	–	216	–	216
Total comprehensive income	–	–	–	216	(74,847)	(74,631)
Transactions with owners						
Issue of shares upon exercise of share options *(Note 32)*	33	–	–	–	–	33
Issue of shares upon exercise of bonus warrants *(Note 32)*	119	–	–	–	–	119
Share issue costs	(474)	–	–	–	–	(474)
Issue of shares upon placement *(Note 32)*	27,010	–	–	–	–	27,010
Vested share options lapsed/cancelled	–	(1,745)	–	–	1,745	–
Total transactions with owners	26,688	(1,745)	–	–	1,745	26,688
Balance at 31 March 2011	226,081	–	9,989	(848)	(219,386)	15,836

35. BUSINESS COMBINATIONS

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

Details of net assets acquired and goodwill are as follows:

	HK$'000
Total purchase consideration	10,245
Fair value of net assets acquired – shown as below	(8,736)
Goodwill	1,509

	Acquiree's carrying amount and fair value *HK$'000*
Property, plant and equipment	502
Intangible assets	950
Statutory deposits and other assets	405
Accounts receivable	34,088
Prepayments, deposits and other receivables	1,935
Client trust bank balances	35,712
Cash and cash equivalents	6,589
Accounts payable	(69,775)
Accruals and other payables	(1,670)
Net assets acquired	8,736
Net cash outflow arising from acquisition:	
Cash consideration paid	(10,245)
Cash and cash equivalents acquired	6,589
	(3,656)

Finet Securities Limited contributed revenue of approximately HK$5,674,000 and net loss of HK$3,356,000 to the Group for the period from 19 May 2010 to 31 March 2011. If the acquisition had occurred on 1 April 2010, total group revenue for the year ended 31 March 2011 would have been approximately HK$34,981,000 and loss for the year would have been approximately HK$41,461,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 April 2010, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

36. DISPOSAL OF SUBSIDIARIES

On 28 February 2011, the Group disposed of its 85.71% equity interest in China Game Digital & Entertainment Limited and its subsidiaries at a cash consideration of HK$435,000.

The assets and liabilities of the disposed subsidiaries at the date of disposal were as follow:

	2011 *HK$000*
Property, plant and equipment	1,945
Intangible assets	2,323
Other receivables	994
Cash and cash equivalents	55
Amounts due from non-controlling interests	1,858
Amount due to the Group	(8,995)
Accounts payable	(809)
Accruals and other payables	(988)
	(3,617)
Non-controlling interests	468
Release of translation reserve	(1,822)
Gain on disposal of subsidiaries	5,406
Total cash consideration	435
Net cash inflow arising on disposal:	
Cash consideration received	435
Cash and cash equivalents disposed of	(55)
	380

37. COMMITMENTS

(a) Capital commitments

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

Group

	2011 *HK$'000*	2010 *HK$'000*
Investment in a subsidiary	–	8,745

(b) Operating lease commitments

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

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

Group

	2011 *HK$'000*	2010 *HK$'000*
No later than 1 year	4,432	4,752
Later than 1 year and no later than 5 years	3,226	1,173
	7,658	5,925

The Company had no significant operating lease commitment as at 31 March 2010 and 2011.

38. CONTINGENT LIABILITIES

(a) During the year ended 31 March 2008, three libel actions were brought by a company and an individual (collectively the "Plaintiffs") against the Group in respect of the publication of words alleged to be defamatory and concerning articles published on the Group's website in 2007. The Plaintiffs sought, among other things, injunctive relief and unliquidated damages. The directors of the Company are of the opinion that the Group has a meritorious defense against such claims and therefore filed defense on 13 November 2007 and 9 April 2008 against all three liberal actions consecutively. No further steps have been taken by the Plaintiffs since the filing of the defense. Accordingly, the directors of the Company are of the opinion that these claims would not have any material adverse effect on the Group, and no provisions have been made in the financial statements in respect thereof.

(b) Subsequent to the end of the reporting period, in June 2011, the Company received an amended writ of summons ("Amended Writ") and a statement of claim ("Statement of Claim") from two minority shareholders of a former subsidiary of the Company (the "Claimants"). Pursuant to the Amended Writ, it was claimed against the Company, inter alia, for damages for breach of the alleged share subscription agreements in 2007 between the Company and the Claimants and the alleged misrepresentation made through the Company's former chairman and director, Dr. Yu Gang, George, plus interest and costs. The Claimants further alleged in the Statement of Claim, inter alia, that certain representations given by the Company in the above share subscription agreements were false and untrue or recklessly not caring whether they were true or false and there was breach of implied terms of the above share subscription agreements, and claimed against the Company for (i) damages to be assessed; (ii) interest; (iii) costs; and (iv) further or other relief. The Company is seeking advice on the Amended Writ and the Statement of Claim. Based on the preliminary advice of the legal adviser to the Company, the directors of the Company are of the opinion that the Company has reasonable grounds to defend the claims by the Claimants. Therefore, no provisions have been made in the financial statements as of 31 March 2011.

39. EVENTS AFTER THE REPORTING PERIOD

(a) Share consolidation and open offer

Pursuant to the resolution passed by the Company's shareholders at the extraordinary general meeting held on 19 May 2011, the Company's authorized share capital was increased from HK$50,000,000 (divided into 1,000,000,000 shares of HK$0.05 each), to HK$150,000,000 (divided into 3,000,000,000 shares of HK$0.05 each) by the creation of an additional 2,000,000,000 shares of HK$0.05 each. On 20 May 2011, the Company implemented the share consolidation of every five issued and unissued share of HK$0.05 each in the share capital of the Company into one consolidated share of HK$0.25 each. On 8 June 2011, the Company completed the open offer on the basis of four offer shares for every one consolidated share, resulting in the issue of 352,655,104 shares of HK$0.25 each at the subscription price of HK$0.25 per offer share.

(b) Change of domicile

Subsequent to the end of the reporting period, the Company redomiciled and continued in Bermuda as an exempted company with limited liability.

Financial Summary

	2011 *HK$'000*	2010 *HK$'000* (Restated)	2009 *HK$'000* (Restated)	2008 *HK$'000* (Restated)	2007 *HK$'000* (Restated)
RESULTS					
Revenue	34,006	31,029	33,088	35,829	32,127
Operating (loss)/profits	(34,329)	(47,929)	(62,317)	4,255	(2,332)
Finance costs	(227)	(210)	(332)	(817)	(257)
(Loss)/Profit for the year	(41,486)	(48,242)	(62,742)	3,285	(2,589)
(Loss)/Earnings per share					
– Basic (in HK cents)	(49)	(79)	(260)	25	(13)
– Diluted (in HK cents)	(49)	(79)	(260)	23	(13)
ASSETS AND LIABILITIES					
Non-current assets	31,598	24,359	53,754	107,570	19,826
Current assets	75,118	72,403	13,856	21,500	43,577
Current liabilities	25,907	9,814	10,811	11,859	4,705
Non-current liabilities	9,561	2,940	3,709	3,278	3,461
Net assets	71,248	84,008	53,090	113,933	55,237