BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8220

ANNUAL REPORT **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.

This report, for which the directors of Bingo Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company (the "Directors"), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chiau Sing Chi
(appointed on 1 June 2010)
Chan Cheong Yee
Yik Chok Man
Fok Wai Ming Jackie
(appointed on 9 May 2011)
Keung Kwok Hung
(resigned on 23 July 2010)

Non-Executive Directors

Chong Lee Chang
Chin Chow Chung Hang Roberta

Independent Non-Executive Directors

Chen Chou Mei Mei Vivien
Wong Chak Keung
(appointed on 9 August 2010)
Chum Kwan Yue Desmond
(appointed on 9 August 2010)
Tsang Fung Chu
(resigned on 6 August 2010)
Wong Chi Keung Patrick
(resigned on 6 August 2010)
Leung Ka Kui Johnny
(resigned on 30 September 2010)

COMPANY SECRETARY

Yik Chok Man

COMPLIANCE OFFICER

Chan Cheong Yee

AUDIT COMMITTEE

Wong Chak Keung
(appointed as Chairman on 9 August 2010)
Chen Chou Mei Mei Vivien
Chum Kwan Yue Desmond
(appointed on 9 August 2010)
Tsang Fung Chu
(resigned as Chairman on 6 August 2010)
Wong Chi Keung Patrick
(resigned on 6 August 2010)
Leung Ka Kui Johnny
(resigned on 30 September 2010)

REMUNERATION COMMITTEE

Wong Chak Keung
(appointed as Chairman on 9 August 2010)
Chen Chou Mei Mei Vivien
Chum Kwan Yue Desmond
(appointed on 9 August 2010)
Tsang Fung Chu
(resigned as Chairman on 6 August 2010)
Wong Chi Keung Patrick
(resigned on 6 August 2010)
Leung Ka Kui Johnny
(resigned on 30 September 2010)

AUTHORIZED REPRESENTATIVES

Chan Cheong Yee
Yik Chok Man

AUDITORS

Graham H. Y. Chan & Co.
Certified Public Accountants (Practising)

CORPORATE INFORMATION

PRINCIPAL BANKERS

Fubon Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Dah Sing Bank

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1201-1204, 12/F,
Sea Bird House, 22-28 Wyndham Street,
Central, Hong Kong.

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

HSBC Trustee (Cayman) Limited
P.O. Box 513 G.T. Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Branch Registrar

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

STOCK CODE

8220

WEBSITE

www.bingogroup.com.hk

DIRECTORS' BUSINESS REVIEW

On behalf of the Board of Directors (the "Board") of Bingo Group Holdings Limited (the "Company"), I hereby present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 (the "Year") to our shareholders.

GENERAL

The Group was principally engaged in provision of property holding and provision of property management services ("Property Holding and Management"), sales and trading of coal and palm oil ("Trading") and movie production, licensing and derivatives, crossover marketing, provision of interactive contents, artist development and last miles engagement ("Filmed Entertainment, Online Games and Licensing Businesses").

In the year of 2011, the Group expanded its operation to Filmed Entertainment, Online Games and Licensing Business. In July 2010, the Group had released CJ7: The Cartoon (長江7號愛地球) (the "Cartoon Movie") in mainland China. Since the Cartoon Movie's release, it has been consistently among the top ten in this summer movie box-office chart, and already ranked number fifth in gross box-office among all cartoon movies even produced in mainland China domestically. The Cartoon Movie was 100% funded and produced by China Film Group under the Group's license. All box-office earnings, after deducting the production and others costs, will be shared with China Film in accordance to an agreed ratio.

The Group has also engaged in another movie production in 2011 and the movie is expected to be completed and released in 2012.

FINANCIAL REVIEW

During the Year, the Group recorded a total turnover of approximately HK$557,637,000, representing decrease of approximately 19% as compared with HK$687,987,000 for 2010.

Loss attributable to shareholders for the Year was approximately HK$156,921,000 compared with a loss of HK$32,916,000 for 2010.

The negative effect on the results of the Group for Year is mainly attributable to recognition of convertible bonds and shares options at fair values under shared-based payments by HK$124,202,000 during the Year. As the share-based payments do not involve any immediate material cash outlay, the expense will not adversely affect the financial position of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2011, the Group had total assets of approximately HK$170,889,000 (31 March 2010: HK$394,956,000), including cash and cash equivalents of approximately HK$116,765,000 (31 March 2010: HK$9,796,000). There was no pledged bank deposit as at 31 March 2011 (31 March 2010: Nil).

DIRECTORS' BUSINESS REVIEW

During the Year, the Group financed its operations mainly with its own working capital. As at 31 March 2011, the Group did not have any bank overdraft (31 March 2010: Nil) In addition, the convertible bonds are secured by first charges over the entire issued share capital in Harvest Yield and Power Alliance (At 31 March 2010: the properties with carrying amount of HK$320,000,000 was pledged to a bank for banking facilities and holders of convertible bond.)

As at 31 March 2011, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.54 (31 March 2010: approximately 0.78).

CHANGE OF COMPANY NAME

The Board passed a special resolution by the shareholders by way of poll at the annual general meeting held on 6 August 2010 to change its name from " Emcom International Limited" to "Bingo Group Holdings Limited" and to adopt a new Chinese name "比高集團控股有限公司" to replace the Chinese name "帝通國際有限公司" with effect from 6 August 2010. The Certificate of Incorporation on change of name has been issued by the Registrar of Companies in the Cayman Islands. Following the change of name becoming effective, the stock short name for trading in the Shares on the Stock Exchange will be changed from "EMCOM INT'L" to "BINGO GROUP" in English and from "帝通國際" to "比高集團" in Chinese with effect from 8 September 2010.

MAJOR EVENTS

(1) Power Alliance Investment Limited ("Vendor"), a wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with Success Build Limited ("Purchaser") on 9 March 2010 and subsequently the Formal Sale and Purchase Agreement on 23 April 2010 ("Agreement"). Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the whole of the ground floor, upper ground floor, 1st and 2nd floors, Listing Court, nos.34 & 36 Granville Road, Kowloon ("Property") at a consideration of HK$320,000,000. This transaction constitutes a very substantial disposal and is approval by the shareholders at an extraordinary general meeting held on 16 August 2010, pursuant to Rules 19.06 of the GEM Listing Rules.

(2) On 22 February 2010, the Company entered into the Service Agreement with Mr. Chiau Sing Chi whereby the Company appointed Mr. Chiau as an executive director of the Company and Mr. Chiau accepted the appointment with prescribed duties for an initial term of five year from 1 June 2010. ("Commencement Date")

Pursuant to the Service Agreement, Mr. Chiau shall:

(a) serve the Company in the capacity of an executive director of the Company;

(b) take a executive and management responsibilities and duties with regard to the Filmed Entertainment Business;

(c) devote a sufficient and reasonable part of his time to administer, supervise and manage the Filmed Entertainment Business of the Group;

(d) faithfully and diligently perform all such duties as shall be reasonably required by the Board and carry out all lawful and reasonable instructions of the Board according to the best of his skill and ability and in compliance with all resolutions and regulations from time to time passed or made by the Board; and

(e) at all times keep the Board promptly and fully informed of all matters relating to or in connection with the performance and exercise of his duties and powers under the Service Agreement.

In consideration of the performance by Mr. Chiau of his duties for the Company, the Company shall, as a remuneration package:

(a) issue the Convertible Bonds to Mr. Chiau with an aggregate principal amount of HK$45 million, in which the issuance will be divided into five tranches as follows:

(i) HK$25 million on the Commencement Date; and

(ii) HK$5 million annually on the anniversary of the Commencement Date in the next four years during the term of the Service Agreement.

(b) grant the Options to Mr. Chiau on the Commencement Date with the Subscription Right to subscribe up to 250,000,000 Shares at the initial Exercise Price of HK$0.10 per Share.

SUBSEQUENT EVENTS

Saved as disclosed in this annual report, the Company had the following significant events after the reporting period:

(a) The Directors are of the view that the cinema industry in the PRC offers highly promising prospects and it is the vision of the Group to become one of the leading cinema investment and management companies in the PRC in the future.

On 13 April 2011, the Company entered into the Memorandum of Understanding ("MOU") with CineChina Limited ("CineChina") in relation to formation of the joint venture company ("JV") for investment in and management of high-end digital cinemas in the PRC. CineChina undertakes to the Company that it shall introduce not less than 36 cinemas with not less than 260 screens and 30,000 seats in aggregate within 3 years after the formation of the JV, subject to the Company being satisfied with the results of its due diligence review on such potential cinema projects.

(b) Proposed acquisition of 4 cinema projects

On 17 May 2011, pursuant to the MOU dated 13 April 2011, Shine Wisdom Limited ("Shine Wisdom"), a wholly-owned subsidiary of the Company, entered into (i) the First Acquisition Agreement with 重慶越界影院投資有限公司 (transliterated as Chongqing Yuejie Media Investment Company Limited) ("the First Vendor") for the proposed acquisition of 51% interest in the tangible assets of Cinema Project A1 at a cash consideration of RMB6,611,000 (equivalent to approximately HK$7,900,000) and the proposed acquisition of 51% interest in the tangible assets of Cinema Project A2 at a cash consideration of RMB6,316,000 (equivalent to approximately HK$7,548,000), (ii) the Second Acquisition Agreement with 重慶嘉裕影院管理有限公司 (transliterated as Chongqing Jiayu Cinema Management Company Limited) ("the Second Vendor") for the proposed acquisition of 51% interest in the tangible assets of Cinema Project B at a cash consideration of RMB6,093,000 (equivalent to approximately HK$7,281,000); and (iii) the Third Acquisition Agreement with Mr. Yingang ("the Third Vendor") for the proposed acquisition of 75% equity interest in a Target Company at a cash consideration of RMB10,903,000 (equivalent to approximately HK$13,029,000). The proposed Acquisitions will be satisfied by internal resources of the Group.

Cinema Project A1, currently operated by 重慶越界影院投資有限公司北碚分公司 (transliterated as Chongqing Yuejie Media Investment Company Limited (Beibei Branch)) and situated at 重慶市北碚區嘉陵風情街33號7-1 (transliterated as 7-1, No. 33 Jialing Fengqing street, Beibei District, Chongqing), has an operating area of 3,096 square meters and movie screens with 1,069 seats. Cinema Project A2, currently operated by 重慶越界影院投資有限公司永川分公司 (transliterated as Chongqing Yuejie Media Investment Company Limited (Yongchuan Branch)) and situated at 重慶永川俊豪中央大街第11棟7層 (transliterated as 7/F., Block 11, Junhao Zhong Yang Da Jie, Yongchuan District, Chongqing), has an operating area of 3,400 square meters and 6 movie screens with 999 seats.

Cinema Project B, currently operated by 重慶嘉裕影院管理有限公司郫縣分公司 (transliterated as Chongqing Jiayu Cinema Management Company Limited (Pixian Branch)) and situated at 成都郫縣恒創•蜀都廣場第4層 (transliterated as 4/F., Heng Chuang Shu Dou Plaza, Bixian, Chengdu), has an operating area of 2,841 square meters and 6 movie screens with 989 seats.

The Target Company is currently being established by the Third Vendor in the PRC with a registered capital of RMB500,000 (equivalent to approximately HK$598,000) to be wholly contributed by the Third Vendor. The major operation of the Target Company will be Cinema Project C, 南翔智地廣場電影城 (transliterated as Nanxiang Zhidi Plaza Movie City), situated at 上海南翔智地廣場5棟1層 (transliterated as 1/F., Block 5, Nanxiang Zhidi Plaza, Shanghai), having an operating area of 2,200 square meters and six movie screens with 884 seats.

On 7 June 2011. the Company received the due diligence review report, the valuation report and the audited accountants' report (all in form and substance satisfactory to the Company) on the four Cinema Projects. Nevertheless, as set out in details in the Acquisition Announcement, completion of the proposed acquisitions is subject to and conditional upon the fulfillment of other certain conditions precedent. The Board will make further announcement to update the shareholders and potential investors of the Company on the progress of the proposed acquisitions when appropriate.

(c) Proposed transfer of lease agreements

On 9 June 2011, Shine Wisdom and 上海龍影投資諮詢服務有限公司 ("Shanghai Longying") entered into the Transfer Agreement for the transfer of the Leasing Agreements at nil consideration in relation to the leasing of premises for development into 4 cinemas with an initial planning of 29 screens with 4,719 seats in total in Linan, Hangzhou, Zhongshan and Tianjin respectively in the PRC.

Details of leases:

The Leasing Agreement I

Date:	19 October 2010
Landlord:	臨安萬華投資管理有限公司 (transliterated as Linan Wanhua Investment Management Company Limited)
Tenant:	Shanghai Longying
Premises:	臨安市萬華廣場第4層 (transliterated as the fourth floor of Linan Wanhau Plaza)
Leased area:	3,671 sq.m
Term:	15 years (from the date one day after the delivery of the premises to the tenant)
Rental:	10% of Net Box Office Revenue or RMB1.2 million annually, whichever is higher; the turnover rental will increase by 0.25% yearly starting from the fourth year of lease term, with a cap at 12% of Net Box Office Revenue
Use:	Cinema operation and other related business

It is the initial planning that the premises will be developed into a cinema completed with 6 screens with 1,281 seats in total.

The Leasing Agreement II

Date:	31 May 2011
Landlord:	杭州運河集團投資發展有限公司 (transliterated as Hangzhou Yunhe Group Investment Development Company Limited)
Tenant:	Shanghai Longying
Premises:	杭州市大河造船廠9號樓 (transliterated as No. 9 Building, Dahe Zao Chuan Chang, Hangzhou)
Leased area:	2,660 sq.m
Term:	15 years (from 1 October 2011 to September 2026)
Rental:	10% of Net Box Office Revenue or RMB1.2 million annually, whichever is higher; the turnover rental will increase by 0.25% yearly starting from the fourth year of lease term, with a cap at 13% of Net Box Office Revenue
Use:	Cinema operation and other related business

It is the initial planning that the premises will be developed into a cinema completed with 10 screens with 1,298 seats in total.

The Leasing Agreement III

Date:	28 May 2010
Landlord:	中山市皇爵假日廣場商業有限公司 (transliterated as Zhongshan Huangjue Jia Ri Plaza Company Limited)
Tenant:	Shanghai Longying
Premises:	中山市坦洲鎮坦神北路新行政中心118號皇爵假日廣場物業第4層 (transliterated as the fourth floor of Zhongshan Huangjue Jia Ri Plaza, No. 118 Xin Xing Zheng Zhongxin, Tanshen Bei Lu, Tanzhou Zhen, Zhongshan)
Leased area:	2,619 sq.m
Term:	15 years (from the date of delivery of the premises to the tenant)
Rental:	Rental payment as follows:

The first to second year:	10% of Net Box Office Revenue or RMB700,000 annually, whichever is higher;
The third to fifth year:	11% of Net Box Office Revenue or RMB780,000 annually, whichever is higher;
The sixth to eighth year:	12% of Net Box Office Revenue or RMB900,000 annually, whichever is higher;
The ninth to eleventh year:	13% of Net Box Office Revenue or RMB1 million annually, whichever is higher;
The twelfth to fifteenth year:	13% of Net Box Office Revenue or RMB1.1 million annually, whichever is higher;
Use:	Cinema operation and other related business

It is the initial planning that the premises will be developed into a cinema completed with 6 screens with 774 seats in total.

The Leasing Agreement IV

Date:	10 February 2011
Landlord:	天津天邦投資發展有限公司 (transliterated as Tianjin Tianbang Investment Development Company Limited)
Tenant:	Shanghai Longying
Premises:	天津藍岸森林廣場電影城第5層 (transliterated as the fifth floor of Lan An Cenlin Guang Chang Cinema City, Tianjin)
Leased area:	3,153 sq.m
Rent free period:	4 months commencing on the date of delivery of the premises to the tenant
Term:	15 years (from the date one day after the expiry of a rent free period of 4 months commencing a the date of delivery of the premises to the tenant)
Rental:	RMB1.2 million annually or:
	The first to third year: 10% of Net Box Office Revenue;
	The fourth to sixth year: 11% of Net Box Office Revenue;
	The seventh to fifteenth year: 12% of Net Box Office Revenue;
	whichever is higher
Use:	Cinema operation and other related business

It is the initial planning that the premises will be developed into a cinema completed with 7 screens with 1,366 seats in total

(d) Joint Venture Agreement

On 9 June 2011, Lofty Shine, a wholly-owned subsidiary of the Company, entered into the JV Agreement with CineChina in connection with the cooperation between the Group and CineChina pursuant to the MOU dated 13 April 2011. Under the JV Agreement, Lofty Shine and CineChina will subscribe up to 7,000 shares and 3,000 shares at par in each of Shine Wisdom and a proposed new JV called Bingo Cinema Management Company Limited ("BCMCL"), representing 70% and 30% of the issued share capital of each of Shine Wisdom and BCMCL respectively. Shine Wisdom, through its wholly foreign-owned enterprise(s) to be established in the PRC, will be mainly engaged in the investment of high-end digital cinemas in the PRC. BCMCL, through its wholly foreign-owned enterprise(s) to be established in the PRC, will be mainly engaged in the operation and management of high-end digital cinemas in the PRC.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions during the Year were mainly denominated in Renminbi, HK Dollars and US Dollars. Risk on exposure to fluctuation in exchange rates was insignificant to the Group.

EMPLOYEES

As at 31 March 2011, the Group had 51 (31 March 2010: 48) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK$137,515,000 during the Year (31 March 2010: HK$12,080,000), in which HK$123,119,000 was share-based payments to director (31 March 2010: HK$10,686,000)

Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees. During the Year, total 292,000,000 share options have been granted to certain directors, employees and advisors.

CONTINGENT LIABILITIES

As at 31 March 2011, the Group had no significant contingent liabilities (31 March 2010: Nil).

CAPITAL COMMITMENTS

As at 31 March 2011, the Group had capital commitments of approximately HK$11,462,000 (31 March 2010: approximately HK$3,656,000).

DIRECTORS' BUSINESS REVIEW

OPERATING LEASE COMMITMENTS

As at 31 March 2011, the commitments under non-cancellable operating lease are represented as follows:

	31 March 2011		31 March 2010	
	Properties (Audited) HK$'000	Others (Audited) HK$'000	Properties (Audited) HK$'000	Others (Audited) HK$'000
Not later than one year	702	–	445	–
Later than one year but not later than five years	225	–	195	–
Total operating lease commitments	927	–	640	–

OPERATION REVIEW

During the Year under review, the Group had generated its income mainly by Trading business. Also, the Group disposed of the Property Located in Kowloon at consideration of HK$320,000,000, which provided a sufficient cash inflow to the Group for operations and future expansion. The Group had recorded a total turnover of approximately HK$557,637,000 for the Year (31 March 2010: HK$687,987,000). Loss attributable to shareholders for the Year was approximately HK$156,921,000 (31 March 2010: HK$32,916,000).

OUTLOOK

While the Group has continued its existing businesses, the Group will put more focus onto the newly developing cinema business in future.

The filming industry in the PRC offers highly promising prospects. In 2010, the total box office revenue in the PRC is RMB10 billion, increased by 64% when compared to RMB6 billion recorded in 2009; however the screen ratio is relatively low as of 8.2 screens to every 1 million audience.

With CineChina's extensive knowledge and experience in development of cinemas in PRC, we believe that the setting up a joint venture create a synergy effect to the Group which allows the Group to expand its operation and businesses in the areas of operating cinemas and cinemas related businesses in the PRC and to become the one of top-3 cinema operators in the PRC within three years. We are also of the view that this new business complements our existing business of Filmed Entertainment, Online Games and Licensing Businesses in future, and is expected to improve the Group's profit in the long run and is beneficial to the shareholders and the Company as a whole.

The year ahead will still be a year full of challenges. Nevertheless the management is confident to move forward to a new era and is optimistic about the prospects of the Group's business in 2012 and beyond.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all our shareholders, investors and business partners for their continued support and confidence in the Group. I would also like to thank my fellow directors and senior management team who have offered invaluable advice and leadership during such a challenging year and the management team and all staffs for their dedication, loyalty and valued services.

For and on behalf of the Board

Chan Cheong Yee
Executive Director

Hong Kong, 28 June 2011

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chiau Sing Chi – Mr. Chiau has over 20 years of performance and management experience in the movie industry. Mr. Chiau has been a leading icon of the movie and entertainment industry in the Greater China Region for over 20 years, and had received numerous awards in the industry, including best supporting actor, best actor and best director awards presented by leading film academies. Mr. Chiau joined the Group in June 2010.

Mr. Chan Cheong Yee – Mr. Chan is currently the responsible officer of China Everbright Securities (HK) Limited and an executive director of China Innovation Investment Limited (Stock code:1217). Mr. Chan holds a Bachelor's Degree of Science majoring in Finance and has been in the financial and investment business for over 20 years. Mr. Chan is a registered and licensed person under the SFO to carry on regulated activities in dealing of securities, advising on securities, dealing in futures contracts and undertaking asset management. Mr. Chan joined the Group in August 2007.

Mr. Yik Chok Man – Mr. Yik holds a Master of Professional Accountancy degree from the Hong Kong Polytechnic University. Mr. Yik is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr. Yik had worked at a leading international accounting firm for about 5 years and at an international construction company listed on the main board of the Stock Exchange for about 7 years. At present, Mr. Yik is an assistant general manager of a property development company. Mr. Yik has over 27 years of experience in financial and business management. Mr. Yik joined the Group in October 2009.

Mr. Fok Wai Ming Jackie – Mr. Fok has acted as the independent non-executive advisor to The Star Overseas Limited and its associated companies under the group ("STAR OVERSEAS") following his resignation from the office of the chief executive officer of Sense International (Group) Limited early 2009, a group of companies associated to STAR OVERSEAS. Mr. Fok joined STAR OVERSEAS in 2002 and had primarily been responsible for building up the financial and business structure of the filmed entertainment businesses of STAR OVERSEAS and overseeing its operations. Before venturing into the entertainment media industry, Mr. Fok had over 10 years of experience in the international financial markets including over 2 years in real-time financial analysis industry followed by over 9 years of banking experience in financial trading and treasury operations, specializing in foreign currency and financial derivatives markets during which he served as the vice president at First National Bank of Chicago till 1997 and then as the vice president at West LB till late 1998. Mr. Fok joined the Group in May 2011.

NON-EXECUTIVE DIRECTORS

Mr. Chong Lee Chang – Mr. Chong is a Malaysian, graduated with a BA (honours) degree in law from the Manchester Metropolitan University (formerly known as Manchester Polytechnic) in 1982. He was admitted to the Honourable Society of Lincoln's Inn, London, in 1982 and was enrolled as a barrister at law in 1983. Mr. Chong is a senior partner of a Kuala Lumpur based law firm, Messrs. LC Chong & Co. and has more than 20 years of experience in legal practice in Malaysia. He has served as an executive director of Antah Holdings Berhad, a public company listed on the main board of Bursa Malaysia and also held directorship in Permanis Sdn. Bhd. Mr. Chong also holds directorship in CVM Minerals Limited (Stock code: 705). Mr. Chong joined the Group in March 2009.

DIRECTORS AND SENIOR MANAGEMENT

Mrs. Chin Chow Chung Hang, Roberta – Mrs. Chin has co-produced various films with the Golden Harvest Group in the past. She holds a Bachelor of Arts Degree in English Literature from Dominican University of California, USA and a Master's Degree in Communication – Documentary film from Stanford University, USA. Mrs. Chin has more than 25 years' experience in the film production and distribution industry, including as an interim CEO in the JC Group. Mrs. Chin joined the Group in May 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mrs. Chen Chou Mei Mei, Vivien – Mrs. Chen graduated with a Bachelor of Arts degree from the University of Colorado in the US and has over 30 years' experience in investments, in particular, property related investments. Mrs. Chen has been appointed as an executive director of Winsor Properties Holdings Limited (Stock code: 1036) since October 1996. Mrs. Chen joined the Group in October 2009.

Mr. Wong Chak Keung – Mr. Wong holds a bachelor degree in business from The University of Southern Queensland in Australia. Mr. Wong is also a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia respectively. Mr. Wong has been in the accounting profession for over 15 years. Before joining the Company, Mr. Wong also held various positions in an international accounting firm and in the corporate finance, educational business and manufacturing sectors in Hong Kong. Mr. Wong is currently an executive director of Temujin international Investments Limited (stock code: 204) and an independent non-executive director of china Seven Star Shopping Limited (stock code: 245) which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Wong was an executive director of China Innovation Investment Limited (stock code: 1217) during the period from 12 November 2007 to 19 June 2011 and an executive director of China Trends Holdings Limited (stock code: 8171) during the period from 25 February 2008 to 19 June 2011 which are listed on the Main Board of the Stock Exchange and the Growth Enterprise Market of the Stock Exchange respectively. Mr. Wong joined the Group in August 2010.

Mr. Chum Kwan Yue Desmond – Mr. Chum graduated from Oxford University and has been appointed as a portfolio manager at Claren Road Asset Management, a US based credit hedge fund since 2009. Prior to joining Claren Road Asset Management, Mr. Chum had worked as a Managing Director at Citigroup for 12 years and helped to build its fixed income franchise in Asia. Mr. Chum oversaw a team of investment professionals and ran the Global Special Situations Group's investment activities in the Greater China Region. Mr.Chum has extensive experience in sourcing, evaluating and executing private equity and real estate investments in the Greater China Region. Mr. Chum joined the Group in August 2010.

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2011, except for the following deviation:

Code Provision A.2.1

This code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board is in the process of locating an appropriate person to fill the vacancy of the chairman and chief executive officer of the Company as soon as practicable.

Recommended Best Practices A.4.4

The Company has not established a nomination committee. Instead, the full Board is involved in the appointment of new directors. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointment. The Board will conduct in-depth assessment on the independence of candidates for post of independent directors.

DIRECTORS' SECURITIES TRANSACTIONS

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. The Company has also made specific enquiry to all directors and, the Company was not aware of any non-compliance with the required standard of dealing and its code of conduct regarding securities transactions by directors.

BOARD OF DIRECTORS

The Board is responsible for determining the overall strategy, reviewing and approving the work plan of the Company; and overseeing the corporate governance of the Company. While the management of the Company is responsible for proposing and implementing the work plan of the Company, executing the day-to-day operation of the Company and undertaking any further responsibility as delegated by the Board from time to time.

CORPORATE GOVERNANCE REPORT

The Board comprises four executive directors, two non-executive directors and three independent non-executive directors. The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. Its composition and the attendance of individual directors at these board meetings were as follows:

Name		Number of meetings held during the term of office	Number of meetings attended
Executive directors			
Mr. Chiau Sing Chi	(appointed on 1 June 2010)	3	3
Mr. Chan Cheong Yee		16	16
Mr. Yik Chok Man		15	15
Mr. Fok Wai Ming Jackie	(appointed on 9 May 2011)	N/A	N/A
Mr. Keung Kwok Hung	(resigned on 23 July 2010)	4	4
Non-executive directors			
Mr. Chong Lee Chang		1	1
Mrs. Chin Chou Chung Hang, Roberta		3	3
Independent non-executive directors			
Mrs. Chen Chou Mei Mei Vivien		3	2
Mr. Wong Chak Keung	(appointed on 9 August 2010)	4	4
Mr. Chum Kwan Yue Desmond	(appointed on 9 August 2010)	3	3
Ms. Tsang Fung Chu	(resigned on 6 August 2010)	2	1
Mr. Wong Chi Keung Patrick	(resigned on 6 August 2010)	2	1
Mr. Leung Ka Kui Johnny	(resigned on 30 September 2010)	2	1

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The remaining independent non-executive directors of the Company, Mrs. Chen Chou Mei Mei Vivien, Mr. Wong Chak Keung and Mr. Chum Kwan Yue Desmond are appointed for a fixed term which is subject to retirement and re-election at the Company's annual general meetings in accordance with the Articles of Association of the Company.

REMUNERATION OF DIRECTORS

The Company has established a remuneration committee with specific written terms of reference. The Committee is mainly responsible for making recommendation to the Board on policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The committee comprises three independent non executive Directors, namely Mrs. Chen Chou Mei Mei Vivien, Mr. Wong Chak Keung and Mr. Chum Kwan Yue Desmond. The Committee convened two meetings during the financial year ended 31 March 2011.

AUDITOR'S REMUNERATION

For the year ended 31 March 2011, fee for the Company's external auditor for audit services was HK$330,000. Except the statutory audit fee, the Company has paid HK$270,000 to the external auditor for non-audit services.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, interim reports and quarterly reports and to provide advices and comments thereon to the Board. The audit committee will also be responsible for reviewing and supervising the Company's financial reporting and internal control system.

The audit committee comprises three independent non-executive Directors, namely Mr. Wong Chak Keung (Chairman), Mrs. Chen Chou Mei Mei Vivien, and Mr. Chum Kwan Yue Desmond. The Committee convened four meetings during the financial year ended 31 March 2011. During these meetings, the committee reviewed the annual, interim and quarterly results of the Company and made recommendations to the Board and the management in respect of the Company's financial reporting and internal control system. Details of the attendance of the audit committee meetings are as follows:

Name	Number of meetings held during the term of office	Number of meetings attended
Mr. Wong Chak Keung	2	2
Mrs. Chen Chou Mei Mei Vivien	2	1
Mr. Chum Kwan Yue Desmond	2	2
Mrs. Tsang Fung Chu	2	1
Mr. Wong Chi Keung Patrick	2	1
Mr. Leung Ka Kui Johnny	2	1

Accountability and Audit

The directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 March 2011, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going concern basis.

The responsibilities of the external auditor on financial reporting are set out in the Independent Auditor's Report attached to the Company's Financial Statements for the year ended 31 March 2011.

The Board has regularly reviewed the effectiveness of the Company's internal control system with an aim to safeguard the shareholders' interests and the Company's assets. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Company's business objectives.

DIRECTORS' REPORT

The board of Directors (the "Board") of Bingo Group Holdings Limited (the "Company") presents the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 20 to the financial statements.

RESULTS AND DIVIDEND

The Group's loss for the year ended 31 March 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 28 to 32. The Directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2011 (2010: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 120. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL, SHARE OPTIONS, WARRANTS AND CONVERTIBLE BONDS

Details of movements in either the Company's convertible notes, share capital and share option during the year are set out in notes 32, 34 and 38 to the financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

During in the Year, sales to the Group's five largest customers accounted for 90% of the total sales for the year and sales to the largest customer included therein amounted to 36%. Purchases from the Group's five largest suppliers accounted to 98% of the total purchases for the year and purchases from the largest supplier included therein amounted to 87%.

None of the directors of the Company or any of their associates or any shareholders which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers.

DIRECTORS

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

Executive directors:

Mr. Chiau Sing Chi	(appointed on 1 June 2010)
Mr. Chan Cheong Yee	
Mr. Yik Chok Man	
Mr. Fok Wai Ming Jackie	(appointed on 9 May 2011)
Mr. Keung Kwok Hung	(resigned on 23 July 2010)

Non-executive directors:

Mr. Chong Lee Chang
Mrs. Chin Chow Chung Hang Roberta

Independent non-executive directors:

Ms. Chen Chou Mei Mei Vivien	
Mr. Wong Chak Keung	(appointed on 9 August 2010)
Mr. Chum Kwan Yue Desmond	(appointed on 9 August 2010)
Ms. Tsang Fung Chu	(resigned on 6 August 2010)
Mr. Wong Chi Keung Patrick	(resigned on 6 August 2010)
Mr. Leung Ka Kui Johnny	(appointed on 30 September 2010)

In accordance with Article 86(3) of the Company's Articles of Association, Mr. Chan Cheong Yee, Mr. Fok Wai Ming Jackie, Mr. Chong Lee Chang, Mr. Wong Chak Keung and Mr. Chum Kwan Yue Desmond will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company confirmed that it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the year ended 31 March 2011 and it still considered them to be independent as the date of this report.

DIRECTORS' SERVICE CONTRACTS

Save as disclosed on page 6, none of other Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in notes 44 to the financial statements, no other contracts of significance in relation to the Group's business to which the Company, any of the subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at the time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2011, the following Directors of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to herein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

(a) Long positions in the shares of the Company

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Chan Cheong Yee	Beneficial owner	10,000	0.00%
Mr. Yik Chok Man	Beneficial owner	564,000	0.02%
Mr. Chong Lee Chang *(Note 1)*	Beneficial owner	90,631,999	2.95%
Ms. Chen Chou Mei Mei Vivien	Beneficial owner	5,500,000	0.18%
Mr. Chiau Sing Chi *(Note 2)*	Held by trust	905,050,000	29.46%

Note:

1. Mr. Chong Lee Chang, a Non-Executive Director of the Company, had personally owned 16,131,952 Shares and had been deemed to be interested in 74,500,047 shares through his beneficial interest in 100% of the entire issued share capital of Shieldman Limited.
2. These shares are registered in the name of Beglobal Investments Limited, a company indirectly owned by a discretionary trust the beneficiaries of which are Mr. Chiau and his family.
3. The total number of the issued share capital of the Company as at 31 March 2011 was 3,071,559,126.

DIRECTORS' REPORT

(b) Long positions in the underlying shares of the Company

The Company adopted a share options scheme on 19 October 2002 which the Board may, at their discretion, offer employees, non-executive Directors, independent non-executive Directors or any other persons who have contributed to the Group to take up share options to subscribe for shares subject to the terms and conditions stipulated in the share option scheme.

On 1 June 2010, the Company granted 250,000,000 share options to Mr. Chiau Sing Chi as his remuneration package to the service provided by him.

Details of share options granted to the Directors as at 31 March 2011 were as follows:

Name of Director	Date of grant	Number of options held as at 1 April 2010	Number of options granted during the period	Number of options exercised during the year	Number of options held as at 31 March 2011	Exercise Price HK$	Exercise period
Mr. Chan Cheong Yee	26 Aug 2009	10,000,000	–	–	10,000,000	0.1012	26 Aug 2009 – 25 Aug 2012
Mr. Keung Kwok Hung	26 Aug 2009	5,000,000	–	(5,000,000)	–	0.1012	26 Aug 2009 – 25 Aug 2012
Mr. Chiau Sing Chi	1 June 2010	–	250,000,000	–	250,000,000	0.1	1 Dec 2011 – 30 Sep 2013

Save as disclosed above, as at 31 March 2011, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, as at 31 March 2011, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short in the Shares or underlying Shares (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who is expected, directly and indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or (iii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Long position in the shares of the Company

Name of Shareholder	Number of Shares held	Approximate percentage of issued share capital of the Company	Number of Underlying shares held
Beglobal Investments Limited *(Note 1)*	905,000,000	29.46%	821,260,293
Emcom Limited *(Note 2)*	174,706,000	5.69%	–
Jolly King Limited *(Note 3)*	174,706,000	5.69%	–
Mr. Phang Wah *(Note 3)*	174,706,000	5.69%	–
Modern China Holdings Limited *(Note 4)*	174,706,000	5.69%	–
Mr. Chen Jijin *(Note 4)*	174,706,000	5.69%	–

Notes:

1. Beglobal Investments Limited is ultimately owned by the trustee of a discretionary trust, The Sino Star Trust. The discretionary objects of The Sino Star Trust include Mr. Chiau Sing Chi and his family.

2. The issued share capital of Emcom Limited is beneficially owned as to 75% by Mr. Phang Wah, 15% by Mr. Yong Wai Hong and 10% by Mr. Lee Pin Yeow. Mr. Yong Wai Hong was the former Chairman, Chief Executive Officer and Executive Director of the Company and resigned on 18 April 2009. Emcom Limited is a party acting in concert with Modern China Holdings Limited under section 317(1)(a) of the SFO. Therefore, Emcom Limited is deemed to be interested in 174,706,000 Shares. Emcom Limited is beneficially interested in 98,864,000 Shares or approximately 3.65% of the issued share capital of the Company.

3. Jolly King Limited holds 75% interest in Emcom Limited and is therefore entitled to exercise or control the exercise of one-third or more of the voting power of Emcom Limited. The entire issued share capital of Jolly King Limited is held by Mr. Phang Wah. By virtue of the SFO, Jolly King Limited and Mr. Phang Wah are deemed to be interested in 174,706,000 Shares.

4. Modern China Holdings Limited is wholly and beneficially owned by Mr. Chen Jijin who was formerly the chairman and an executive Director. Modern China Holdings Limited is a party acting in concert with Emcom Limited under section 317(1)(a) of the SFO. Therefore, Modern China Holdings Limited is deemed to be interested in 174,706,000 Shares. Modern China Holdings Limited is beneficially interested in 75,842,000 Shares or 2.80% of the issued share capital of the Company.

SHARE OPTIONS SCHEME

The Company's share option scheme was adopted pursuant to written resolutions passed on 19 October 2002 (the "Scheme") for the primary purpose of providing incentives to directors, eligible employees and participants who have contributed to the Group, and will expire in 12 November 2012. Under the Scheme, the board of directors of the Company may grant options to full-time or part-time employees including directors (executive and non-executive) and any advisor, consultant, supplier, distributor, contractor, agent, business partner, promoter, service provider or customer of the Company or any of its subsidiaries, to subscribe for shares in the Company.

The following share options were outstanding under the Scheme during the year:

Category	Date of grant	Number of options held as at 1 April 2010	Number of options granted during the year	Number of options exercised during the year	Number of options held as at 31 March 2011	Exercise price HK$	Exercise period
Directors	26 Aug 2009	15,000,000		(5,000,000)	10,000,000	0.1012	26 Aug 2009 – 25 Aug 2012
	1 Jun 2010	–	250,000,000	–	250,000,000	0.1000	1 Dec 2011 – 30 Sep 2012
Employees	30 Dec 2008	1,000	–	–	1,000	0.054	30 Dec 2008 – 29 Dec 2011
	26 Aug 2009	1,500,000	–	(1,000,000)	500,000	0.1012	26 Aug 2009 – 25 Aug 2012
	20 Aug 2010	–	24,000,000	–	24,000,000	0.246	20 Aug 2010 – 19 Aug 2016
Advisors	24 Feb 2009	18,000,000	–	(4,000,000)	14,000,000	0.072	24 Feb 2009 – 23 Feb 2012
	26 Aug 2009	65,000,000	–	(25,000,000)	40,000,000	0.1012	26 Aug 2009 – 25 Aug 2012
	20 Aug 2010	–	18,000,000	–	18,000,000	0.246	20 Aug 2010 – 19 Aug 2016
Total		99,501,000	292,000,000	(35,000,000)	356,501,000		

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES" and "SHARE OPTIONS SCHEME" above, none of the Directors or employees of the Group or their associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 31 March 2011.

CONNECTED TRANSACTIONS

(i) During the Year, High Amuse Limited ("High Amuse"), a wholly-owned subsidiary of the Company, has entered into acquisition agreement to acquire (i) Sales Shares of Raxco Assets Corp. ("Raxco") (representing 100% equity interest of Raxco) ;and (ii) the shareholder's loan in the sum of HK$56,638,000 (the "Sale Loan")(representing the entire shareholders' loan due from Raxco) from Teamgreat Investments Limited ("Teamgreat"). Teamgreat is beneficially owned by the discretionary trust founded by Mr. Chiau Sing Chi, a director of the Company, thus a connected person of the Company.

The consideration for the sale and purchase of the Raxco Sale Shares and the Sale Loan shall be HK$10, payable in cash.

(ii) During the Year, Ngai Wah Associates Limited ("Ngai Wah"), which is a beneficiary owned by Ms. Kelly Chow, a sister of Mr. Chiau Sing Chi, and it is defined as connected person under GEM Listing Rules, agreed to transfer all profits generated from intellectual property rights in relation to the production of the animation film to High Amuse. High Amuse did not need to pay any consideration to Ngai Wah for the profit transfer deed.

In additional, High Amuse entered into the license agreement with Entrance Gate Limited ("Entrance Gate") in relation to 10% royalty is payable by High Amuse to Entrance Gate in cash on the use, application or exploitation of the intellectual property rights licensed to the High Amuse under the license agreement. Entrance Gate is an independents third party of the Company. However, the license agreement between Entrance Gate and High Amuse are inter-conditional with the following connected transaction/continuing connected transaction including (i) service agreement for the appointment of Mr. Chiau Sing Chi, director of the Company; (ii) the profit transfer deed between Ngai Wai and High Amuse and (iii) acquisition agreement between High Amuse and the shareholders of Raxco Assets Corp. before the effective of the acquisition agreement. Thus, royalty fee payable to Entrance Gate in relation to the license agreement is disclosed as continuing connected transaction During the Year, the royalty payable to Entrance Gate amounting to approximately HK$87,000 (2010: Nil).

The independent non-executive directors confirm that the above transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement, if any, governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor has confirmed to the Board that the above transactions have approved by the Board, are in accordance with the pricing policies of the Company, have been entered into in accordance with the relevant agreement governing the transactions and the aggregate amount of approximately HK$87,000 have not exceeded the annual cap disclosed in the Company's circular dated 3rd May, 2010

COMPETING INTEREST

None of the Directors, the management shareholders or the 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 interest with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 46 to the financial statements.

AUDITORS

The financial statements have been audited by Graham H.Y. Chan & Co. and a resolution for their reappointment as the Company's auditors for the upcoming year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Cheong Yee
Executive Director

Hong Kong, 28 June 2011

INDEPENDENT AUDITOR'S REPORT

陳浩賢會計師事務所

GRAHAM H.Y. CHAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS (Practising)
HONG KONG

TO THE SHAREHOLDERS OF BINGO GROUP HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Bingo Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 119, which comprise the consolidated and Company's statements of financial position as at 31 March 2011, and the consolidated income statement, 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 CONSOLIDATED 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.

AUDITOR'S 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 as to whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

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 auditor's 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 auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of 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.

Graham H.Y. Chan & Co.
Certified Public Accountants *(Practising)*
Unit 1, 15/F, The Center,
99 Queen's Road Central,
Hong Kong

28 June 2011

CONSOLIDATED INCOME STATEMENT

For the Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Continuing operations			
Turnover	6	**557,637**	687,987
Cost of sales		**(546,373)**	(676,631)
Operating cost		**(4,563)**	(7,391)
Gross profit		**6,701**	3,965
Reimbursement from licensor		**–**	3,347
Gain arising on change in fair value of investment properties		**–**	20,000
Gain on disposal of subsidiaries	37	**15,540**	–
Other revenue and other net income	7	**334**	48
Selling expenses		**(5,608)**	(33)
Administrative expenses		**(50,536)**	(41,986)
Share-based payments	45	**(124,202)**	(8,950)
Other losses	11	**(1,368)**	(24,322)
Share of loss of associates	21	**(13)**	(84)
Finance costs	8	**(7,610)**	(4,820)
Loss before taxation		**(166,762)**	(52,835)
Taxation	14	**9,841**	(2,719)
Loss for the year from continuing operations	11	**(156,921)**	(55,554)
Discontinued operations			
Profit for the year from discontinued operations	9	**–**	22,042
Loss for the year		**(156,921)**	(33,512)
Loss attributable to:			
Owners of the Company	15	**(156,921)**	(32,916)
Non-controlling interests		**–**	(596)
		(156,921)	(33,512)
Loss per share (cents per share)	17		
From continuing and discontinued operations			
Basic:		**(5.34)**	(1.50)
Diluted		**N/A**	N/A
From continuing operations			
Basic:		**(5.34)**	(2.51)
Diluted		**N/A**	N/A

Details of dividend payable to owners of the Company are set out in note 16.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Loss for the year		**(156,921)**	(33,512)
Other comprehensive loss			
Exchange differences on translating foreign operations			
– Exchange differences arising during the year		**(53)**	(290)
– Reclassification adjustment relating to foreign operations disposed during the year		**(58)**	(3,366)
Other comprehensive loss for the year, net of tax		**(111)**	(3,656)
Total comprehensive loss for the year		**(157,032)**	(37,168)
Total comprehensive loss attributable to:			
Owners of the Company		**(157,032)**	(36,572)
Non-controlling interests		**–**	(596)
		(157,032)	(37,168)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000 (restated)	As at 1 April 2009 HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment	18	578	2,182	3,039
Goodwill	19	15,060	7,556	2,700
Deferred tax assets	33	803	–	–
		16,441	9,738	5,739
CURRENT ASSETS				
Inventories	22	24,710	–	15,050
Trade receivables	23	322	1,177	5,395
Other receivables, deposits and prepayments	24	4,262	54,245	5,307
Security deposit to a related company		–	–	800
Pledged bank deposit		–	–	150
Film in progress	25	8,389	–	–
Bank balances and cash	26	116,765	9,796	15,324
		154,448	65,218	42,026
Assets classified as held for sale	10	–	320,000	578
		154,448	385,218	42,604
CURRENT LIABILITIES				
Trade payables	27	–	8,236	2,740
Deposits received, other payables and accruals	28	34,090	61,589	20,899
Promissory note		–	–	900
Amount due to an associate	21	–	147	63
Amount due to non-controlling interests	29	–	483	966
Tax payables		736	631	313
Obligation under finance lease	30	–	83	–
Bank loans, secured	31	–	155,000	–
Convertible bonds	32	49,182	–	–
		84,008	226,169	25,881
Liabilities associated with assets classified as held for sale	10	–	–	19,185
		84,008	226,169	45,066
NET CURRENT ASSETS/(LIABILITIES)		70,440	159,049	(2,462)
TOTAL ASSETS LESS CURRENT LIABILITIES		86,881	168,787	3,277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000 (restated)	As at 1 April 2009 HK$'000 (restated)
NON-CURRENT LIABILITIES				
Obligation under finance lease	*30*	–	111	–
Convertible bonds	*32*	8,156	72,645	–
Deferred tax liability	*33*	–	9,061	–
		8,156	81,817	–
NET ASSETS		78,725	86,970	3,277
CAPITAL AND RESERVES				
Share capital	*34*	61,431	54,231	32,590
Reserves	*35*	17,294	32,981	(29,545)
		78,725	87,212	3,045
Non-controlling interests		–	(242)	232
TOTAL EQUITY		78,725	86,970	3,277

The financial statements on pages 28 to 119 were approved and authorised for issue by the board of directors on 28 June 2011 and are signed on its behalf by:

Chan Cheong Yee
DIRECTOR

Yik Chok Man
DIRECTOR

STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	136	–
Interests in subsidiaries	20	173,219	157,038
		173,355	157,038
CURRENT ASSETS			
Other receivables, deposits and prepayments	24	2,203	443
Bank balances and cash		114,069	2
		116,272	445
CURRENT LIABILITIES			
Other payables and accruals	28	4,321	3,504
Amounts due to subsidiaries	20	147,069	1,649
Convertible bonds	32	49,182	–
		200,572	5,153
NET CURRENT LIABILITIES		(84,300)	(4,708)
TOTAL ASSETS LESS CURRENT LIABILITIES		89,055	152,330
NON CURRENT LIABILITIES			
Convertible bonds	32	8,156	72,645
NET ASSETS		80,899	79,685
CAPITAL AND RESERVES			
Share capital	34	61,431	54,231
Reserves	35	19,468	25,454
TOTAL EQUITY		80,899	79,685

Chan Cheong Yee
DIRECTOR

Yik Chok Man
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 March 2011

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Equity component of convertible note HK$'000	Share options reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2009	32,590	132,897	3,930	–	2,644	3,714	(172,730)	3,045	232	3,277
Loss for the year	–	–	–	–	–	–	(32,916)	(32,916)	(596)	(33,512)
Other comprehensive loss for the year	–	–	–	–	–	(3,656)	–	(3,656)	–	(3,656)
Total comprehensive loss for the year	–	–	–	–	–	(3,656)	(32,916)	(36,572)	(596)	(37,168)
Share consideration of HK$0.02 each for acquisition of subsidiary	15,000	60,000	–	–	–	–	–	75,000	–	75,000
Issue of new shares of HK$0.02 each completed on 14 October 2009	3,000	12,000	–	–	–	–	–	15,000	–	15,000
Issue of ordinary shares under share option scheme	3,641	16,895	–	–	(6,669)	–	–	13,867	–	13,867
Issuing expenses	–	(280)	–	–	–	–	–	(280)	–	(280)
Issue of convertible bonds on 7 October 2009	–	–	–	8,202	–	–	–	8,202	–	8,202
Equity-settled share option arrangement	–	–	–	–	8,950	–	–	8,950	–	8,950
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	122	122
At 31 March 2010	54,231	221,512	3,930	8,202	4,925	58	(205,646)	87,212	(242)	86,970
Loss for the year	–	–	–	–	–	–	(156,921)	(156,921)	–	(156,921)
Other comprehensive loss for the year	–	–	–	–	–	(111)	–	(111)	–	(111)
Total comprehensive loss for the year	–	–	–	–	–	(111)	(156,921)	(157,032)	–	(157,032)
Issue of convertible bonds on 1 June 2010	–	–	–	85,910	–	–	–	85,910	–	85,910
Issue of ordinary shares under convertible bonds	6,500	24,662	–	(3,076)	–	–	–	28,086	–	28,086
Issue of new shares of HK$0.02 each under share option scheme	700	4,467	–	–	(1,741)	–	–	3,426	–	3,426
Equity settled share option arrangement	–	–	–	–	31,123	–	–	31,123	–	31,123
Disposal of subsidiaries	–	–	–	–	–	–	–	–	242	242
At 31 March 2011	61,431	250,641	3,930	91,036	34,307	(53)	(362,567)	78,725	–	78,725

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year:		(156,921)	(33,512)
Adjustments for:			
Income tax (credit)/expenses		(9,841)	2,719
Finance costs recognised in profit or loss		7,610	4,820
Interest income		(152)	(4)
Share of loss of an associate		13	84
Gain on disposal of a subsidiary		(15,540)	(22,439)
Gain arising on change in fair value of investment properties		–	(20,000)
Depreciation and amortisation		1,102	1,225
Write off of property, plant and equipment		–	381
Impairment loss in respect of property, plant and equipment		–	1,033
Impairment loss in respect of goodwill		–	5,465
Write down of inventory		–	14,402
Impairment loss in respect of trade and other receivables, deposits and prepayments		–	2,577
Loss on disposal of property, plant and equipment		12	867
Share-based payments		124,202	8,950
Operating cash flows before working capital changes		(49,515)	(33,432)
(Increase)/Decrease in inventories		(24,710)	648
Decrease in trade receivables		393	4,538
Decrease/(Increase) in other receivables, deposits and prepayments		48,761	(50,321)
Increase in film in progress		(8,389)	–
Decrease in security deposit to a related company		–	800
(Decrease)/Increase in trade payables		(2,748)	3,115
Increase/(Decrease) in other payables, accruals and deposit received		24,301	(11,354)
Decrease in amount due to non-controlling interests		–	(483)
CASH USED IN OPERATION		(11,907)	(86,489)
Tax paid		(55)	(222)
NET CASH USED IN OPERATING ACTIVITIES		(11,962)	(86,711)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	36	195	52
Refund of investment costs		791	–
Decrease in pledged bank deposit		–	150
Purchase of property, plant and equipment		(382)	(525)
Proceeds from disposal of property, plant and equipment		40	94
Deposit received in respect of sale of investment properties		117,600	48,000
Net cash outflow from disposal of subsidiaries	37	(203)	(79)
Interests received		152	4
NET CASH FROM INVESTING ACTIVITIES		118,193	47,696
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Net proceeds from placement of new shares		–	14,720
Proceeds from shares issued under share option scheme		3,426	13,867
Repayment of promissory notes		–	(900)
Bank loans arised		–	7,925
Repayment of bank loan		(600)	–
Repayment of finance lease		(35)	(56)
Interest on finance lease paid		(4)	(6)
Bank interest paid		(1,996)	(1,967)
NET CASH GENERATED FROM FINANCING ACTIVITIES		791	33,583
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		107,022	(5,432)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		9,796	15,403
Effect of foreign exchange rate changes		(53)	(175)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	116,765	9,796

NOTES TO FINANCIAL STATEMENTS

For the Year ended 31 March 2011

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 20 to the financial statements.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the head office and principal place of business of the Company in Hong Kong is located at Room 1201-1204, 12th Floor, Sea Bird House, 22-28 Wyndham Street, Central, Hong Kong. The Company has its primary listing on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group is set out below. These financial statements have been prepared under historical cost convention except for certain financial instruments and investment properties which are measured at fair value, as explained in the accounting policies set out below.

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the company's financial year beginning on 1 April 2010.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the borrower of a Term Loan that Contains a Repayment on Demand Clause

HKAS 27 (as revised in 2008) "Consolidated and Separate Financial Statements" and HKFRS 3 (as revised in 2008) "Business Combinations"

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

The Group applies HKFRS 3 (as revised in 2008) prospectively to business combinations for which the acquisition date is on or after 1st April, 2010. The requirements in HKAS 27 (as revised in 2008) in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st April, 2010.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

- HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The application of HKFRS 3 (as revised in 2008) has no material effect on the financial statements of the Group for the current year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

As a result of the amendments to HKAS 27, as from 1st April, 2010, any losses incurred by a non wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated. The application of this new accounting policy does not have any effect on the allocation of losses to the non-controlling interests in the current period as none of the non controlling interests have a deficit balance.

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities irrespective of the probability that the lender will invoke the clause without cause. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. Under the new policy, term loans with a repayment on demand clause are classified as current liabilities in the statement of financial position. Previously, such term loans were classified in accordance with the agreed scheduled repayment dates set out in the loan agreements unless the Group had breached any of the loan covenants set out in the agreements as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1st April, 2009, with consequential reclassification adjustments to comparatives for the year ended 31st March, 2010. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

	At 31st Match 2011 HK$'000	At 31st March 2010 HK$'000	At 31st March 2009 HK$'000
Increase (decrease) in			
Current liabilities			
Bank loans, secured	–	76,800	–
Non-current liabilities			
Bank loans, secured	–	(76,800)	–
	–	–	–

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities (see note 3).

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First– time Adopters[6]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related party Disclosures[5]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of Minimum Funding Requirement[5]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 January 2011.
6 Effective for annual periods beginning on or after 1 July 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. It is required to be applied retrospectively, but if adopted prior to 1 January 2012, an entity will be exempt from the requirement to restate prior period comparative information. The Group is presently studying the implications of applying HKFRS 9. It is impracticable to quantify the impact of HKFRS 9 as at the date of publication of these financial statements.

The Group anticipates that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the net assets of consolidated subsidiaries consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Allocation of total comprehensive income to noncontrolling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1st January, 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1st April, 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1st January, 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Business combinations

Business combinations that took place on or after 1st April, 2010

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

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

i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;

ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree’s share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date; and

iii) assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Noncurrent Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Business combinations (Continued)

Business combinations that took place prior to 1st April, 2010

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

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

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

d) Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the jointly controlled entity's net assets, unless it is classified as held for sale. The Group's share of the post-acquisition, post-tax results of the jointly controlled entities and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity. For this purpose, the Group's interest in the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Investment in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit and loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Where a Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except to the extent that unrealized losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

In the Company's statement of financial position, investment in an associate is stated at cost less provision for impairment loss. The result of associate is accounted for by the Company on the basis of dividends received and receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Non-current assets held for sale and discontinued operations

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Except for certain assets as explained below, non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and jointly controlled entity) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent re-measurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

i) the post-tax profit or loss of the discontinued operation; and

ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Property, plant and equipment

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

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to profit or loss. Improvements are capitalised and depreciated over their expected useful lives.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Depreciation is calculated on the straight-line basis to write-off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Computers	25%
Leasehold improvement	Over the shorter of the lease terms and 20%
Motor vehicles	20%
Furniture, fixtures and equipment	20%
Plant and machinery	10%
Moulds	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property. Investment properties are stated in the consolidated statements of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

j) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Intangible assets (Continued)

Research and development expenditures (continued)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on a first-in, first-out basis, comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments

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

Financial assets

The Group's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a jointly controlled entity, security deposit to a related company, pledged bank deposits and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses, (see accounting policy on impairment loss on financial assets below), unless the effect of discounting would be immaterial, in which case they are stated at cost less provision for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments (Continued)

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all the Group's financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments (Continued)

Impairment loss on financial assets (continued)

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

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss and other financial liabilities. The Group classifies its financial liabilities into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and accruals, amounts due to group companies and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments (Continued)

Convertible note

Convertible notes issued by the Company that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

An initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of the fair value of the compound instrument over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible loan notes equity reserve until either the note is converted or redeemed.

If the note is converted, the convertible loan note equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible loan notes equity reserve is released directly to retained profits.

Equity instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments (Continued)

Financial guarantee

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

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

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(o) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in other payables and accruals in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

Derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Impairment of other assets other than goodwill (see the accounting policy in respect of goodwill above)

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets;

– investments in subsidiaries;

– investment in an associate and

– investment in a jointly controlled entity.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Impairment of other assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Reversal of impairment losses

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Interim financial reporting and impairment

Under the GEM Listing Rules, the Company is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale financial asset carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

n) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash and cash equivalents include investments and advances denominated in foreign currencies provide that they fulfill the above criteria.

For the purposes of the statement of cash flows, cash and cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

NOTES TO FINANCIAL STATEMENTS

For the Year ended 31 March 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Provisions and contingent liabilities

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

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

p) Leases

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

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

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

Lease where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and these benefits can be measured reliably.

(i) Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Income in respect of management services is recognised when the services are rendered.

(iii) Royalty income from the sub-licensing of programme right and intellectural property right is recognised on an accrual basis evenly over the contract period.

(iv) Rental income from counter sales is recognised when the goods are sold.

(v) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

r) Reimbursement from licensor

Pursuant to the agreement between the licensor of the shopping mall and the Group, the licensor will reimburse the Group all actual and renewable costs and expenses paid by the Group in connection with fulfillment of the obligation of the Group on the condition that the prior written approval of the licensor is obtained. Reimbursement from licensor is recognised when the relevant expenses incurred are certain to be reimbursable by the licensor and is presented as a separate item in the consolidated income statement.

s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity, respectively.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Income tax (Continued)

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

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

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

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

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

t) Films in progress

Films in progress represents films and televisions drama series under production and is stated at cost incurred to date, less any identified impairment loss. Cost is transferred to film rights upon completion.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Retirement benefit costs

Payments to Mandatory Provident Fund Scheme and state-managed retirement benefit schemes which are defined contribution schemes are charged as an expense when employees have rendered service entitling them to the contributions.

v) Share-based payment arrangement

Share options granted to directors and employees in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Share options granted to advisers

For share options granted to advisers in exchange for services, they are measured at the fair value of the services received. If the entity cannot estimate reliably the fair value of the services received, the entity shall measure their value, indirectly, by reference to the fair value of the equity instruments granted. The fair values of the services are recognised as expenses immediately, unless the services qualify for recognition as assets, with corresponding increase in equity (share options reserve).

w) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x) Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

From 1st January, 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y) Related parties

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

(i) directly, or indirectly through one or more intermediaries, the party:

- control, is controlled by, or is under common control with, the Group;
- has an interest in the Company that gives it significant influence over the Group; or
- has joint control over the Group

(ii) the party is a member of key management personnel of the Company;

(iii) the party is a close member of the family of any individual referred to in (i) and (ii);

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

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

z) 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 executive directors that make strategic decisions.

3. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amounts of each of the categories of the Group and the Company's financial assets and liabilities as at the end of the reporting period are as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)				
Trade receivables	**322**	1,177	**–**	–
Financial assets included in other receivables, deposits and prepayments	**3,629**	49,400	**1,946**	285
Amounts due from subsidiaries	**–**	–	**132,060**	115,087
Bank balance and cash	**116,765**	9,796	**114,069**	2
	120,716	60,373	**248,075**	115,374
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade payables	**–**	8,236	**–**	–
Financial liabilities included in deposits received, other payables and accruals	**8,743**	8,126	**3,952**	3,037
Amounts due to subsidiaries	**–**	–	**147,069**	1,649
Amount due to associates	**–**	147	**–**	–
Amount due to non-controlling interests	**–**	483	**–**	–
Obligation under finance lease	**–**	194	**–**	–
Bank loan, secured	**–**	155,000	**–**	–
Convertible bonds	**57,338**	72,645	**57,338**	72,645
	66,081	244,831	**208,359**	77,331

3. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales, purchases and recognised assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and Renminbi.

The Group currently does not expect any significiant movements in the exchange rate of USD to HKD and it is mainly exposed to the effects of fluctuation in RMB. The Group currently does not have a foreign currency hedging policy, however, the management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	2011		2010	
	USD'000	**RMB'000**	USD'000	RMB'000
Assets	**113**	**53,089**	2,290	629
Liabilities	**–**	**(3,467)**	–	(7,607)

The following table details the Group sensitivity to a 3% increase and decrease in HKD dollars against RMB. The sensitivity analysis includes outstanding foreign currency denominated monetary items. A positive number below indicates an increase in profit where HKD weaken 3%. For a 3% strengthening of the HKD against RMB, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Impact of RMB
Sensitivity rate	3%
Profit after tax and retained earnings	1,268

This is mainly attributable to the exposure to cash and cash equivalents denominated in RMB.

3. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Foreign currency risk (continued)

It is assumed that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to foreign exchange risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. It is also assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. There was no significant effect on the Group's result for 2010 in response to reasonably possible changes in the foreign exchange rates to which the Group had exposure at the end of the reporting period.

(ii) Interest rate risk

The Group is exposed to the cash flow interest rate risk and fair value interest rate risk due to its bank deposits and borrowings, respectively, carrying interest at variable and fixed rates which are disclosed in notes 26, 30, 31 and 32 to the financial statements respectively. The Group currently does not have an interest rate hedging policy and does not use any derivative instruments to reduce its economic exposure to the changes in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable-rate bank deposits and borrowings. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting period interest rate risk internally to key management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2011 would increase/decrease by HK$613,000 (2010: decrease/increase by HK$1,469,000). This mainly attributable to the Group's exposure to interest rates on its variable rate bank deposits and borrowings.

3. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Credit risk

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

Cash at bank are placed with high-credit-quality institutions and directors of the Group consider that the credit risk for such is minimal.

In respect of trade receivables, credit evaluations are performed on all customers requiring credit over a certain amount. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

In order to minimise the credit risk in respect of deposit, trade and other receivables, the Group reviews the recoverable amount at the end of each reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At 31 March 2011, the Group has a certain concentration of credit risk as 55% of the total trade and other receivables was due from a major customer of the Group. (2010: 24% of the trade receivables was due from the Group's five largest customers and 88% of the total other receivables, deposits and prepayments was deposit held by the legal adviser of the Company on behalf of the Group).

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk from trade and other receivables are set out in notes 23 and 24 to the financial statements.

3. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates current at the end of the reporting period) and the earliest date the company can be required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

The Group

	2011					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade payables	–	–	–	–	–	–
Financial liabilities included in other payables and accruals	8,743	8,743	8,743	–	–	–
Convertible notes	57,338	96,188	51,188	–	–	45,000
Amount due to an associate	–	–	–	–	–	–
Amount due to non-controlling interest	–	–	–	–	–	–
Obligation under finance lease	–	–	–	–	–	–
Bank loans	–	–	–	–	–	–
	66,081	104,931	59,931	–	–	45,000

3. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk (continued)

The Group (Continued)

	2010					
	Carrying amount (Restated) HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Trade payables	8,236	8,236	8,236	–	–	–
Financial liabilities included in other payables and accruals	8,126	8,126	8,126	–	–	–
Convertible notes	72,645	81,900	–	81,900	–	–
Amount due to an associate	147	147	147	–	–	–
Amount due to non-controlling interest	483	483	483	–	–	–
Obligation under finance lease	194	216	93	92	31	–
Bank loans	155,000	156,874	156,874	–	–	–
	244,831	255,982	173,959	81,992	31	–

The Company

	2011					2010				
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000	More than 5 years HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'000	More than 5 years HK$'000
Financial liabilities included in other payables and accruals	3,952	3,952	3,952	–	–	3,037	3,037	3,037	–	–
Convertible notes	57,338	96,188	51,188	–	45,000	72,645	81,900	–	81,900	–
Amounts due to subsidiaries	147,069	147,069	147,069	–	–	1,649	1,649	1,649	–	–
	208,359	247,209	202,209	–	45,000	77,331	86,586	4,686	81,900	–

3. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

The fair values of debt elements of convertible notes is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as inputs.

The carrying amounts of the group's and the company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2011 and 2010.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. 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) Useful lives of property, plant and equipment and intangible assets (other than goodwill)

The Group's management determines the estimated useful lives and related depreciation and amortization charges for its property, plant and equipment and intangible assets (other than goodwill). This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry activities. Management will increase the depreciation and amortization charges where useful lives are less than previously estimated lives or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Periodic review could result in a change in depreciable and amortization lives and therefore depreciation and amortization expense in future periods.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

b) Impairment of trade and other receivables

The Group makes impairment loss on doubtful debts based on an assessment of the recoverability of trade receivables and other receivables. Impairment is applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

c) Estimated net realisable value of inventories

The Group determines the write-down for slow-moving or obsolete inventories based on an assessment of the net realisable value of the inventories. Write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and inventory expenses in the period in which such estimate has been changed.

d) Impairment of goodwill

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

e) Valuation of share options and convertible bonds granted

The fair value of share option granted and convertible bonds were calculated using the binomial pricing model based on the Group's management's significant inputs into calculation the volatility of share price, weighted average share prices and exercise price of the share options granted. Furthermore, the calculation assumes nil future dividends.

f) Realisation of deferred tax assets

Deferred tax assets relating to tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The Group's operating business are structured and managed separately according to the nature of their operations.

For management purposes, the Group is organised into three operating segments:

Trading – Sales and trading of coal and crude oil

Property holding and management – Property holding and provision of property management services

Filmed entertainment, online games and licensing businesses – Movie production, licensing and derivatives, crossover marketing, provision of interactive contents, artist development and last miles engagement

The revenue from external customers reported to the management is measured in a manner consistent with that in the income statement. Revenue between segments are carried out on terms equivalent to those that prevail in arm's length transactions.

Segment result represents the profit or loss by each segment without allocation of central administration costs including directors' salaries, share of loss of associates, investment and other income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

	Year ended 31 March 2011				Year ended 31 March 2010		
	Trading HK$'000	Property Holding and Management HK$'000	Filmed Entertainment, Online Games and Licensing Businesses HK$'000	Total HK$'000	Trading HK$'000	Property Holding and Management HK$'000	Total HK$'000
Segment Revenue							
Reportable segment revenue	547,359	8,199	2,079	557,637	678,730	9,257	687,987
Inter-segment revenue	–	–	–	–	–	–	–
Revenue from external customers (continuing operations)	547,359	8,199	2,079	557,637	678,730	9,257	687,987
Segment Result							
Reportable segment result	986	3,790	1,925	6,701	(18,181)	(16,937)	(35,118)
Interest income				152			4
Gain an disposal of subsidiaries				15,540			–
Gain arising on change in fair value of investment properties				–			20,000
Unallocated corporate expenses				(57,330)			(23,867)
Share of loss of an associate				(13)			(84)
Share-based payments				(124,202)			(8,950)
Finance cost				(7,610)			(4,820)
Loss before taxation (continuing operations)				(166,762)			(52,835)
Segment Assets							
Reportable segment assets	25,563	8,083	9,344	42,990	8,255	380,161	388,416
Deferred tax assets				803			–
Unallocated corporate assets				127,096			6,540
Consolidated total assets				170,889			394,956
Segment Liabilities							
Reportable segment liabilities	24,837	1,625	719	27,181	5,599	60,142	65,741
Amount due to an associate				–			147
Amount due to non-controlling interests				–			483
Tax payables				736			632
Obligation under finance lease				–			194
Deferred tax liabilities				–			9,061
Convertible bonds				57,338			72,645
Bank loan, secured				–			155,000
Unallocated corporate liabilities				6,909			4,083
Consolidated total liabilities				92,164			307,986

5. SEGMENT INFORMATION (CONTINUED)

For the purposes of monitoring segment information and allocating resources between segment:

– all assets are allocated to reportable segments other than interest in an associate, deferred tax assets and unallocated corporate assets. Goodwill is allocated to reportable segments as described in note 19.

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, amount due to an associate and non-controlling interests, borrowings and unallocated corporate liabilities.

Other segment information:

	Year ended 31 March 2011				Year ended 31 March 2010		
	Trading HK$'000	Property Holding and Management HK$'000	Filmed Entertainment, Online Games and Licensing Businesses HK$'000	Total HK$'000	Trading HK$'000	Property Holding and Management HK$'000	Total HK$'000
Additions to non-current assets	–	–	–	–	55	698	753
Interest income	–	16	–	16	–	1	1
Finance costs	–	2,000	–	2,000	–	1,786	1,786
Depreciation and amortisation	–	999	77	1,076	288	413	701
Loss on disposal of property, plant and equipment	–	12	–	12	778	–	778
Write down of inventory	–	–	–	–	14,402	–	14,402
Impairment on goodwill	–	–	–	–	–	5,465	5,465

5. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services:

The Group's revenue from continuing operations from its major products and services were as follows:

	2011 HK$'000	2010 HK$'000
Sales of palm oil and coal	547,359	668,628
Sales of computer hardware and relevant peripherals	-	10,102
Property management fee income	3,673	2,619
Rental income	4,526	6,638
Royalty income	2,079	–
	557,637	687,987

Geographical information:

The Group is domiciled in Hong Kong. The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or services. The geographical location of the non-current assets is based on the physical location of assets in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of Goodwill. Revenue from continuing operations from external customers and information about non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
PRC (including Hong Kong)	10,278	18,565	15,638	9,738
Taiwan	-	761	-	–
Singapore	244,429	387,760	-	–
Indonesia	213,668	280,901	-	–
Others	89,262	–	-	–
	557,637	687,987	15,638	9,738

5. SEGMENT INFORMATION (CONTINUED)

Information about major customers:

Included in revenues arising from sales of palm oil and coal of HK$547 million (2010: HK$669 million) are revenues of approximately HK$214 million (2010: HK$281 million) which arose from sales to the Group's largest customer.

Revenue from major customers:

The group's sales to customers which accounted for 10% or more of its total revenue are as follows:

	2011 HK'000	2010 HK'000
Customer A	213,668	280,901
Customer B	179,871	197,132
Customer C	89,262	N/A
Customer D	N/A	179,850
	482,801	657,883

The sales to customer A, B, C and D are included in the segment of trading.

6. TURNOVER

An analysis of Group's turnover for the year from operations, is as follows:

	2011 HK$'000	2010 HK$'000
Revenue from sales of goods	547,359	678,730
Revenue from rendering of services	8,199	9,257
Royalty income	2,079	–
	557,637	687,987

7. OTHER REVENUE AND OTHER NET INCOME

	2011 HK$'000	2010 HK$'000
Interest income	152	44
Others	182	4
	334	48

8. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Continuing operations		
Bank loan interest	1,996	1,967
Effective interest on convertible bonds	5,610	2,847
Finance lease charges	4	6
	7,610	4,820

9. DISCONTINUED OPERATIONS

In 2010, the Group had discontinued its business of manufacturing and telecommunication. The disposal is consistent with the Group's long term policy to reallocate and consolidate scarce financial resources and management time to other business segments.

On 30 June 2009, the Board of Directors agreed to dispose the entire 100% shareholding interest in Photar International Limited, the Group's manufacturing business which involved the manufacturing and sale of Mobile phones and DVD players. The gain on disposal of the manufacturing business for the year amounted to HK$22,439,000. Details of the assets and liabilities disposed of are disclosed in note 37.

The combined results and cash flows of the discontinued operations (i.e. manufacturing business and telecommunication service) included in the consolidated income statement and the consolidated statement of cash flows are set out below.

9. DISCONTINUED OPERATIONS (CONTINUED)

	2011 HK$'000	2010 HK$'000
Profit for the year from discontinued operations		
Revenue	–	–
Expenses	–	(25)
Gain on disposal of property, plant and equipment	–	9
Write off of property, plant and equipment	–	(381)
Loss before taxation	–	(397)
Taxation *(note 14)*	–	–
	–	(397)
Gain on disposal of subsidiaries	–	22,439
	–	22,042
Cash flows from discontinued operations		
Net cash used in operating activities	–	(25)
Net cash used in investing activities	–	(79)
Net cash used in financing activities	–	–
Net cash flows	–	(104)

10. NON-CURRENT ASSETS HELD FOR SALE

	HK$'000
Investment property held for sale	
Fair value as at 31 March 2010 and 1 April 2010	320,000
Disposal	(320,000)
Fair value as at 31 March 2011	–

Note i: During the year, the Group disposed of the property located in Kowloon at consideration of HK$320,000,000, to Success Build Limited. This transaction constituted a very substantial disposal and was approved by the shareholders at an extraordinary general meeting held on 16 August 2010, pursuant to Rules 19.06 of the GEM Listing Rules.

11. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations is arrived at after charging/(crediting):

	2011 HK$'000	2010 HK$'000
Auditor's remuneration	366	479
Cost of inventories sold	546,373	676,631
Direct operating expenses from investment properties that generated rental income during the year	4,409	7,391
Direct expenses of licensing business	154	–
Depreciation	1,102	1,225
– Owned assets	1,057	1,186
– Assets held under finance leases	45	39
Exchange loss	(98)	(311)
Other losses	1,368	24,322
– Impairment on property, plant and machinery	–	1,033
– Write down of inventory	–	14,402
– Impairment on goodwill	–	5,465
– Loss on acquisition of non-controlling interests	–	121
– Impairment on accounts receivables	344	–
– Impairment on other receivables, deposits and prepayments	–	2,425
– Write off of receivables and deposits	1,012	–
– Loss on disposal of property, plant and equipment	12	876
Operating lease rental in respect of rented premises	3,913	2,622
Research and development costs	–	204
Staff costs (including directors' remuneration)		
– Salaries and allowances	14,046	10,686
– Equity-settled share based payment	123,119	1,088
– Termination benefits	–	–
– Retirement scheme contributions	350	306

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the Company's directors for the year ended 31 March 2011 and 2010 were as follows:

	Year ended 31 March 2011			
	Directors' fee HK$'000	Salaries, allowances and other benefits HK$'000	Share based payment HK$'000	Total HK$'000
Executive directors				
Mr. Chiau Sing Chi *(note i)*	–	–	121,797	121,797
Mr. Chan Cheong Yee	180	–	–	180
Mr. Yik Chok Man	108	–	–	108
Mr. Keung Kwok Hung *(note ii)*	–	375	–	375
Non-executive director				
Mr. Chong Lee Chang	108	–	–	108
Mrs. Chin Chow Chung Hang, Roberta *(note iii)*	102	–	–	102
Independent non-executive directors				
Mrs. Chen Chou Mei Mei Vivien	108	–	–	108
Mr. Chum Kwan Yue, Desmond *(note iv)*	77	–	–	77
Mr. Wong Chak Keung *(note iv)*	77	–	–	77
Ms. Tsang Fung Chu *(note v)*	29	–	–	29
Mr. Wong Chi Keung Patrick *(note v)*	29	–	–	29
Mr. Leung Ka Kui Johnny *(note vi)*	42	–	–	42
	860	375	121,797	123,032

12. DIRECTOR'S EMOLUMENTS (CONTINUED)

	Year ended 31 March 2010			
	Directors' fee HK$'000	Salaries, allowances and other benefits HK$'000	Share based payment HK$'000	Total HK$'000
Executive directors				
Mr. Chan Cheong Yee	177	–	544	721
Mr. Keung Kwok Hung	–	630	435	1,065
Mr. Yik Chok Man	40	–	–	40
Mr. Yong Wai Hong	–	95	–	95
Mr. Lam Kwok Ho	27	–	–	27
Non-executive director				
Mr. Chong Lee Chang	84	–	–	84
Independent non-executive directors				
Ms. Tsang Fung Chu	84	–	–	84
Mr. Wong Chi Keung Patrick	84	–	–	84
Mr. Leung Ka Kui Johnny	47	–	–	47
Ms. Chen Chou Mei Mei Vivien	40	–	–	40
Mr. Tsang Zee Ho Paul	40	–	–	40
	623	725	979	2,327

Note:

(i) Appointed on 1 June 2010

(ii) Resigned on 23 July 2010

(iii) Appointed on 27 May 2010

(iv) Appointed on 9 August 2010

(v) Resigned on 6 August 2010

(vi) Resigned on 30 September 2010

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals in the Group with the highest emoluments, two (2010: two) are directors of the Company whose emoluments are disclosed above. The emoluments of the remaining three individuals (2010: three), are as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	2,737	1,166
Retirement scheme contributions	30	20
Staff Share based payment expenses	1,322	–
	4,089	1,186

Analysis of emoluments of the five highest paid individuals (including directors and other employees) by emolument range is as follows:

	Number of employees	
	2011	2010
Not exceeding HK$1,000,000	3	4
Exceeding HK$1,000,000 but not exceeding HK$1,500,000	–	1
Exceeding HK$2,500,000 but not exceeding HK$3,000,000	1	–
Exceeding HK$121,500,000 but not exceeding HK$122,000,000	1	–

During the years ended 31 March 2010 and 2011, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join the Group or as compensation for loss of office. In addition, during the years ended 31 March 2010 and 2011, no directors waived any emoluments.

14. TAXATION

	2011 HK$'000	2010 HK$'000
The taxation (credit)/charge comprises:		
Current tax		
Hong Kong	–	540
Overseas	23	–
Deferred tax *(note 33)*		
Current year	(9,864)	2,179
Tax recognised in profit or loss	(9,841)	2,719
Attributable to:		
Continuing operations	(9,841)	2,719
Discontinued operations	–	–
	(9,841)	2,719

No provision for Hong Kong profits tax has been made in the financial statements for the year ended 31 March 2011 since there is no assessable profit derived from Hong Kong for the year. Hong Kong profits tax was calculated at 16.5% of the estimated assessable profit for year ended 31 March 2010.

Taxes on profits assessable other than in Hong Kong are calculated at the rates of tax prevailing in the places in which the Group operates based on existing legislation, practices and interpretations thereof.

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

	2011 HK$'000	2010 HK$'000
Loss before taxation		
Continuing operations	(166,762)	(52,835)
Discontinued operations	–	22,042
	(166,762)	(30,793)
Tax at the statutory tax rate	(27,501)	(6,011)
Income not subject to taxation	(19,723)	(10,330)
Expenses not deductible for tax purpose	45,035	12,367
Effect of different tax rates of subsidiaries operating in other jurisdictions	169	(359)
Tax effect of unrecognised temporary difference	15	894
Tax effect of unrecognised tax loss	588	6,158
Tax effect of utilization of fair losses previously not recognised	(47)	–
Tax effect for reversal of deferred tax liability due to disposal of investment property	(8,377)	–
Taxation charge for the year	(9,841)	2,719

14. TAXATION (CONTINUED)

The tax charge relating to components of other comprehensive loss is as follows:

	2011			2010		
	Before tax HK$'000	Tax charge HK$'000	After tax HK$'000	Before tax HK$'000	Tax charge HK$'000	After tax HK$'000
Exchange difference on translating foreign operations:						
– Exchange differences arising during the year	53	–	53	290	–	290
– Reclassification adjustments relating to foreign operations disposed during the year	58	–	58	3,366	–	3,366
	111	–	111	3,656	–	3,656

15. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company for the year dealt with in the financial statements of the Company is a net loss of HK$147,331,000 (2010: HK$64,449,000).

16. DIVIDEND

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

17. LOSS PER SHARE

(i) Basic loss per share

	2011 HK Cent	2010 HK Cent
Basic loss per share		
From continuing operations	(5.34)	(2.51)
From discontinued operations	–	1.01
Total basic loss per share	(5.34)	(1.50)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2011 HK$'000	2010 HK$'000
Loss for the year attributable to owners of the Company	(156,921)	(32,916)
Less: Profit/(loss) for the year from discontinued operations used in the calculation of basic loss per share from discontinued operation	–	22,042
Loss used in the calculation of basic loss per share from continuing operations	(156,921)	(54,958)

	2011	2010
Weighted average number of ordinary shares for the purpose of basic loss per share	2,936,887,893	2,189,949,797

(ii) Diluted loss per share

Diluted loss per share for the year ended 31 March 2011 and 2010 are not presented as the effect of share option and convertible notes are anti-dilutive and are not included in the calculation of diluted loss per share for the years ended 31 March 2011 and 2010.

18. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold improvement HK$'000	Mould HK$'000	Plant and machinery HK$'000	Computers HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 April 2009	2,224	754	581	718	168	–	4,445
Additions	442	–	6	–	32	295	775
Acquired on acquisition of subsidiaries *(Note 36)*	1,680	–	–	266	705	–	2,651
Disposal	(2,229)	–	–	(117)	(190)	–	(2,536)
Exchange difference	5	–	2	2	–	–	9
At 31 March 2010 and 1 April 2010	2,122	754	589	869	715	295	5,344
Additions	38	–	–	328	16	–	382
Acquired on acquisition of subsidiaries *(Note 36)*	–	–	–	341	–	–	341
Disposal	–	–	–	–	–	(295)	(295)
Disposal of subsidiaries *(Note 37)*	(2,160)	(754)	(589)	(806)	(93)	–	(4,402)
At 31 March 2011	–	–	–	732	638	–	1,370
Accumulated depreciation and impairment							
At 1 April 2009	1,095	50	38	180	43	–	1,406
Acquired on acquisition of subsidiaries *(Note 36)*	607	–	–	35	513	–	1,155
Charge for the year	691	151	61	168	115	39	1,225
Written back on disposal	(1,451)	–	–	(103)	(106)	–	(1,660)
Impairment loss	–	553	480	–	–	–	1,033
Exchange difference	2	–	1	–	–	–	3
At 31 March 2010 and 1 April 2010	944	754	580	280	565	39	3,162
Charge for the year	766	–	–	191	100	45	1,102
Eliminated upon disposal	–	–	–	–	–	(84)	(84)
Disposal of subsidiaries *(Note 37)*	(1,710)	(754)	(580)	(317)	(27)	–	(3,388)
At 31 March 2011	–	–	–	154	638	–	792
Net book value							
At 31 March 2011	–	–	–	578	–	–	578
At 31 March 2010	1,178	–	9	589	150	256	2,182

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Computers, Furniture, fixtures and equipment HK$'000
Cost	
At 1 April 2009, 31 March 2010 and 1 April 2010	–
Additions	162
At 31 March 2011	162
Accumulated depreciation and impairment	
At 1 April 2009, 31 March 2010 and 1 April 2010	–
Charge for the year	26
At 31 March 2011	26
Net book value	
At 31 March 2011	136
At 31 March 2010	–

19. GOODWILL

	The Group	
	2011	2010
	HK$'000	HK$'000
Cost		
At beginning of the year	**16,780**	6,459
Acquired on acquisition of subsidiaries *(Note 36)*	**8,295**	10,321
Refund of investment cost	**(791)**	–
Disposal of subsidiaries	**(4,516)**	–
At end of the year	**19,768**	16,780
Accumulated impairment losses		
At beginning of the year	**(9,224)**	(3,759)
Impairment loss recognised	**–**	(5,465)
Eliminated upon disposal	**4,516**	–
At end of the year	**(4,708)**	(9,224)
Carrying amount		
At 31 March	**15,060**	7,556

The carrying amount of goodwill (net of accumulated impairment losses) was allocated to cash-generating units as follows:

	2011	2010
	HK$'000	HK$'000
Licensing business – Raxco	**8,295**	–
Property investment – Harvest Yield	**6,765**	7,556
	15,060	7,556

Property management

The goodwill associated with property management arose when Gi Space Limited, Gi Space (Canton) Limited and ISpace Investment Limited were acquired by the Group. Gi Space Limited is the retail facility manager for the investment properties of the Group. The goodwill related to property management was fully impaired in prior years. During the Year, the Group disposed its interests in Gi Space (Canton) Limited and ISpace Investment Limited that the goodwill associated with these subsidiaries are disposed.

19. GOODWILL (CONTINUED)

Property investment

The goodwill arose from the acquisition of Harvest Yield Investments Limited ("Harvest Yield"), which is engaged in property investment. For the purpose of impairment testing, goodwill has been allocated to one cash generating unit.

Subsequent to the disposal of Property Held for Sales during the Year, Harvest Yield will redesign its business model from property management to cinema investment/operations.

During the Year, the Group assessed the recoverable amount of goodwill associated with the Harvest Yield by reference to value in use. The calculations use post-tax cash flow projections based on financial budgets. Taking into account the business plan in respect of the cinema projects, management believe that the recoverable amount would exceed its carrying amount and therefore, no impairment is necessary.

Licensing business

The goodwill arose from the acquisition of Raxco Assets Corp. ("Raxco") during the year, which is engaged in online game business. After acquisition, Raxco diversified to licensing and other related business. For the purpose of impairment testing, goodwill has been allocated to one cash generating unit.

During the Year, the Group assessed the recoverable amount of goodwill associated with the Raxco by reference to value in use. The calculations use post-tax cash flow projections based on financial budgets. Taking into account the potential of licensing business, management believe that the recoverable amount would exceed its carrying amount and therefore, no impairment is necessary.

20. INTERESTS IN SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**41,159**	41,951
Amount due from subsidiaries	**213,327**	201,731
Less: impairment loss	**(81,267)**	(86,644)
	173,219	157,038
Amount due to subsidiaries	**(147,069)**	(1,649)

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

The movement in the allowance for impairment is as follows:

	The Company	
	2011	2010
	HK$'000	HK$'000
Balance at beginning of the year	**86,644**	87,246
Impairment losses recognised	**–**	38,665
Amounts written off as uncollectible	**(5,377)**	(39,267)
Balance at end of the year	**81,267**	86,644

Included in the allowance are individually impaired amount due from subsidiaries which have significant loss for the year.

20. INTERESTS IN SUBSIDIARIES (CONTINUED)

Particulars regarding the subsidiaries at 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation/ operation	Type of legal entity	Issued and fully paid share capital	Attributable equity interest held by the Company Directly %	Attributable equity interest held by the Company Indirectly %	Principal activities
Art Champ Limited	Hong Kong	Limited liability company	HK$1	100	–	Movie production
Billion Success Limited	Hong Kong	Limited liability company	HK$1	100	–	Dormant
Bingo Management Services Limited	Hong Kong	Limited liability company	HK$1	100	–	Management services
Bingo Trademark Limited	Hong Kong	Limited liability company	HK$1	100	–	Dormant
Easybuild Assets Management Limited	BVI	Limited liability company	US$1	100	–	Investment holding
Emcom (HK) Pte Limited	Hong Kong	Limited liability company	HK$10	100	–	Investment holding
Faith Pro Trading Limited	BVI	Limited liability company	US$100	100	–	Dormant
Harvest Yield Investments Limited	BVI	Limited liability company	US$2	100	–	Investment holding
High Amuse Limited	BVI	Limited liability company	US$1	100	–	Investment holding
Huge Art Limited	Hong Kong	Limited liability company	HK$1	100	–	Cartoon production
Shine Wisdom Limited	Hong Kong	Limited liability company	HK$1	100	–	Cinema business
Sinotrans Resources Limited	BVI	Limited liability company	US$1	100	–	Trading of palm oil and coal
Art Aim Limited	Hong Kong	Limited liability company	HK$1	–	100	Movie production
Brillant Tech Limited	Hong Kong	Limited liability company	HK$1	–	100	Online game business

20. INTERESTS IN SUBSIDIARIES (CONTINUED)

Particulars regarding the subsidiaries at 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation/ operation	Type of legal entity	Issued and fully paid share capital	Attributable equity interest held by the Company Directly %	Attributable equity interest held by the Company Indirectly %	Principal activities
EmCall Pte Limited	Hong Kong	Limited liability company	HK$10	–	100	Dormant
Gi Space Limited	Hong Kong	Limited liability company	HK$1	–	100	Marketing and management of a shopping mall
Power Alliance Investment Limited	Hong Kong	Limited liability company	HK$1	–	100	Property investment
Raxco Assets Corp	BVI	Limited liability company	USD 1	–	100	Licensing business
Shanghai Bingo Interactive Information Technology Co. Ltd	PRC	Limited liability company	USD 2.642m	–	100	Online game business

The Group acquired 100% equity interest of Raxco Assets Corp ("Raxco") and the Shareholder's loan in sum of HK$56,637,748 (the "Sale Loan") (representing the entire shareholders' loan due from Raxco) from Teamgreat Investments Limited ("Teamgreat"), which is a connected party of the Company, at the consideration of HK$10 payable in cash. Teamgreat is beneficially owned by the discretionary trust founded by Mr. Chiau Shing Chi, thus a connected person of the Company. The net assets of the subsidiaries acquired of are disclosed in note 36.

During the year 31 March 2011, the Company disposed the entire 100% shareholding interest in (i) GI Space (Hunghom), GI Space (Canton) Limited and ISpace Investment Limited, which engaged in provision of property management services; (ii) Sparkle Success Investment Limited, Sinoeye Limited and Emcom International (China) Investment Limited which were dormant companies. The net assets of the subsidiary disposed of are disclosed in note 37.

Note: The entire issued capital in Harvest Yield Limited and Power Alliance Investment Limited are pledged to secure the convertible bonds issued by the Company.

21. INTERESTS IN AN ASSOCIATE

	The Group	
	2011	2010
	HK$'000	HK$'000
Cost of investment in unlisted associate	–	–
Share of post – acquisition results	–	(147)
Amount due to an associate	–	(147)

Amount due to an associate was unsecured, non-interest bearing and has no fixed terms of repayment. During the year, the Group disposed its interest in an associate.

As at 31 March 2010, the Group had interest in the following associate:

Name of associate	Form of business structure	Place of incorporation/ operations	Class of shares held	Nominal value of issued capital	Percentage of equity attributable to the Group	Principal activities
Boss Education Limited	Limited liability company	Hong Kong	Ordinary	HK$1,000	49%	Promoting multimedia training, job training and consultation services

The Group's share of loss of associate amounted to HK$13,000 for the year ended 31 March 2011 (2010: HK$84,000).

22. INVENTORIES

	The Group	
	2011	2010
	HK$'000	HK$'000
Palm oil and Coal	**24,710**	–

23. TRADE RECEIVABLES

The aging of the Group's trade receivables is analysed as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 30 days	**127**	56
31 – 60 days	**–**	298
61 – 90 days	**147**	25
Over 90 days	**48**	950
	322	1,329
Provision	**–**	(152)
	322	1,177

For property holding and management segment, no credit period was granted to the sub-licensees according to the Group's policies. For trading and licencing segment, the credit terms granted by the Group to its customers normally ranged from COD (cash-on-delivery) to 120 days. For The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. All trade receivable are expected to be recovered within one year.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. As at 31 March 2011, no impairment loss has been made (2010: HK$152,000). The movement in the allowance is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Balance at beginning of the year	**152**	–
Impairment loss recognised	**–**	152
Amounts written off as uncollectible	**(152)**	–
	–	152

23. TRADE RECEIVABLES (CONTINUED)

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	**127**	53
Past due but not impaired:		
Less than 1 month past due	**–**	31
1 to 3 months past due	**147**	306
More than 3 months past due	**48**	787
	322	1,177

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other receivables	**3,629**	49,472	**1,946**	288
Deposits and prepayments	**633**	4,773	**257**	155
	4,262	54,245	**2,203**	443

Included in other receivables at 31 March 2010 were deposits amounted of HK$48 million in respect of disposal of properties of the Group held by legal adviser of the Company. Such deposits have been released to the Group during the year.

25. FILM IN PROGRESS

	The Group	
	2011	2010
	HK$'000	HK$'000
Film in progress	**8,389**	–

The film in progress were measured at cost less any identifiable impairment loss.

26. CASH AND CASH EQUIVALENTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Cash at bank and in hand	**116,765**	9,796

Cash at banks earns interest at floating rate based on daily bank deposit rates. The fair values of the company's bank balance and cash at 31 March 2011 and 2010 approximate their corresponding carrying amounts.

27. TRADE PAYABLES

The following is an aged analysis of the Group's trade payables at the end of the reporting period:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 30 days	–	2,706
31-60 days	–	201
61-90 days	–	31
Over 90 days	–	5,298
	–	8,236

28. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Sales deposits received	**25,230**	222	–	–
Deposits received in respect of sale of investment properties	–	48,000	–	–
Security deposits received	–	660	–	–
Other payables and accruals	**8,860**	12,707	**4,321**	3,504
	34,090	61,589	**4,321**	3,504

29. AMOUNT DUE TO NON-CONTROLLING INTERESTS

The amount is unsecured, non-interest-bearing and has no fixed terms of repayments.

30. OBLIGATION UNDER FINANCE LEASE

The motor vehicle under finance lease has been disposed at consideration of HK$200,000 during the year.

The Group leased a motor vehicle under finance lease. The lease term was 3 years. Interest rate underlying the finance lease was fixed at contract date at 7.15% per annum. No arrangement had been entered into for contingent rental payments.

At 31 March 2011, the Group had obligation under finance lease repayable as follows:

	The Group			
	2011		2010	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	–	–	83	93
After 1 year but within 2 years	–	–	83	93
After 2 years but within 5 years	–	–	28	31
	–	–	111	124
	–	–	194	217
Less total future interest expenses		–		(23)
Present value of lease obligation		–		194

The Group's obligation under finance lease was secured by the charge over the leased assets.

31. BANK LOANS, SECUREDS

The bank loans have been fully settled during the year.

At 31 March 2010, the bank loans were repayable as follows, which were based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause:

	The Group HK$'000
Repayable on demand or within one year	78,200
After one year but within two years	1,200
After two years but within five years	19,200
After five years	56,400
	155,000

The bank loans included variable-rate borrowings repayable within one to ten years which carry interest rates of prevailing market rate plus 2.25% or HIBOR plus 2.25% per annum, whichever is higher. The effective interest rate on the bank loan is 2.45% per annum at 31 March 2010.

At 31 March 2010, the bank loans of the Group were secured by pledge of investment properties of the Group and corporate guarantee executed by the Company.

32. CONVERTIBLE BONDS

(a) On 7 October 2009, the Company issued HK$78 million convertible bonds due on the second anniversary of the date of the issue of the bonds for the acquisition of the entire interests in Harvest Yield. For the period commencing on the date of the issue of the convertible bonds and expiring on the first anniversary of such date of issue, the convertible bonds shall accrue no interest. Following the passing of the said first anniversary, the convertible bonds shall accrue interest at the rate of 5% per annum of the outstanding principal amount of the convertible bonds. Interest is payable on the maturity date or such earlier date of redemption of the convertible bonds. The convertible bonds are secured by (i) first charge over the entire issued share capital in Harvest Yield; (ii) first charge over the entire issued capital in Power Alliance; and (iii) second charge over the investment properties of the Group.

The bondholders have the right at any time up to maturity date to convert the whole or any part of the principal amount of the convertible bonds into ordinary share at the initial conversion price of HK$0.10 per share (subject to adjustments). If the convertible bonds have not been converted on the maturity date, they will be redeemed at the principal amount.

32. CONVERTIBLE BONDS (CONTINUED)

The convertible bonds contain two components, liability and equity components. The fair value of the liability component, which was determined by independent professional valuers, DTZ Debenham Tie Leung Limited and Roma Appraisals Limited on the date of issue, is the present value of the contractually determined stream of future cash flows discounted at the effective interest rate of 8.29% and providing substantially the same cash flows, on the same terms, but without the conversion option. The residual amount is assigned as the equity component and is included in equity.

(b) On 22 February 2010, the Company entered into the Service Agreement with Mr. Chiau whereby the Company appointed Mr. Chiau as an executive director of the Company and Mr. Chiau accepted the appointment with prescribed duties for an initial term of five year from 1 June 2010. In consideration of the performance by Mr. Chiau of his duties for the Company, the Company shall, as a remuneration package to issue the convertible bonds to Mr. Chiau with an aggregate principal amount of HK$45 million. Details of share-based payment as described in note 45.

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

	Liability component HK$'000	Equity component HK$'000
Convertible bonds issued on 7 October 2009	69,798	8,202
Interest expenses charged	2,847	–
As at 1 April 2010	72,645	8,202
Convertible band issued on 1 June 2010	7,170	85,910
Interest expenses charged	5,610	–
Conversion of convertible note into share	(28,087)	(3,076)
At 31 March 2011	57,338	91,036

	2011 HK$'000	2010 HK$'000
Mature with 1 year	**49,182**	–
Mature later than 1 year	**8,156**	72,645
	57,338	72,645

33. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Revaluation of investment property HK$'000	Unused tax loss HK$'000	Total HK$'000
At 1 April 2009	–	–	–	–
Acquired on acquisition of subsidiaries *(Note 36)*	1,613	10,149	(4,880)	6,882
Charged/(credited) to profit of loss	45	3,300	(1,166)	2,179
At 1 April 2010	1,658	13,449	(6,046)	9,061
Charged/(credited) to profit or loss	(684)	(13,449)	4,269	(9,864)
At 31 March 2011	974	–	(1,777)	(803)

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$38,385,000 (2010: HK$33,708,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

As at 31 March 2010 and 2011, the Group and the Company has no material unprovided deferred tax.

34. SHARE CAPITAL

	2011		2010	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Ordinary shares of HK$0.02 each				
Authorised:				
At the beginning of the year	**5,000,000**	**100,000**	10,000,000	100,000
Consolidation of share from 2 shares into one consolidated share *(note 3)*	–	–	(5,000,000)	–
At the end of the year	**5,000,000**	**100,000**	5,000,000	100,000

34. SHARE CAPITAL (CONTINUED)

	2011		2010	
	Number of shares '000	Nominal value HK$'000	Number of shares '000	Nominal value HK$'000
Ordinary shares of HK$0.02 each				
Issued and fully paid:				
At the beginning of the year	2,711,559	54,231	3,258,980	32,590
Conversion of convertible note *(note 1)*	325,000	6,500	–	–
Share allotment under share option scheme before share consolidation *(note 5)*	–	–	66,898	669
Share consolidation *(note 2)*	–	–	(1,662,939)	–
Share consideration for acquisition of subsidiary *(note 3)*	–	–	750,000	15,000
Placing of new shares *(note 4)*	–	–	150,000	3,000
Share allotment under share option scheme after share consolidation *(note 5)*	35,000	700	148,620	2,972
At the end of year	3,071,559	61,431	2,711,559	54,231

Note 1: The Company issued 325,000,000 ordinary shares of HK$0.02 each as a result of the exercise of the conversion rights attached to the convertible note of entire principal amount of HK$29,250,000 at a conversion price of HK$0.09 each on 24 August 2010.

Note 2: Pursuant to an ordinary resolution passed on 5 August 2009, a capital reorganization was undertaken that the issued and unissued ordinary share of HK$0.01 each in the capital of the Company was consolidated on the basis of every 2 shares being consolidated into 1 share of HK$0.02 each ("Consolidated share").

Note 3: 750,000,000 Consolidated shares were issued at a price of HK$0.1 per share to satisfy part of the consideration pursuant to the sale and purchase agreement dated 27 May 2009 entered into between the Company and the vendors for the acquisition of Harvest Yield.

Note 4: The Company placed 150,000,000 Consolidated shares at a placing price of HK$0.1 per share on 14 October 2009 for the purpose of increase the working capital of the Company and enhance the liquidity strength of the Group.

Note 5: During the year, 35,000,000 ordinary shares of HK$0.02 each pursuant to the share option scheme of the Company at consideration of HK$3,426,000.

34. SHARE CAPITAL (CONTINUED)

Capital management

Capital comprises of share capital and reserves stated on the consolidated statement of financial position. The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners of the Company and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively regularly reviews and manages its capital structure to maintain a balance between the higher owners' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

As in prior year, the Group monitors its capital structure on the basis of a net debt to adjusted capital ratio. For this purpose the Group defines net debts as total debt (which includes interest-bearing loans and borrowings, trade and other payables, obligation under finance lease and convertible bonds) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

During the year ended 31 March 2011, the Group changed to net asset position due to cash consideration received from the disposal of the property during the year.

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

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Current liabilities				
Trade payables	**–**	8,236	**–**	–
Deposits received, other payables and accruals	**34,090**	61,589	**4,321**	3,504
Amount due to an associate	**–**	147	**–**	–
Amount due to non-controlling interests	**–**	483	**–**	–
Amounts due to subsidiaries	**–**	–	**147,069**	1,649
Tax payables	**736**	631	**–**	–
Obligation under finance lease	**–**	83	**–**	–
Bank loans, secured	**–**	155,000	**–**	–
Convertible bonds	**49,182**	–	**49,182**	–
	84,008	226,169	**200,572**	5,153

34. SHARE CAPITAL (CONTINUED)

Capital management (Continued)

	Notes	The Group 2011 HK$'000	The Group 2010 HK$'000	The Company 2011 HK$'000	The Company 2010 HK$'000
Non-current liabilities:					
Obligation under finance lease		–	111	–	–
Convertible bonds		8,156	72,645	8,156	72,645
		8,156	72,756	8,156	72,645
Total debt		92,164	298,925	208,728	77,798
Less: Cash and cash equivalents	26	(116,765)	(9,796)	(114,069)	(2)
Net (asset)/debt		(24,601)	289,129	94,659	77,796
Total equity		78,725	86,970	80,899	79,685
Net debt-to-equity ratio		N/A	332%	117%	97%

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

35. RESERVES

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Equity component of convertible note HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2009	132,897	1,988	–	2,644	–	(146,724)	(9,195)
Share consideration of HK$0.02 each for acquisition of subsidiary	60,000	–	–	–	–	–	60,000
Issue of ordinary shares of HK$0.02 each completed on 14 October 2009	12,000	–	–	–	–	–	12,000
Issue of ordinary shares under share option scheme	16,895	–	–	(6,669)	–	–	10,226
Issuing expenses	(280)	–	–	–	–	–	(280)
Issue of convertible bonds on 7 October 2009	–	–	8,202	–	–	–	8,202
Equity-settled share option arrangement	–	–	–	8,950	–	–	8,950
Loss for the year	–	–	–	–	–	(64,449)	(64,449)
At 31 March 2010	221,512	1,988	8,202	4,925	–	(211,173)	25,454
At 1 April 2010	221,512	1,988	8,202	4,925	–	(211,173)	25,454
Conversion of convertible note into shares	24,662	–	(3,076)	–	–	–	21,586
Issue of convertible note on 1 June 2010	–	–	85,910	–	–	–	85,910
Issue of ordinary shares under share option scheme	4,467	–	–	(1,741)	–	–	2,726
Equity-settled share option arrangement	–	–	–	31,123	–	–	31,123
Loss for the year	–	–	–	–	–	(147,331)	(147,331)
At 31 March 2011	250,641	1,988	91,036	34,307	–	(358,504)	19,468

At 31 March 2011, no reserves is available for distribution to owners of the Company (2010: HK$12,327,000).

The share premium is arising from the issue of shares of the Company.

The contributed surplus represents the difference between the combined net assets of the subsidiaries acquired by the Company and the nominal value of the shares of the Company at the time of the Group reorganisation.

36. ACQUISITION OF SUBSIDIARIES

Acquisition in 2011

On 22 February 2010, the Company acquired (i) the entire issued share capital of Raxco Assets Corp. ("Raxco") free from rights of mortgage, charge. Pledge, pre-emption, option, lien and any other third party right, equity security interest or other encumbrances ("Raxco Sale Shares); and (ii) the shareholder's loan in the sum of HK$56,637,748 (representing the entire shareholders' loan from Raxco) ("Sale Loan"). Raxco is a company incorporated in BVI in 2004 and has started operation since January 2005. Raxco is in the establishment stage of operating its online software and game development business through its wholly owned subsidiary in the PRC, Shanghai Bingo Interactive Information Technology Co. Ltd ("Shanghai Bingo") (previously named as Shanghai NorthStar Software Co., Ltd.)., a wholly owned foreign enterprise of Raxco established in the PRC for the purpose of online software development, online game development, technical consultancy services and information technology support for online software and online game.

On 1 June 2010, the Company acquired Raxco Sale Shares and the Sale Loan at consideration of HK$10, payable in cash.

The fair value of net assets acquired in the transactions approximate to their carrying amounts at the date of acquisition and the goodwill arising are as follows:

	Raxco HK$'000
Net assets/(liabilities) acquired:	
Property, plant and equipment	341
Bank balances and cash	195
Trade and other payables	(8)
Other payables and accruals	(8,801)
Provision of taxation	(22)
	(8,295)
Goodwill *(note 19)*	8,295
Total consideration satisfied by:	
Cash	–
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	195

The goodwill arising on the acquisition was attributable to the anticipated profitability of Raxco Assets Corp, and its subsidiary ("Raxco Sub Group).

Raxco Sub Group contributed profit of HK$1,292,000 to the Group's loss for the period between the date of acquisition and 31 March 2011.

If the acquisition had been completed on 1 April 2010, total group revenue and loss for the year ended 31 March 2011 would have been HK$557,750,000 and HK$158,281,000 respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2010, nor is it intended to be a projection of future results.

36. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition in 2010

On 7 October 2009, the Company acquired the entire issued share capital of Harvest Yield and the sale debts, being the amounts equal to the entirety of the face value of the loans outstanding at 7 October 2009 made by the vendors to Harvest Yield. Harvest Yield is the sole beneficial owner of the entire issued share capital of Power Alliance, a company incorporated in Hong Kong, who is the owner of the shopping mall located in Tsimshatsui which was managed by Gi Space Limited, a wholly owned subsidiary of the Company.

On 1 January 2010, the Company acquired the entire issued share capital of ISpace Investment Limited at consideration of HK$1.

The fair value of net assets acquired in the transactions approximate to their carrying amounts at the date of acquisition and the goodwill arising are as follows:

	Harvest Yield HK$'000	ISpace HK$'000	Total HK$'000
Net assets/(liabilities) acquired:			
Investment properties	300,000	–	300,000
Property, plant and equipment	192	1,304	1,496
Trade and other receivables	1,375	132	1,507
Bank and cash balance	51	1	52
Trade and other payables	(2,217)	(4,202)	(6,419)
Bank loan, secured	(147,075)	–	(147,075)
Deferred tax liabilities	(6,882)	–	(6,882)
	145,444	(2,765)	142,679
Goodwill	7,556	2,765	10,321
	153,000	–	153,000
Total consideration satisfied by:			
Issue of shares	75,000	–	75,000
Issue of convertible bonds	78,000	–	78,000
	153,000	–	153,000
Net cash inflow arising on acquisition:			
Bank balances and cash acquired	51	1	52

36. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition in 2010 (Continued)

The fair value of the consideration shares was based on the published share price. The basis of fair value calculation of convertible bonds is set out in note 32.

The goodwill arising on the acquisition was attributable to the anticipated profitability of Harvest Yield and ISpace.

Harvest Yield and ISpace contributed profit of HK$11,026,000 and loss of HK$3,074,000 respectively to the Group' loss for the period between the date of acquisition and 31 March 2010.

If the acquisition had been completed on 1 April 2009, total group revenue and loss for the year ended 31 March 2010 would have been HK$693,512,000 and HK$29,016,000 respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

37. DISPOSAL OF SUBSIDIARIES

For year ended 31 March 2011

During the year, the Board of Director agreed to dispose the entire 100% shareholding interest in (i) GI Space (Hunghom) Limited, GI Space (Canton) Limited and Ispace Investment Limited, which engaged in provision of property management services and; (ii) Sparkle Success Investment Limited, and its subsidiaries which engaged in trading business and (iii) Sinoeye Limited, E-leaming iTech Service (Shanghai) Company Limited and Emcom International (China) Investment Ltd which were dormant companies. Details of the net liabilities disposed of are as follows:

	Trading HK$'000	Property management HK$'000	Others HK$'000	Total HK$'000
Net liabilities disposed of:				
Plant and equipment	401	613	–	1,014
Tax recoverable	115	–	–	115
Trade and other receivables	1,109	540	35	1,684
Bank and cash balances	44	136	23	203
Trade and other payables	(5,599)	(12,428)	(70)	(18,097)
Amount due to an associate	–	–	(160)	(160)
Amount due to non-controlling interest	–	–	(483)	(483)
	(3,930)	(11,139)	(655)	(15,724)
Gain on disposal of subsidiaries:				
Consideration received and receivable	–	–	–	–
Net liabilities disposed of	3,930	11,139	655	15,724
Non controlling interest	–	–	(242)	(242)
Release of exchange reserve	155	–	(97)	58
Gain on disposal	4,085	11,139	316	15,540
Net cash outflow arising on disposal:				
Cash consideration	–	–	–	–
Bank balances and cash disposed of	(44)	(136)	(23)	(203)
	(44)	(136)	(23)	(203)

37. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For year ended 31 March 2010

On 30 June 2009, the Group disposed of the entire equity interests in Photar International Limited at a consideration of HK$1 to an independent third party. Details of the net liabilities disposed of are as follows:

	HK$'000
Net liabilities disposed of:	
Interests in a jointly controlled entity	–
Other receivables, deposits and prepayments	2
Amount due from a jointly controlled entity	31
Bank and cash balances	79
Trade and other payables	(19,185)
	(19,073)
Gain on disposal of subsidiaries:	
Consideration received and receivable	–
Net liabilities disposed of	19,073
Release of exchange reserve	3,366
Gain on disposal	22,439
Net cash outflow arising on disposal:	
Cash consideration	–
Bank balances and cash disposed of	(79)
	(79)

38. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to written resolutions passed on 19 October 2002 (the "Scheme") for the primary purpose of providing incentives to directors, eligible employees and participants who have contributed to the Group, and will expire in 12 November 2012. Under the Scheme, the board of directors of the Company may grant options to full-time or part-time employees including directors (executive and non-executive) and any advisor, consultant, supplier, distributor, contractor, agent, business partner, promoter, service provider or customer of the Company or any of its subsidiaries, to subscribe for share in the Company.

Subject to the condition that the total number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time, the total number of shares in respect of which options may be granted under the Scheme when aggregated with any shares subject to any other schemes is not permitted to exceed 10% of the shares of the Company immediately upon the listing of the shares on the Stock Exchange ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. Options lapsed in accordance with the terms of the share option scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of his, her or its associates in the 12-month period up to and including the date of offer of the option exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK$5 million must be approved by the Company's shareholders.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 per option. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors of the Company and will not be less than the highest of the closing price of the Company's shares on the date of grant, the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

38. SHARE OPTION SCHEME (CONTINUED)

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK$	Adjusted exercise price HK$
2009A	30/12/2008	30/12/2008 – 29/12/2011	0.027	0.054
2009B	24/2/2009	24/2/2009 – 23/2/2012	0.036	0.072
2010	26/8/2009	26/8/2009 – 25/8/2012	0.1012	–
2011A	1/6/2010	1/12/2011 – 30/9/2013	0.1000	–
2011B	20/8/2010	15/6/2011 – 19/8/2016	0.2460	–

Note 1: For 2009A, the options are exercisable in part or in full during the 3-year period from the offer date to the expiry of the third anniversary of the offer date (i.e., from 30 December 2008 to 29 December 2011).

For 2009B, the options are exercisable in part or in full during the 3-year period from the offer date to the expiry of the third anniversary of the offer date (i.e., from 24 February 2009 to 23 February 2012).

For 2010, the options are exercisable in part or in full during the 3-year period from the offer date to the expiry of the third anniversary of the offer date (i.e. from 26 August 2009 to 25 August 2012).

For 2011A, the options are exercisable in part or in full from the date of expiry of the eighteenth months from the date of grant of options to the date falling on the expiry of the fortieth month from the date of grant of the options (i.e., from 1 December 2011 to 30 September 2013).

For 2011B, the options are exercisable in part or in full from 15 June 2011 to 19 August 2016.

Note 2: The exercise price and number of options outstanding as at 5 August 2009 of option type 2009A and 2009B have been adjusted in accordance with share consolidation of two shares into one consolidated share.

38. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Scheme during the year:

		Number of shares issuable under options held			
Category	Share option type	Balance at 1 April 2010 '000	Granted '000	Exercised '000	Balance at 31 March 2011 '000
Directors	2010	15,000	–	(5,000)	10,000
	2011A	–	250,000	–	250,000
Employees	2009A	1	–	–	1
	2010	1,500	–	(1,000)	500
	2011B		24,000		24,000
Advisor	2009B	18,000	–	(4,000)	14,000
	2010	65,000	–	(25,000)	40,000
	2011B	–	18,000	–	18,000
		99,501	292,000	(35,000)	356,501

38. SHARE OPTION SCHEME (CONTINUED)

The weighted average share price during the year was HK$0.2135.

The following share options were outstanding under the Scheme during the prior year:

			Number of shares issuable under options held						
Category	Share option type	Balance at 1 April 2009	Exercised before share consolidation	Balance before share consolidation	Adjusted balance upon share consolidation	Granted	Exercised after share consolidation	Lapsed	Balance at 31 March 2010
		'000	'000	'000	'000	'000	'000	'000	'000
Directors	2009A	13,500	(10,800)	2,700	1,350	–	(1,350)	–	–
	2010	–	–	–	–	18,000	(3,000)	–	15,000
Employees	2009A	640	(598)	42	21	–	(20)	–	1
	2010	–	–	–	–	2,000	(500)	–	1,500
Advisor	2009A	171,000	(55,500)	115,500	57,750	–	(57,750)	–	–
	2009B	49,000	–	49,000	24,500	–	(6,500)	–	18,000
	2010	–	–	–	–	144,500	(79,500)	–	65,000
		234,140	(66,898)	167,242	83,621	164,500	(148,620)	–	99,501

The fair value of the share options of 2011 A and 2011B granted for 2011 during the year ended 31 March 2011 were approximately to HK$51,692,000 and HK$5,324,000 respectively (2010: HK$8,950,000) and the Company recognised total expenses of approximately HK$31,123,000 for the year. (2010: HK$8,950,000)

38. SHARE OPTION SCHEME (CONTINUED)

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a Binomial Option Pricing Model, taking into the account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Share option type	
	2011A	**2011B**
Option pricing model	Binomial	Binomial
Grant date share price	HK$0.270	HK$0.240
Exercise price	HK$0.100	HK$0.246
Volatility	94.74%	91.85%
Risk-free interest rate	1.08%	1.28%
Life of options	40 months	6 years
Expected dividend yield	0%	0%

At the date of approval of these financial statements, the Company had 326,501,000 share options outstanding under the Scheme, which represented approximately 11% of the Company's shares in issue as at that date.

39. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of properties which fall due as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	**702**	445
In the second to fifth year, inclusive	**225**	195
	927	640

Other than as disclosed above, the Group and the Company had no material lease commitments outstanding at the end of reporting period.

40. CAPITAL COMMITMENTS

The Group

	2011 HK$'000	2010 HK$'000
Contracted but not provided for		
– Additional cost to be incurred for animation under production	11,462	–
– Additional capital injection in an associate, Boss Education Limited	–	2,450
– Additional capital injection in a subsidiary, E-Learning i Tech Service (Shanghai) Company Limited	–	1,206
	11,462	3,656

Other than as disclosed above, the Group and the Company had no material capital commitments outstanding at the end of the report period.

41. CONTINGENT LIABILITIES

At 31 March 2010, the Company had issued a corporate guarantee for an amount of not less than HK$155,000,000 to a bank in respect of banking facilities granted to a wholly owned subsidiary. The directors of the Company did not consider it probable that a claim will be made against the Company under the corporate guarantee. The maximum liability of the Company at the end of the reporting period under the corporate guarantee issued was the outstanding amount of the bank loans of HK$155,000,000. The Company had not recognised any deferred income in respect of the corporate guarantee as its fair value is nominal.

Saved as disclosed above, the Group and the Company did not have any significant contingent liabilities as at 31 March 2010 and 2011.

42. PLEDGE OF ASSETS

As at 31 March 2011, the convertible bond issued on 7th October 2009 are secured by first charges over the entire issued share capital in Harvest Yield Investments Limited and Power Alliance Investment Limited.

As at 31 March 2010, the investment properties (which is classified as held for sale) with carrying amount of HK$320,000,000 have been pledged to secure general banking facilities granted to the Group and convertible bonds. In addition, the convertible bonds are also secured by first charges over the entire issued share capital in Harvest Yield Investments Limited and Power Alliance Investment Limited.

As at 31 March 2010, the Group's obligation under finance lease is secured by the lessor's charge over the leased asset, which has a carrying amount of HK$256,000.

43. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statement of cash flows for year ended 31 March 2010:

– During the year, the Group acquired a motor vehicle with a capital value of HK$295,000 under a finance lease.

– As detailed in note 36, the Group acquired Harvest Yield at the consideration of HK$153 million during the year. The amount was settled in the way of issue of consideration shares and convertible bonds by the Company during the year.

44. RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in these financial statements, the Group entered into the following material related party and connected transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 12 is as follows:

	2011 HK$'000	2010 HK$'000
Salaries, allowances and other benefits	1,235	1,348
Share-based payment	121,797	979
	123,032	2,327

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Connected party transactions

Name of connected persons	Nature of transactions	2011 HK$'000	2010 HK$'000
Ngai Wah Associates Limited *(Note 1)*	Transferring all profits generated from intellectual property rights in relation to the production of the animation film	–	–
Entrance Gate Limited *(Note 2)*	Royalty fee in relation to the royalty income generated from sub-licensing of intellectual property right	87	–

Note 1: Ngai Wah is beneficially owned by Kelly Chow, a sister of Mr. Chiau Sing Chi, director of the Company and it is defined as connected person under Gem Listing Rules.

Note 2: Entrance Gate is an independent third party of the Company. However, the Licence Agreement between Entrance Gate and High Amuse are inter-conditional with the following connected transaction/ continuing connected transaction including (i) Service agreement for the appointment of Mr. Chiau Sing Chi, director of the Company, (ii) the Profit Transfer Deed between Ngai Wah and High Amuse and (iii) acquisition agreement between High Amuse and the shareholders of Raxco assets corp. before the effective of the acquisition agreement. Royalty fee payable to Entrance Gate in relation to the licence agreement is disclosed as continuing connected transaction.

During the Year, High Amuse Limited ("High Amuse"), a wholly-owned subsidiary of the Company, has entered into acquisition agreement to acquire (i) Sales Shares of Raxco Assets Corp. ("Raxco") (representing 100% equity interest of Raxco); and (ii) the shareholder's loan in the sum of HK$56,638,000 (the "Sale Loan") (representing the entire shareholder's loan due from Raxco) from Teamgreat Investments Limited ("Teamgreat"). Teamgreat is pontifically owned by the discretionary trust founded by Mr. Chiau Sing Chi, a director of the Company, thus a connected person of the Company.

45. SHARE-BASED PAYMENTS

The Company has the convertible bonds and share option scheme for a director, an employee and advisers of the Group. Details of the convertible bonds and share options are as follows:

Convertible bonds

Issuer:	The Company
Principal amount:	HK$45 million in aggregate. The Convertible Bonds in the amount of HK$25 million issued on 1 June 2010 ("commencement date") and the remaining four tranches (each worth HK$5 million, and HK$20 million in aggregate) of the Convertible Bonds issued on the date being the first, second, third and fourth anniversary of the date of commencement date.
Issue date:	1 June 2010
Maturity date:	Ten years from the date of issue
Interest:	Zero coupon
Conversion price:	HK$0.10 per share

Share Option Scheme

(i) Grant date:	1 June 2010
Maturity date:	the date falling on the expiry of the fortieth month from the date of grant of the Options
Number of Options granted:	250,000,000
Exercise price:	HK$0.10 per share
Exercisable period:	Any time during the period commencing from the date of expiry of the eighteenth months from the date of grant of Options to the date falling on the expiry of the fortieth month from the date of grant of the Options.
(ii) Grant Date:	20 August 2010
Maturity Date:	19 August 2016
Number of Options Granted:	42,000,000
Exercise Price:	HK$0.246 per share

The fair values of the HK$45 million convertible bonds and 250,000,000 share options determined on 1 June 2010 using binomial option pricing model were HK$124,360,000 and HK$51,691,000 respectively.

The fair value of the 42,000,000 share options determined on 20 August 2010 using binomial option pricing model was HK$5,324,000.

45. SHARE-BASED PAYMENTS (CONTINUED)

The followings assumptions were used to calculate the fair value of HK$45 million convertible bonds:

Principle amount:	HK$45 million
Expected life:	10 years
Interest:	Nil
Redemption price:	100% of the principal amount
Conversion price:	HK$0.10
Risk-free rate:	2.47%
Effective interest rate:	16.73%
Share price:	HK$0.27
Expected dividend yield:	0%
Expected volatility:	84.09%

The followings assumptions were used to calculate the fair value of 250,000,000 share options:

Share price:	HK$0.27
Exercise price:	HK$0.10
Nature of the options:	Call
Risk-free rate:	1.08%
Expected life of the options:	40 months
Expected volatility:	94.74%
Expected dividend yield:	0%
Early exercise behavior:	280%

The following assumptions were used to calculate the fair value of 42,000,000 share option:

Share price:	HK$0.240
Exercise price:	HK$0.246
Nature of the option:	Call
Risk-free rate:	1.28%
Expected life of the option:	6 years
Expected volatility:	91.85%
Expected dividend yield:	0%
Early exercise behavior:	220%

In the current period, HK$25 million convertible bonds, 250,000,000 and 42,000,000 share options were granted/issued and the Company recognized the total expense of HK$124,202,000 as share-based payments for year ended 31 March 2011.

46. EVENTS AFTER THE REPORTING PERIOD

(i) On 13 April 2011, the Company entered into the Memorandum of Understanding ("MOU") with CineChina Limited ("CineChina") in relation to formation of the Joint Venture ("JV") for investment in and management of high- end digital cinemas in the PRC. CineChina undertakes to the Company that it shall introduce not less than 36 cinemas with not less than 260 screens and 30,000 seats in aggregate within 3 years after the formation of the JV.

(ii) On 17 May 2011, pursuant to the MOU dated 13 April 2011, Shine Wisdom Limited ("Shine Wisdom"), a wholly-owned subsidiary of the Company, entered into (i) the First Acquisition Agreement with 重慶越界影院投資有限公司 (transliterated as Chongqing Yuejie Media Investment Company Limited) ("the First Vendor") for the proposed acquisition of 51% interest in the tangible assets of Cinema Project A1 at a cash consideration of RMB6,611,000 (equivalent to approximately HK$7,900,000) and the proposed acquisition of 51% interest in the tangible assets of Cinema Project A2 at a cash consideration of RMB6,316,000 (equivalent to approximately HK$7,548,000), (ii) the Second Acquisition Agreement with 重慶嘉裕影院管理有限公司 (transliterated as Chongqing Jiayu Cinema Management Company Limited) ("the Second Vendor") for the proposed acquisition of 51% interest in the tangible assets of Cinema Project B at a cash consideration of RMB6,093,000 (equivalent to approximately HK$7,281,000); and (iii) the Third Acquisition Agreement with Mr. Yingang ("the Third Vendor") for the proposed acquisition of 75% equity interest in a Target Company at a cash consideration of RMB10,903,000 (equivalent to approximately HK$13,029,000).

(iii) On 9 June 2011, Lofty Shine Limited, a wholly-owned subsidiary of the Company, entered into the JV Agreement with CineChina in connection with the cooperation between the Group and CineChina pursuant to the MOU dated 13 April 2011.

(iv) On 9 June 2011, Shine Wisdom and 上海龍影投資諮詢服務有限公司 ("Shanghai Longying") entered into the Transfer Agreement for the transfer of the Leasing Agreements at nil consideration in relation to the leasing of premises for development into 4 cinemas with an initial planning of 29 screens with 4,719 seats in total in Linan, Hangzhou, Zhongshan and Tianjin respectively in the PRC.

(v) Mr. Fok Wai Ming Jackie has been appointed as a Executive Director with effect from 9 May 2011.

47. COMPARATIVE FIGURES

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

FIVE YEAR FINANCIAL SUMMARY

The results and assets and liabilities of the Group for the last five financial years are as follows:

	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**557,637**	687,987	214,935	98,779	63,072
Loss before taxation	**166,762**	30,793	95,608	27,715	28,510
Taxation	**9,841**	(2,719)	(313)	527	–
Loss before non-controlling interest	**156,921**	33,512	95,921	27,188	28,510
Non-controlling interests	**–**	(596)	(390)	(121)	–
Loss attributable to owners of the Company	**156,921**	32,916	95,531	27,067	28,510
Loss per share – Basic (cents)	**5.34**	1.50	6.74	1.47	4.52

	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**170,889**	394,956	48,343	101,650	83,871
Total liabilities	**(92,164)**	(307,986)	(45,066)	(64,026)	(71,386)
Non-controlling interests	**–**	(242)	(232)	(121)	–