BINGO

BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8220

ANNUAL REPORT **2012**

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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
Chan Cheong Yee
Yik Chok Man
Fok Wai Ming Jackie
(appointed on 9 May 2011)

Non-Executive Directors

Chong Lee Chang
Chin Chow Chung Hang Roberta

Independent Non-Executive Directors

Chen Chou Mei Mei Vivien
Wong Chak Keung
Chum Kwan Yue Desmond

COMPANY SECRETARY

Yik Chok Man

COMPLIANCE OFFICER

Chan Cheong Yee

AUDIT COMMITTEE

Wong Chak Keung (Chairman)
Chen Chou Mei Mei Vivien
Chum Kwan Yue Desmond

REMUNERATION COMMITTEE

Chen Chou Mei Mei Vivien
(appointed as Chairman on 22 March 2012)
Wong Chak Keung
Chum Kwan Yue Desmond

NOMINATION COMMITTEE

Chong Lee Chang
(appointed as Chairman on 22 March 2012)
Wong Chak Keung
Chen Chou Mei Mei Vivien
Chum Kwan Yue Desmond

AUTHORIZED REPRESENTATIVES

Chan Cheong Yee
Yik Chok Man

AUDITORS

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

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.

CORPORATE INFORMATION

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 2012 (the "Year") to our shareholders.

GENERAL

The Group was principally engaged in sales and trading of coal and palm oil ("Trading"), movie production, licensing and derivatives, crossover marketing and provision of interactive contents ("Filmed Entertainment, New Media Exploitations and Licensing Businesses") and cinema investment and management ("Cinema Business").

In active pursuit of the movie business, during the Year, the Company completed principal photography of a full length feature movie, feature film with the working title as "Journey to the West – 除魔傳奇" formerly known as "Journey to the West – 西遊記", and has commenced the post-production of the movie. This is a fantasy movie involving magic, supernatural events, make-believe creatures with arresting visual effects and Stephen Chow's special brand of humour/comedy.

On 23 March 2012, Bingo Animation Limited ("Bingo Animation"), a subsidiary of the Company, entered into the Film Production Agreement ("Agreement") with 青島廣電動畫有限公司 in relation to the production of animation movie and TV cartoon of title of CJ7 (長江七號). Pursuant to the Agreement, Bingo Animation will work with 青島廣電動畫有限公司 to develop, produce and distribute the animation movie and TV cartoon derived from the intellectual property right of CJ7 (長江七號).

The Group has a vision to become an integrated entertainment and media company focusing on the China market. In 2011, gross film box office in China exceeded RMB13.1 billion and it expects the film industry is expected to maintain a high growth in 2012. The Group is optimistic about the future of the cinema and film industries in China. We believe that the growing demand for quality films will continue in the future.

FINANCIAL REVIEW

During the Year, the Group recorded a total turnover of approximately HK$279,998,000, representing decrease of approximately 50% as compared with HK$557,637,000 for 2011. In 2011, the group is shifting business more focus onto the Filmed Entertainment, New Media Exploitations and Licensing Business and Cinema Business, so the Group started to put less focus on trading business, which generated 98% of turnover for the year ended 31 March 2011.

Loss attributable to shareholders for the Year was approximately HK$125,384,000 compared with a loss of HK$156,921,000 for 2011.

The positive effect on the results of the Group for Year is mainly attributable to decrease in share-based payments recognised during the Year, net off by the loss incurred from capitalisation on convertible bonds by HK$46,516,000. During the Year, the share-based payment was HK$41,907,000, representing an decrease of approximately 66% as compared with HK$124,202,000 for the year ended 31 March 2011.

DIRECTORS' BUSINESS REVIEW

The loss of HK$46,516,000 is incurred from loan capitalisation of convertible bonds which is deemed to extinguish the financial liability by issuing equity instruments to convertibles bond holders. The loss represents the difference between carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued. It does not involve any 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 2012, the Group had total assets of approximately HK$156,019,000 (31 March 2011: HK$170,889,000), including cash and cash equivalents of approximately HK$39,078,000 (31 March 2011: HK$116,765,000). There was no pledged bank deposit as at 31 March 2012 (31 March 2011: Nil).

During the Year, the Group financed its operations with its own working capital and Capital received from share subscription. As at 31 March 2012, the Group did not have any bank overdraft (31 March 2011: Nil).

As at 31 March 2012, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.16 (31 March 2011: approximately 0.54).

MAJOR EVENTS

SHARE SUBSCRIPTION

On 12 January 2012, the Company and Beglobal Investments Limited ("Beglobal") entered into the Subscription Agreement pursuant to which Beglobal conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 1,300,000,000 Subscription Shares at the Subscription Price of HK$0.03 per Subscription Share (the "Subscription"). The 1,300,000,000 Subscription Shares represent approximately 21.33% of the issued share capital of the Company as at the date of completion of the Subscription Shares and the Capitalisation Shares.

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with all the Shares in issue as at the date of completion of the Subscription and will be subject to a lock-up period of six months from the date of completion of the Subscription.

The Board passed a special resolution by the shareholders by way of poll at the extraordinary general meeting held on 12 March 2012 to approve the Subscription. The completion of the Subscription took place on 15 March 2012.

DIRECTORS' BUSINESS REVIEW

THE CAPITALISATION

On 12 January 2012, the Company and each of the Creditors entered into the Capitalisation Agreements pursuant to which the Creditors conditionally agreed to capitalise the Loans in the aggregate amount of HK$51,187,500 owed by the Company to the Creditors (the "Capitalisation"). The Company shall allot and issue an aggregate of 1,706,249,999 Capitalisation Shares to the Creditors (pro rata to the amount owed to each Creditors) at the Capitalisation Price of HK$0.03 per Capitalisation Share as full and final settlement of the Loans. Each of the Creditors conditionally agreed to waive all its rights in the unpaid interest accrued on the Loans from 7 October 2011 up to the date of completion of the Capitalisation. The 1,706,249,999 Capitalisation Shares represent approximately 28.00% of the issued share capital of the Company as at the date of completion of the Subscription Shares and the Capitalisation Shares.

The Board passed a special resolution by the shareholders by way of poll at the extraordinary general meeting held on 12 March 2012 to approve the Capitalisation. The completion of the Capitalisation took place on 15 March 2012.

SUBSEQUENT EVENTS

On the basis of the relevant PRC regulations in relation to the cinemas investment and management. The Board is considering the reorganization relates to a series of arrangement of Cinema Business to fulfill the required PRC regulations. After the proposed reorganization, it expects the Group will own beneficially the entire interests in the 5 operating cinemas in Chengdu, Chongqing, Shanghai, Hangzhou and Linan.

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 2012, the Group had 41 (31 March 2011: 51) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK$55,455,000 during the Year (31 March 2011: HK$137,515,000), in which HK$40,246,000 was share-based payments to director (31 March 2011: HK$121,797,000)

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, 7,500,000 share options have been granted to an employee of the Company.

DIRECTORS' BUSINESS REVIEW

CONTINGENT LIABILITIES

As at 31 March 2012, the Group had no significant contingent liabilities (31 March 2011: Nil).

CAPITAL COMMITMENTS

As at 31 March 2012, the Group had capital commitments of approximately HK$23,426,000 (31 March 2011: approximately HK$11,462,000).

OPERATING LEASE COMMITMENTS

As at 31 March 2012, the commitments under non-cancellable operating lease are represented as follows:

	31 March 2012		31 March 2011	
	Properties	**Others**	Properties	Others
	(Audited)	**(Audited)**	(Audited)	(Audited)
	HK$'000	**HK$'000**	HK$'000	HK$'000
Not later than one year	**225**	**–**	702	–
Later than one year but not later than five years	**–**	**–**	225	–
Total operating lease commitments	**225**	**–**	927	–

PAYMENTS TO PARTIES FOR PROCUREMENT FOR INVESTMENT OF CINEMA BUSINESS

During the Year, the payments of HK$12,513,000 were made to a director of a 70% owned subsidiary, who is also a director and shareholder of CineChina, and HK$22,341,000 to CineChina, a 30% shareholder of the abovementioned subsidiary. The amounts are in respect of the cinema development in Linan and Hangzhou. The amounts are unsecured and non-interest bearing. The amounts will be released subject to completion of cinema reorganization relation to a series of arrangement of Cinema Business to fulfill required PRC regulations.

DIRECTORS' BUSINESS REVIEW

OUTLOOK

While the Group has continued its existing businesses, the Group will put more focus onto the newly developing Filmed Entertainment, New Media Exploitations and Licensing and Cinema Business in sustaining its core competitiveness through intensive execution of the following strategies:

- The Group believes that cooperating with various experts in filmed entertainment and cinema operation and development creates a synergistic effect to the Group which allows the Group to expand its operation and businesses in the areas of cinema-related businesses in the PRC.

- Upon completion of the Subscription and the Capitalisation, the Group has been restored to a net current asset position. The Group will continue to explore new opportunities to stretch our reach into the areas of Filmed Entertainment, New Media Exploitations and Licensing and Cinema Business in various cities in the PRC.

- The Board is considering a series of reorganization exercises in relationship to a series of arrangement of Cinema Business. Subject to the completion of reorganization, the Group will own beneficially the entire interest in the existing operating cinemas in Chengdu, Chongqing, Shanghai, Hangzhou and Linan in PRC.

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 staff for their dedication, loyalty and valued services.

For and on behalf of the Board

Chan Cheong Yee
Executive Director
Hong Kong, 27 June 2012

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), China Investment Development Limited (Stock code: 204), China Investment and Finance Group Limited (Stock code: 1226) and an independent non-executive director of Agritrade Resources Limited (Stock code: 1131). 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 8 years. At present, Mr. Yik is an assistant general manager of a property development company. Mr. Yik has over 28 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.

DIRECTORS AND SENIOR MANAGEMENT

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 in 1982. Mr. Chong 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. Mr. Chong has served as an executive director of Antah Holdings Berhad and an independent non-executive director of EITA Resources Berhad, both are public companies 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) and an independent non-executive director of Agritrade Resources Limited (stock code: 1131) which are listed on the main board of the Stock Exchange. Mr. Chong joined the Group in March 2009.

Mrs. Chin Chow Chung Hang, Roberta – Mrs. Chin has co-produced various films with the Golden Harvest Group in the past. Mrs. Chin 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 is an executive director of Winsor Properties Holdings Limited (Stock code: 1036) and an non-executive director of Agritrade Resources Limited (stock code: 1131). 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 China Investment Development 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. 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 GEM 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 to maintain a 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 2012, 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.

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.

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 year	Number of meetings attended
Executive directors		
Mr. Chiau Sing Chi	14	3
Mr. Chan Cheong Yee	14	12
Mr. Yik Chok Man	14	14
Mr. Fok Wai Ming Jackie (appointed on 9 May 2011)	12	12
Non-executive directors		
Mr. Chong Lee Chang	6	3
Mrs. Chin Chou Chung Hang, Roberta	6	3
Independent non-executive directors		
Mrs. Chen Chou Mei Mei Vivien	6	5
Mr. Wong Chak Keung	6	5
Mr. Chum Kwan Yue Desmond	6	5

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The 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 COMMITTEE

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 (Chairman), Mr. Wong Chak Keung and Mr. Chum Kwan Yue Desmond. The Committee convened two meetings during the financial year ended 31 March 2012.

AUDITOR'S REMUNERATION

For the year ended 31 March 2012, fee for the Company's external auditor for audit services was HK$570,000. Except the statutory audit fee, fee paid and payable to the external auditor for non-audit services amounted to approximately of HK$105,000.

NOMINATION COMMITTEE

The Nomination Committee was established on 22 March 2012 and has adopted the terms of reference of Nomination Committee in full compliance with the provisions set out in the Code.

The Nomination Committee currently comprises four members: one non-executive director, Mr. Chong Lee Chang (Chairman), and three independent non-executive directors, namely Mrs. Chen Chou Mei Mei Vivien, Mr. Wong Chak Keung and Mr. Chum Kwan Yue Desmond.

The Nomination Committee has adopted a written nomination procedure specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee will base the priority of the criteria in the procedure (such as appropriate experience, personal skills and time commitment, etc) to identify and recommend proposed candidates to the Board. During the year, the Nomination Committee did not hold any meeting.

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 2012. 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 year	Number of meetings attended
Mr. Wong Chak Keung	4	4
Mrs. Chen Chou Mei Mei Vivien	4	3
Mr. Chum Kwan Yue Desmond	4	4

Accountability and Audit

The directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 March 2012, 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 2012.

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 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDEND

The Group's loss for the year ended 31 March 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 24 to 28. The Directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2012 (2011: 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 108. 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 16 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS 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 27, 29 and 33 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 30 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 30%. Purchases from the Group's five largest suppliers accounted to 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to 98%.

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
Mr. Chan Cheong Yee
Mr. Yik Chok Man
Mr. Fok Wai Ming Jackie (appointed on 9 May 2011)

Non-executive directors:
Mr. Chong Lee Chang
Mrs. Chin Chow Chung Hang Roberta

Independent non-executive directors:
Mrs. Chen Chou Mei Mei Vivien
Mr. Wong Chak Keung
Mr. Chum Kwan Yue Desmond

In accordance with Article 87 of the Company's Articles of Association, Mr. Chiau Sing Chi, Mr. Yik Chok Man, Mrs. Chin Chow Chung Hang Roberta and Mrs. Chen Chou Mei Mei Vivien 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 2012 and it still considered them to be independent as the date of this report.

DIRECTORS' SERVICE CONTRACTS

Save as disclosed on note 39, 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 38 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 2012, 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	0.01%
Mr. Chong Lee Chang *(Note 1)*	Beneficial owner	90,631,999	1.49%
Mrs. Chen Chou Mei Mei Vivien	Beneficial owner	5,500,000	0.09%
Mr. Chiau Sing Chi *(Note 2)*	Held by trust	3,216,969,926	52.76%

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 the trust the discretionary objects of which are Mr. Chiau and his family.

3. The total number of the issued share capital of the Company as at 31 March 2012 was 6,096,809,125.

(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.

Details of share options granted to the Directors as at 31 March 2012 were as follows:

Name of Director	Date of grant	Number of options held as at 1 April 2011	Number of options granted during the period	Number of options exercised during the year	Number of options held as at 31 March 2012	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. 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 2012, 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 2012, 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)*	3,216,969,926	52.76%	–
Lee Sherman	367,500,000	6.03%	–
Bhanusak Asvaintra	315,000,000	5.17%	–

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.

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 2011	Number of options granted during the year	Number of options exercised during the year	Number of options cancelled during the year	Number of options held as at 31 March 2012	Exercise price HK$	Exercise period
Directors	26 Aug 2009	10,000,000		–		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 2013
Employees	30 Dec 2008	1,000	–	–	(1,000)	–	0.054	30 Dec 2008 – 29 Dec 2011
	26 Aug 2009	500,000	–	–		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
	14 April 2011	–	7,500,000	–		7,500,000	0.246	12 Oct 2011 – 19 Aug 2016
Advisors	24 Feb 2009	14,000,000	–	(14,000,000)		–	0.072	24 Feb 2009 – 23 Feb 2012
	26 Aug 2009	40,000,000	–	(5,000,000)		35,000,000	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		356,501,000	7,500,000	(19,000,000)	(24,001,000)	321,000,000		

DIRECTORS' REPORT

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 2012.

CONNECTED TRANSACTIONS

Saved as disclosed in note 38 to the financial statements, no other connected transactions were entered into by the Group under the GEM Listing Rules.

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 40 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, 27 June 2012

INDEPENDENT AUDITOR'S REPORT

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 24 to 107, which comprise the consolidated and Company's statements of financial position as at 31 March 2012, 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.

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 2012 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

27 June 2012

CONSOLIDATED INCOME STATEMENT

For the Year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	6	**279,998**	557,637
Cost of sales		**(273,916)**	(546,373)
Operating cost		**–**	(4,563)
Gross profit		**6,082**	6,701
Gain on disposal of subsidiaries	32	**714**	15,540
Other revenue and other net income	7	**476**	334
Selling expenses		**(841)**	(5,608)
Administrative expenses		**(31,610)**	(50,536)
Share-based payments	39	**(41,907)**	(124,202)
Loss on capitalisation on convertible bonds		**(46,516)**	–
Other losses	9	**(7,506)**	(1,368)
Share of loss of associates		**–**	(13)
Finance costs	8	**(3,473)**	(7,610)
Loss before taxation	9	**(124,581)**	(166,762)
Taxation	12	**(803)**	9,841
Loss for the year		**(125,384)**	(156,921)
Loss attributable to:			
Owners of the Company	13	**(124,163)**	(156,921)
Non-controlling interests		**(1,221)**	–
		(125,384)	(156,921)
Loss per share (cents per share)	15		
Basic:		**(3.85)**	(5.34)
Diluted		**N/A**	N/A

Details of dividend payable to owners of the Company are set out in note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Loss for the year		**(125,384)**	(156,921)
Other comprehensive loss			
Exchange differences on translating foreign operations			
– Exchange differences arising during the year		**(398)**	(53)
– Reclassification adjustment relating to foreign operations disposed during the year		**15**	(58)
Other comprehensive loss for the year, net of tax		**(383)**	(111)
Total comprehensive loss for the year		**(125,767)**	(157,032)
Total comprehensive loss attributable to:			
Owners of the Company		**(124,533)**	(157,032)
Non-controlling interests		**(1,234)**	–
		(125,767)	(157,032)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Notes	As at 31 March 2012 HK$'000	As at 31 March 2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**593**	578
Goodwill	17	**8,295**	15,060
Deposits paid for acquisition of equity interests and assets in cinema business	19	**18,322**	–
Deferred tax assets	28	**–**	803
		27,210	16,441
CURRENT ASSETS			
Inventories	20	**–**	24,710
Trade receivables	21	**–**	322
Other receivables, deposits and prepayments	22	**2,115**	4,262
Payments to parties for procurement for investment of cinema business	23	**34,854**	–
Films in progress	24	**52,762**	8,389
Bank balances and cash	25	**39,078**	116,765
		128,809	154,448
CURRENT LIABILITIES			
Deposits received, other payables and accruals	26	**12,614**	34,090
Tax payables		**730**	736
Convertible bonds	27	**–**	49,182
		13,344	84,008
NET CURRENT ASSETS		**115,465**	70,440
TOTAL ASSETS LESS CURRENT LIABILITIES		**142,675**	86,881

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Notes	As at 31 March 2012 HK$'000	As at 31 March 2011 HK$'000
NON-CURRENT LIABILITIES			
Convertible bonds	*27*	**10,916**	8,156
		10,916	8,156
NET ASSETS		**131,759**	78,725
CAPITAL AND RESERVES			
Share capital	*29*	**121,936**	61,431
Reserves		**11,051**	17,294
		132,987	78,725
Non-controlling interests		**(1,228)**	–
TOTAL EQUITY		**131,759**	78,725

The financial statements on pages 24 to 107 were approved and authorised for issue by the board of directors on 27 June 2012 and are signed on its behalf by:

Chan Cheong Yee	**Fok Wai Ming Jackie**
DIRECTOR	DIRECTOR

STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	171	136
Interests in subsidiaries	18	264,598	173,219
		264,769	173,355
CURRENT ASSETS			
Other receivables, deposits and prepayments	22	1,152	2,203
Bank balances and cash		32,891	114,069
		34,043	116,272
CURRENT LIABILITIES			
Other payables and accruals	26	3,383	4,321
Amounts due to subsidiaries	18	147,065	147,069
Convertible bonds	27	–	49,182
		150,448	200,572
NET CURRENT LIABILITIES		(116,405)	(84,300)
TOTAL ASSETS LESS CURRENT LIABILITIES		148,364	89,055
NON CURRENT LIABILITIES			
Convertible bonds	27	10,916	8,156
NET ASSETS		137,448	80,899
CAPITAL AND RESERVES			
Share capital	29	121,936	61,431
Reserves	30	15,512	19,468
TOTAL EQUITY		137,448	80,899

Chan Cheong Yee
DIRECTOR

Fok Wai Ming Jackie
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 March 2012

	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 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
Loss for the year	–	–	–	–	–	–	(124,163)	(124,163)	(1,221)	(125,384)
Other comprehensive loss for the year	–	–	–	–	–	(370)	–	(370)	(13)	(383)
Total comprehensive loss for the year	–	–	–	–	–	(370)	(124,163)	(124,533)	(1,234)	(125,767)
Subscription of shares	26,000	13,000	–	–	–	–	–	39,000	–	39,000
Capitalisation of convertible bonds	34,125	63,579	–	–	–	–	–	97,704	–	97,704
Release of equity component of convertible bonds upon capitalisation of convertible bonds	–	–	–	(5,126)	–	–	5,126	–	–	–
Issue of convertible bonds	–	–	–	15,941	–	–	–	15,941	–	15,941
Issue of new shares of HK$0.02 each under share option scheme	380	1,842	–	–	(708)	–	–	1,514	–	1,514
Equity settled share option arrangement	–	–	–	–	24,636	–	–	24,636	–	24,636
Lapse of share option	–	–	–	–	(1,349)	–	1,349	–	–	–
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	6	6
At 31 March 2012	121,936	329,062	3,930	101,851	56,886	(423)	(480,255)	132,987	(1,228)	131,759

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year:		(125,384)	(156,921)
Adjustments for:			
Income tax expenses/(credit)		803	(9,841)
Finance costs recognised in profit or loss		3,473	7,610
Interest income		(414)	(152)
Share of loss of an associate		–	13
Gain on disposal of a subsidiary		(714)	(15,540)
Depreciation		201	1,102
Impairment loss on goodwill		6,765	–
Impairment loss in respect of trade and other receivables, deposits and prepayments		734	–
Loss on disposal of property, plant and equipment		7	12
Loss on capitalisation of convertible bonds		46,516	–
Share-based payments		41,907	124,202
Operating cash flows before working capital changes		(26,106)	(49,515)
Decrease/(increase) in inventories		24,710	(24,710)
(Increase)/decrease in trade receivables		(119)	393
Decrease in other receivables, deposits and prepayments		314	48,761
Increase in film in progress		(44,373)	(8,389)
Decrease in trade payables		–	(2,748)
(Decrease)/increase in other payables, accruals and deposit received		(18,998)	24,301
CASH USED IN OPERATION		(64,572)	(11,907)
Tax paid		(6)	(55)
NET CASH USED IN OPERATING ACTIVITIES		(64,578)	(11,962)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	31	–	195
Refund of investment costs		–	791
Deposits paid for acquisition of assets and company for cinema business		(18,322)	–
Payments to parties for procurement for investment of cinema business		(34,854)	–
Purchase of property, plant and equipment		(396)	(382)
Proceeds from disposal of property, plant and equipment		–	40
Deposit received in respect of sale of investment properties		–	117,600
Net cash outflow from disposal of subsidiaries	32	(36)	(203)
Interests received		414	152
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(53,194)	118,193
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Proceeds from subscription of shares		39,000	–
Proceeds from shares issued under share option scheme		1,514	3,426
Contribution from non-controlling interests		6	–
Repayment of bank loan		–	(600)
Repayment of finance lease		–	(35)
Interest on finance lease paid		–	(4)
Interest paid		(37)	(1,996)
NET CASH GENERATED FROM FINANCING ACTIVITIES		40,483	791
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(77,289)	107,022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		116,765	9,796
Effect of foreign exchange rate changes		(398)	(53)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	39,078	116,765

NOTES TO FINANCIAL STATEMENTS

For the Year ended 31 March 2012

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 18 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. The directors of the Company consider the Company's ultimate holding company to be Beglobal Investments Limited, a limited liability company incorporated in the British Virgin Islands.

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 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 2011.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related party Disclosures
HK (IFRIC) – Int 14 (Amendments)	Prepayments of Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new and revised standards and interpretations has no material impact on the Group's consolidated financial statements for the current or prior accounting periods, except for the followings:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

Hong Kong (IFRIC) Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"

Hong Kong (IFRIC) Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" ("HK(IFRIC) Int 19") clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group has applied HK(IFRIC) Int 19 for the first time in the current year.

During the year ended 31 March 2012, the Company has entered into capitalisation agreements with each of the creditors of convertible bonds which became due and mature on 6 October 2011 to extinguish all of its financial liabilities by issuing 1,706,249,999 shares to the creditors. A loss of approximately HK$46,516,000 has been recongised in the profit or loss. Details are set out in note 27 to the financial statements. No financial liability of the Company were renegotiated and result in the Company issuing equity instruments to extinguish all or part of its financial liabilities in prior year. The application of HK(IFRIC) Int 19 had no impact on the reported profit or loss for the year ended 31 March 2011.

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)	Annual Improvements 2009-2011 Cycle[4]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 9 and Amendments to HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[4]

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Statement of compliance (Continued)

The Group is in the process of making an assessment of the potential impact of applying HKFRS 9, HKFRS 10, HKFRS 11, HKFRS 12 and HKFRS 13 and have not quantified the extent of their impact as at the date of publication of these financial statements.

HKAS 1 (Amendments) "Presentation of Items of Other Comprehensive Income"

HKAS 1 (Amendments) changes the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. Items that will not be reclassified to profit or loss will be presented separately from items that may be reclassified in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income'. However HKAS 1 still permits entities to use other titles. The amendments affect presentation only and have no impact on the Group's financial position and performance

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 non-controlling 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 1 April 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 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.

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

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)

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.

e) Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertaken an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interests in joint ventures (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Investment in associates (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Non-current assets held for sale (continued)

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) 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.

j) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from subsidiaries 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (Continued)

Impairment loss on financial assets (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (Continued)

Other financial liabilities

Other financial liabilities including trade payables, other payables and accruals, amounts due to subsidiaries 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.

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)

j) Financial instruments (Continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and 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.

k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) 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.

m) 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.

n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Leases (Continued)

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.

o) 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 intellectual property right is recognised on an accrual basis evenly over the contract period.

(iv) Licensing income from event is recognised when the events are completed or the services are provided and the amount can be measured reliably.

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

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

p) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Income tax (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Films in progress and film rights

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.

Film rights are stated at cost less accumulated amortisation and impairment losses. Their costs are amortised over the underlying licence period, with reference to projected revenue.

r) 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.

s) 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.

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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) 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.

u) 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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Foreign currencies (Continued)

From 1 April 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.

v) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) 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	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)				
Trade receivables	**–**	322	**–**	–
Financial assets included in other receivables, deposits and prepayments	**1,482**	3,629	**877**	1,946
Amounts due from subsidiaries	**–**	–	**223,439**	132,060
Bank balance and cash	**39,078**	116,765	**32,891**	114,069
	40,560	120,716	**257,207**	248,075
Financial liabilities				
Financial liabilities measured at amortised cost				
Financial liabilities included in deposits received, other payables and accruals	**11,924**	8,743	**2,813**	3,952
Amounts due to subsidiaries	**–**	–	**147,065**	147,069
Convertible bonds	**10,916**	57,338	**10,916**	57,338
	22,840	66,081	**160,794**	208,359

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 significant 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:

	2012		2011	
	USD'000	**RMB'000**	USD'000	RMB'000
Assets	**74**	**2,739**	113	53,089
Liabilities	**–**	**–**	–	(3,467)

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	
	2012	2011
Sensitivity rate	**3%**	3%
Loss after tax and retained earnings	**82**	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 2012 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 25 and 27 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, there would have been no significant impact on the Group's post-tax loss for the year ended 31 March 2012 (2011: the Group's post-tax loss for the year would have decreased/increased by HK$613,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank deposits.

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 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 has no trade receivables as at 31 March 2012. At 31 March 2011, the Group's exposure to credit risk was influenced mainly by the individual characteristics of each customer. The Group had a certain concentration of credit risk as 55% of the total trade and other receivables was due from a major customer 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 21 and 22 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

	2012					
	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
Financial liabilities included in other payables and accruals	11,924	11,924	11,924	–	–	–
Convertible bonds	10,916	45,000	–	–	–	45,000
	22,840	56,924	11,924	–	–	45,000

NOTES TO FINANCIAL STATEMENTS

For the Year ended 31 March 2012

3. FINANCIAL INSTRUMENTS (CONTINUED)

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

(iv) Liquidity risk (continued)

The Group (Continued)

	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
	66,081	104,931	59,931	–	–	45,000

The Company

	2012					2011				
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 5 years HK$'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	2,813	2,813	2,813	-	-	3,952	3,952	3,952	-	-
Convertible bonds	10,916	45,000	-	-	45,000	57,338	96,188	51,188	-	45,000
Amounts due to subsidiaries	147,065	147,065	147,065	-	-	147,069	147,069	147,069	-	-
	160,794	194,878	149,878	-	45,000	208,359	247,209	202,209	-	45,000

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 2012 and 2011.

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) Impairment of films in progress

The management of the Group reviews the progress of the films at the end of each reporting period and identifies the slow-moving film in progress that is no longer suitable for use in production. The management estimates the net realisable value for such film in progress based primarily on the recoverable amount. In addition, the Group carries out review on each film in progress at the end of the reporting period and makes allowance for any film in progress that production is no longer proceed.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

b) 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.

c) Impairment of trade and other receivables, and amounts due from a director of a subsidiary and non-controlling interest

The Group makes impairment loss on doubtful debts based on an assessment of the recoverability of trade receivables and other receivables, and amounts due from a director of a subsidiary and non-controlling interest. 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.

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 for the year:

Trading – Sales and trading of coal and crude oil.

Filmed entertainment, New Media Exploitations and licensing businesses – Movie production, licensing and derivatives, crossover marketing, provision of interactive contents, artist development and last miles engagement.

Cinema investment and management – cinema investment and provision of cinema management service.

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.

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment.

5. SEGMENT INFORMATION (CONTINUED)

	Year ended 31 March 2012				Year ended 31 March 2011			
	Trading HK$'000	Cinema Investment and management HK$'000	Filmed Entertainment New Media Exploitations and Licensing Businesses HK$'000	Total HK$'000	Trading HK$'000	Property Holding and Management HK$'000	Filmed Entertainment New Media Exploitations and Licensing Businesses HK$'000	Total HK$'000
Segment Revenue								
Reportable segment revenue	270,819	–	9,179	279,998	547,359	8,199	2,079	557,637
Inter-segment revenue	–	–	–	–	–	–	–	–
Revenue from external customers	270,819	–	9,179	279,998	547,359	8,199	2,079	557,637
Segment Result								
Reportable segment result	618	(1,515)	5,464	4,567	986	3,790	1,925	6,701
Interest income				414				152
Gain on disposal of subsidiaries				714				15,540
Unallocated corporate expenses				(38,380)				(57,330)
Share of loss of an associate				–				(13)
Share-based payments				(41,907)				(124,202)
Loss on capitalisation of convertible bonds				(46,516)				–
Finance cost				(3,473)				(7,610)
Loss before taxation				(124,581)				(166,762)
Segment Assets								
Reportable segment assets	402	54,906	64,047	119,355	25,563	8,083	9,344	42,990
Deferred tax assets				–				803
Unallocated corporate assets				36,664				127,096
Consolidated total assets				156,019				170,889
Segment Liabilities								
Reportable segment liabilities	–	109	5,760	5,869	24,837	1,625	719	27,181
Tax payables				730				736
Convertible bonds				10,916				57,338
Unallocated corporate liabilities				6,745				6,909
Consolidated total liabilities				24,260				92,164

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 deferred tax assets and unallocated corporate assets. Goodwill is allocated to reportable segments as described in note 17.

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities and unallocated corporate liabilities.

Other segment information:

	Year ended 31 March 2012				Year ended 31 March 2011			
	Trading HK$'000	Cinema Investment and management HK$'000	Filmed Entertainment New Media Exploitations and Licensing Businesses HK$'000	Total HK$'000	Trading HK$'000	Property Holding and Management HK$'000	Filmed Entertainment New Media Exploitations and Licensing Businesses HK$'000	Total HK$'000
Additions to non-current assets	–	18,426	–	18,426	–	–	–	–
Interest income	–	107	154	261	–	16	–	16
Finance costs	–	–	–	–	–	2,000	–	2,000
Depreciation and amortisation	–	8	120	128	–	999	77	1,076
Loss on disposal of property, plant and equipment	–	–	–	–	–	12	–	12

5. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services:

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

	2012 HK$'000	2011 HK$'000
Sales of palm oil and coal	270,819	547,359
Property management fee income	–	3,673
Rental income	–	4,526
Royalty and licensing income	9,179	2,079
	279,998	557,637

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 external customers and information about non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2012 HK$'000
PRC (including Hong Kong)	9,179	10,278	27,210	15,638
Singapore	100,754	244,429	–	–
Indonesia	85,104	213,668	–	–
Others	84,961	89,262	–	–
	279,998	557,637	27,210	15,638

5. SEGMENT INFORMATION (CONTINUED)

Information about major customers:

Included in revenues arising from sales of palm oil and coal of HK$271 million (2011: HK$547 million) are revenues of approximately HK$85 million (2011: HK$214 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:

	2012 HK$'000	2011 HK$'000
Customer A	85,104	213,668
Customer B	57,689	179,871
Customer C	42,783	89,262
Customer D	33,913	N/A
Customer E	31,425	N/A
	250,914	482,801

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

6. TURNOVER

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

	2012 HK$'000	2011 HK$'000
Revenue from sales of goods	270,819	547,359
Revenue from rendering of services	–	8,199
Royalty and licensing income	9,179	2,079
	279,998	557,637

7. OTHER REVENUE AND OTHER NET INCOME

	2012 HK$'000	2011 HK$'000
Interest income	414	152
Others	62	182
	476	334

8. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Bank loan interest	–	1,996
Effective interest on convertible bonds	3,436	5,610
Finance lease charges	–	4
Other loan interest	37	–
	3,473	7,610

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2012 HK$'000	2011 HK$'000
Auditor's remuneration	570	366
Cost of inventories sold	270,202	546,373
Direct operating expenses from investment properties that generated rental income during the year	–	4,409
Direct expenses of licensing business	3,714	154
Depreciation	201	1,102
– Owned assets	201	1,057
– Assets held under finance leases	–	45
Exchange loss	(3,167)	(98)
Other losses	7,506	1,368
– Impairment on accounts receivables	441	344
– Impairment on goodwill	6,765	–
– Write off of receivables and deposits	293	1,012
– Loss on disposal of property, plant and equipment	7	12
Operating lease rental in respect of rented premises	1,599	3,913
Staff costs (including directors' remuneration)		
– Salaries and allowances	14,269	14,046
– Equity-settled share based payment	40,912	123,119
– Retirement scheme contributions	274	350

10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the Company's directors for the year ended 31 March 2012 and 2011 were as follows:

	Year ended 31 March 2012			
	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	–	–	40,246	40,246
Mr. Chan Cheong Yee	180	–	–	180
Mr. Yik Chok Man	120	–	–	120
Mr. Fok Wai Ming Jackie *(note i)*	1,370	20	–	1,390
Non-executive directors				
Mr. Chong Lee Chang	120	–	–	120
Mrs. Chin Chow Chung Hang, Roberta	120	90	–	210
Independent non-executive directors				
Mrs. Chen Chou Mei Mei Vivien	120	–	–	120
Mr. Chum Kwan Yue, Desmond	120	–	–	120
Mr. Wong Chak Keung	120	–	–	120
	2,270	110	40,246	42,626

10. DIRECTORS' EMOLUMENTS (CONTINUED)

	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	–	–	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 directors				
Mr. Chong Lee Chang	108	–	–	108
Mrs. Chin Chow Chung Hang, Roberta	102	–	–	102
Independent non-executive directors				
Mrs. Chen Chou Mei Mei Vivien	108	–	–	108
Mr. Chum Kwan Yue, Desmond	77	–	–	77
Mr. Wong Chak Keung	77	–	–	77
Ms. Tsang Fung Chu *(note iii)*	29	–	–	29
Mr. Wong Chi Keung Patrick *(note iii)*	29	–	–	29
Mr. Leung Ka Kui Johnny *(note iv)*	42	–	–	42
	860	375	121,797	123,032

Note:

(i) Appointed on 9 May 2011

(ii) Resigned on 23 July 2010

(iii) Resigned on 6 August 2010

(iv) Resigned on 30 September 2010

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals in the Group with the highest emoluments, two (2011: two) are directors of the Company whose emoluments are disclosed above. The emoluments of the remaining three individuals (2011: three), are as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	2,599	2,737
Retirement scheme contributions	38	30
Staff Share based payment expenses	666	1322
	3,303	4,089

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

	Number of employees	
	2012	2011
Not exceeding HK$1,000,000	2	3
Exceeding HK$1,000,000 but not exceeding HK$1,500,000	2	–
Exceeding HK$2,500,000 but not exceeding HK$3,000,000	–	1
Exceeding HK$40,000,000 but not exceeding HK$45,000,000	1	–
Exceeding HK$121,500,000 but not exceeding HK$122,000,000	–	1

During the years ended 31 March 2011 and 2012, 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 2011 and 2012, no directors waived any emoluments.

12. TAXATION

	2012 HK$'000	2011 HK$'000
The taxation charge/(credit) comprises:		
Current tax		
Overseas	–	23
Deferred tax charge/(credit) *(note 28)*		
Current year	**803**	(9,864)
Tax recognised in profit or loss	**803**	(9,841)

No provision for Hong Kong profits tax has been made in the financial statements for the year ended 31 March 2012 and 2011 since there is no assessable profit derived from Hong Kong for the year.

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.

12. TAXATION (CONTINUED)

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

	2012 HK$'000	2011 HK$'000
Loss before taxation	(124,581)	(166,762)
Tax at the statutory tax rate	(20,784)	(27,501)
Income not subject to taxation	(1,212)	(19,723)
Expenses not deductible for tax purpose	21,782	45,035
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	169
Tax effect of unrecognised temporary difference	–	15
Tax effect of unrecognised tax loss	1,017	588
Tax effect of utilization of tax losses previously not recognised	–	(47)
Tax effect for reversal of deferred tax liability due to disposal of investment property	–	(8,377)
Taxation charge/(credit) for the year	803	(9,841)

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

	2012			2011		
	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	398	–	398	53	–	53
– Reclassification adjustments relating to foreign operations disposed during the year	(15)	–	(15)	58	–	58
	383	–	383	111	–	111

13. 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$122,246,000 (2011: HK$147,331,000).

14. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 March 2012 (2011: Nil).

15. LOSS PER SHARE

(i) Basic loss per share

	2012 **HK Cent**	2011 HK Cent
Total basic loss per share	**(3.85)**	(5.34)

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

	2012 **HK$'000**	2011 HK$'000
Loss for the year attributable to owners of the Company	**(124,163)**	(156,921)

	2012	2011
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,223,494,235**	2,936,887,893

(ii) Diluted loss per share

Diluted loss per share for the year ended 31 March 2012 and 2011 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 2012 and 2011.

16. 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 2010	2,122	754	589	869	715	295	5,344
Additions	38	–	–	328	16	–	382
Acquired on acquisition of subsidiaries *(Note 31)*	–	–	–	341	–	–	341
Disposal	–	–	–	–	–	(295)	(295)
Disposal of subsidiaries *(Note 32)*	(2,160)	(754)	(589)	(806)	(93)	–	(4,402)
At 31 March 2011 and 1 April 2011	–	–	–	**732**	**638**	–	**1,370**
Additions	–	–	–	**372**	**24**	–	**396**
Disposal	–	–	–	–	**(622)**	–	**(622)**
Disposal of subsidiaries *(Note 32)*	–	–	–	**(207)**	–	–	**(207)**
At 31 March 2012	–	–	–	**897**	**40**	–	**937**
Accumulated depreciation and impairment							
At 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 32)*	(1,710)	(754)	(580)	(317)	(27)	–	(3,388)
At 31 March 2011 and 1 April 2011	–	–	–	**154**	**638**	–	**792**
Charge for the year	–	–	–	**186**	**15**	–	**201**
Eliminated upon disposal	–	–	–	–	**(615)**	–	**(615)**
Disposal of subsidiaries *(Note 32)*	–	–	–	**(34)**	–	–	**(34)**
At 31 March 2011	–	–	–	**306**	**38**	–	**344**
Net book value							
At 31 March 2012	–	–	–	**591**	**2**	–	**593**
At 31 March 2011	–	–	–	578	–	–	578

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Computers, Furniture, fixtures and equipment HK$'000
Cost	
At 1 April 2010	–
Additions	162
At 31 March 2011 and 1 April 2011	**162**
Additions	**89**
At 31 March 2012	**251**
Accumulated depreciation and impairment	
At 1 April 2010	–
Charge for the year	26
At 31 March 2011 and 1 April 2011	**26**
Charge for the year	**54**
At 31 March 2012	**80**
Net book value	
At 31 March 2012	**171**
At 31 March 2011	136

17. GOODWILL

	The Group	
	2012	2011
	HK$'000	HK$'000
Cost		
At beginning of the year	**19,768**	16,780
Acquired on acquisition of subsidiaries *(Note 31)*	**–**	8,295
Refund of investment cost	**–**	(791)
Disposal of subsidiaries	**–**	(4,516)
At end of the year	**19,768**	19,768
Accumulated impairment losses		
At beginning of the year	**(4,708)**	(9,224)
Impairment loss recognised	**(6,765)**	–
Eliminated upon disposal	**–**	4,516
At end of the year	**(11,473)**	(4,708)
Carrying amount		
At 31 March	**8,295**	15,060

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

	2012	2011
	HK$'000	HK$'000
Licensing business – Raxco	**8,295**	8,295
Property investment – Harvest Yield	**–**	6,765
	8,295	15,060

Property Investment

The goodwill arose from the acquisition of Harvest Yield Investments Limited ("Harvest Yield"), which engaged in property investment. Subsequent to the disposal of Property Held for Sales during the year ended 31 March 2011, Harvest Yield redesigned its business model from property management to cinema investment/operations. During the year, the cinema investment/operations were managed by other subsidiaries of the Group, Harvest Yield became dormant.

17. GOODWILL (CONTINUED)

The Group assessed the recoverable amount of goodwill and determined to impair the goodwill related to Harvest Yield.

Licensing business

The goodwill arose from the acquisition of Raxco Assets Corp. ("Raxco") during the year, which is engaged in New Media Exploitations 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.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost	**41,159**	41,159
Amount due from subsidiaries	**323,676**	213,327
Less: impairment loss	**(100,237)**	(81,267)
	264,598	173,219
Amount due to subsidiaries	**(147,065)**	(147,069)

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	
	2012	2011
	HK$'000	HK$'000
Balance at beginning of the year	**81,267**	86,644
Impairment losses recognised	**18,970**	–
Amounts written off as uncollectible	**–**	(5,377)
Balance at end of the year	**100,237**	81,267

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

18. INTERESTS IN SUBSIDIARIES (CONTINUED)

Particulars regarding the subsidiaries at 31 March 2012 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
Bingo Movie Development Limited	Hong Kong	Limited liability company	HK$1	100	–	Movie production
Billion Success Corporation 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
Bingo Cinema Management Company Limited	Hong Kong	Limited liability company	HK$10,000	70	–	Cinema management
Bingo Cinema Investment Company Limited	Hong Kong	Limited liability company	HK$10,000	70	–	Cinema investment
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	–	Dormant
High Amuse Limited	BVI	Limited liability company	US$1	100	–	Investment holding
Hugo Wisdom Limited	Hong Kong	Limited liability company	HK$1	100	–	Dormant
Huge Art Limited	Hong Kong	Limited liability company	HK$1	100	–	Cartoon production
Lofty Gain Investment Limited	BVI	Limited liability company	US$1	100	–	Movie production
Lofty Shine Limited	BVI	Limited liability company	HK$1	100	–	Investment holding
New Harvest Trading Limited	BVI	Limited liability company	HK$1	100	–	Dormant
Sinotrans Resources Limited	BVI	Limited liability company	US$1	100	–	Trading of palm oil and coal

18. INTERESTS IN SUBSIDIARIES (CONTINUED)

Particulars regarding the subsidiaries at 31 March 2012 are as follows: (Continued)

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 %	Indirectly %	Principal activities
Art Aim Limited	Hong Kong	Limited liability company	HK$1	–	100	Movie production
Brillant Tech Limited	Hong Kong	Limited liability company	HK$1	–	70	Cinema management
Bingo Animation Limited	Hong Kong	Limited liability company	HK$1	–	100	Cartoon production
EmCall Pte Limited	Hong Kong	Limited liability company	HK$10	–	100	Dormant
Gi Space Limited	Hong Kong	Limited liability company	HK$1	–	100	Dormant
Power Alliance Investment Limited	Hong Kong	Limited liability company	HK$1	–	100	Dormant
Raxco Assets Corp	BVI	Limited liability company	USD1	–	100	Licensing business
Shanghai Bingo Interactive Information Technology Co. Ltd*	PRC	Limited liability company	USD2.642m	–	100	New Media Exploitations business
上海采科影院管理咨詢有限公司*	PRC	Limited liability company	USD100,000	–	70	Cinema management
輝馳（上海）投資咨詢有限公司*	PRC	Limited liability company	USD100,000	–	70	Cinema investment
上海輝馳管理咨詢有限公司	PRC	Limited liability company	RMB100,000	–	70	Cinema investment

During the year 31 March 2012, the Company disposed an operation, Shanghai Bingo Interactive Information Technology Co. Ltd (Beijing Branch), which was dormant. The net liabilities of the operation disposed of are disclosed in note 32.

* Wholly owned foreign enterprises (WOFE) registered under PRC law.

19. DEPOSITS PAID FOR ACQUISITION OF EQUITY INTERESTS AND ASSETS FOR CINEMA BUSINESS

Refer to the announcement for discloseable transaction in relation to proposed acquisitions of four cinema projects dated on 17 May 2011, the company entered into acquisition agreements for acquiring the tangible assets for cinema business in Chengdu and Chongqing, and the equity interest of cinema business in Shanghai.

The amount represents the deposits paid for the foregoing acquisition during the year.

20. INVENTORIES

	The Group	
	2012	2011
	HK$'000	HK$'000
Palm oil and Coal	**–**	24,710

21. TRADE RECEIVABLES

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Within 30 days	**20**	127
31 – 60 days	**20**	–
61 – 90 days	**20**	147
Over 90 days	**381**	48
	441	322
Provision	**(441)**	–
	–	322

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 2012, an impairment loss of HK$441,000 has been made (2011: nil). The movement in the allowance is as follows:

	The Group	
	2012	2011
	HK$'000	HK$'000
Balance at beginning of the year	**–**	152
Impairment loss recognised	**441**	–
Amounts written off as uncollectible	**–**	(152)
	441	–

21. TRADE RECEIVABLES (CONTINUED)

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Neither past due nor impaired	**–**	127
Past due but not impaired:		
Less than 1 month past due	**–**	–
1 to 3 months past due	**–**	147
More than 3 months past due	**–**	48
	–	322

Receivables at 31 March 2011 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 related to a number of independent customers that had a good track record with the Group. Based on past experience, management believes that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group did not hold any collateral over these balances.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other receivables	**1,478**	3,629	**877**	1,946
Deposits and prepayments	**637**	633	**275**	257
	2,115	4,262	**1,152**	2,203

23. PAYMENTS TO PARTIES FOR PROCUREMENT FOR INVESTMENT OF CINEMA BUSINESS

Pursuant to the announcement for the joint venture agreement ("JV agreement") dated on 9 June 2011, a subsidiary of the Company entered into a JV agreement with CineChina Limited ("CineChina") for the investment of Cinemas Business in the PRC.

The payments were made to a director of a 70% owned subsidiary, who is also a director and shareholder of CineChina, and to CineChina, a 30% shareholder of the abovementioned subsidiary as follows for the purpose of materializing the JV agreement:

	The Group	
	2012 **HK$'000**	2011 HK$'000
Amount paid to a director of a subsidiary	**12,513**	–
Amount paid to CineChina	**22,341**	–
	34,854	–

Under the prevailing legal requirements in the PRC, certain restrictions are imposed on foreign investors for taking up majority stake in cinema business in the PRC. In accordance with legal opinion from PRC lawyer, the approval for engaging in the foregoing business by the subsidiaries of the Company has not been obtained from the respective PRC authorities and the organising of the above Cinemas Business has not been completed at the year ended date.

24. FILMS IN PROGRESS

	The Group	
	2012 **HK$'000**	2011 HK$'000
At the beginning of year	**8,389**	–
Addition	**44,373**	8,389
At the end of year	**52,762**	8,389

The films in progress was measured at cost less any identifiable impairment loss.

25. CASH AND CASH EQUIVALENTS

	The Group	
	2012 **HK$'000**	2011 HK$'000
Cash at bank and in hand	**39,078**	116,765

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 2012 and 2011 approximate their corresponding carrying amounts.

26. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2012 **HK$'000**	2011 HK$'000	**2012** **HK$'000**	2011 HK$'000
Sales deposits received	**86**	25,230	**–**	–
Other payables and accruals	**12,528**	8,860	**3,383**	4,321
	12,614	34,090	**3,383**	4,321

27. 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.

On 12 January 2012, the Company and each of the Creditors entered into the Capitalisation Agreements pursuant to which the Company conditionally agreed to capitalise the Loans in the aggregate amount of HK$51,187,500 owed by the Company to the Creditors by way of allotment and issue of an aggregate of 1,706,249,999 Capitalisation Shares to the Creditors at the Capitalisation Price of HK$0.03 per Capitalisation Share. The capitalisation of convertible bond is completed on 15 March 2012.

27. CONVERTIBLE BONDS (CONTINUED)

(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 39.

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 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 16.82% 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.

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
As at 1 April 2010	72,645	8,202
Convertible bonds 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
Convertible bonds issued on 1 June 2011	1,330	15,941
Interest expenses charged	3,436	–
Capitalisation of convertible bonds	(51,188)	(5,126)
At 31 March 2012	10,916	101,851

	2012 **HK$'000**	2011 HK$'000
Mature with 1 year	**–**	49,182
Mature later than 1 year	**10,916**	8,156
	10,916	57,338

28. 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 2010	1,658	13,449	(6,046)	9,061
Charged/(credited) to profit of loss	(684)	(13,449)	4,269	(9,864)
At 1 April 2011	974	–	(1,777)	(803)
Charged/(credited) to profit or loss	(974)	–	1,777	803
At 31 March 2012	–	–	–	–

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$44,548,000 (2011: HK$38,385,000) 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 2011 and 2012, the Group and the Company has no material unprovided deferred tax.

29. SHARE CAPITAL

	2012		2011	
	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**	5,000,000	100,000
Increase in authorized share capital *(note 1)*	**5,000,000**	**100,000**	–	–
At the end of the year	**10,000,000**	**200,000**	5,000,000	100,000

29. SHARE CAPITAL (CONTINUED)

	2012 Number of shares '000	2012 Nominal value HK$'000	2011 Number of shares '000	2011 Nominal value HK$'000
Ordinary shares of HK$0.02 each				
Issued and fully paid:				
At the beginning of the year	**3,071,559**	**61,431**	2,711,559	54,231
Conversion of convertible note *(note 2)*	**–**	**–**	325,000	6,500
Capitalisation of convertible bonds *(note 2)*	**1,706,250**	**34,125**	–	–
Share subscription *(note 3)*	**1,300,000**	**26,000**	–	–
Share allotment under share option scheme after share consolidation *(note 4)*	**19,000**	**380**	35,000	700
At the end of year	**6,096,809**	**121,936**	3,071,559	61,431

Note 1: On 12 March 2012, authorized share capital of the Company increased from HK$100,000,000 divided into 5,000,000,000 ordinary shares of HK$0.02 each to HK$200,000,000 divided into 10,000,000,000 ordinary shares of HK$0.02 each.

Note 2: On 15 March 2012, the capitalization of the outstanding principal amount of loans, together with unpaid interest accrued up to and including 6 October 2011, in the aggregate amount of HK$51,187,500 owed by the Company to the creditors by way of allotment and issue of 1,706,249,999 new shares to the creditors at the capitalization price of HK$0.03 per capitalization share.

In prior year, 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.

Note 3: Subscription of the 1,300,000,000 new shares at the subscription price of HK$0.03 per subscription share on 15 March 2012 .

Note 4: During the year, 19,000,000 ordinary shares of HK$0.02 each pursuant to the share option scheme of the Company at consideration of HK$1,514,000.

In prior 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.

29. 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.

During the year ended 31 March 2012, the Group maintains its net asset position.

The net debt-to-equity ratio at 31 March 2012 and 2011 was as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities				
Deposits received, other payables and accruals	**12,614**	34,090	**3,383**	4,321
Amounts due to subsidiaries	**–**	–	**147,065**	147,069
Tax payables	**730**	736	**–**	–
Convertible bonds	**–**	49,182	**–**	49,182
	13,344	84,008	**150,448**	200,572

29. SHARE CAPITAL (CONTINUED)

Capital management (Continued)

		The Group		The Company	
		2012	2011	**2012**	2011
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current liabilities:					
Convertible bonds		**10,916**	8,156	**10,916**	8,156
		10,916	8,156	**10,916**	8,156
Total debt		**24,260**	92,164	**161,364**	208,728
Less: Cash and cash equivalents	*25*	**(39,078)**	(116,765)	**(32,891)**	(114,069)
Net (asset)/debt		**(14,818)**	(24,601)	**128,473**	94,659
Total equity (including non-controlling interests)		**131,759**	78,725	**137,448**	80,899
Net debt-to-equity ratio		**N/A**	N/A	**93.5%**	117%

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

NOTES TO FINANCIAL STATEMENTS

For the Year ended 31 March 2012

30. 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 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 1 April 2011	**250,641**	**1,988**	**91,036**	**34,307**	**–**	**(358,504)**	**19,468**
Release of equity component of convertible bonds upon capitialisation of convertible bonds	**–**	**–**	**(5,126)**	**–**	**–**	**5,126**	**–**
Capitalisation of convertible bonds	**63,579**	**–**	**–**	**–**	**–**	**–**	**63,579**
Issue of convertible note	**–**	**–**	**15,941**	**–**	**–**	**–**	**15,941**
Issue of ordinary shares under share option scheme	**1,842**	**–**	**–**	**(708)**	**–**	**–**	**1,134**
Subscription of shares	**13,000**	**–**	**–**	**–**	**–**	**–**	**13,000**
Equity-settled share option arrangement	**–**	**–**	**–**	**24,636**	**–**	**–**	**24,636**
Lapse of share options	**–**	**–**	**–**	**(1,349)**	**–**	**1,349**	**–**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(122,246)**	**(122,246)**
At 31 March 2012	**329,062**	**1,988**	**101,851**	**56,886**	**–**	**(474,275)**	**15,512**

At 31 March 2012, no reserves is available for distribution to owners of the Company (2011: Nil).

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.

31. 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, New Media Exploitations development, technical consultancy services and information technology support for online software and New Media Exploitations.

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 17)*	8,295
Total consideration satisfied by:	
Cash	–
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	195

31. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition in 2011 (Continued)

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.

32. DISPOSAL OF SUBSIDIARIES

For year ended 31 March 2012

During the year, the Board of Director agreed to dispose an operation, Shanghai Bingo Interactive Information Technology Co. Ltd (Beijing Branch) which was dormant. Details of the net liabilities disposed of are as follows:

	HK$'000
Net liabilities disposed of:	
Plant and equipment	173
Bank and cash balances	36
Other receivables, deposits and prepayments	171
Other payable and accruals	(1,109)
Release of exchange reserve	15
Gain on disposal of subsidiaries:	714
Net cash outflow arising on disposal:	
Cash consideration	–
Bank balances and cash disposed of	(36)
	(36)

32. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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)

33. 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.

33. 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	–
2011C	14/4/2011	12/10/2011 – 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.

For 2011C, the options are exercisable in part or in full from 12 October 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.

33. 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 2011 '000	Granted '000	Exercised '000	Cancelled '000	Balance at 31 March 2012 '000
Directors	2010	10,000	–	–	–	10,000
	2011A	250,000	–	–	–	250,000
Employees	2009A	1	–	–	(1)	–
	2010	500	–	–	–	500
	2011B	24,000	–	–	(24,000)	–
	2011C	–	7,500	–	–	7,500
Advisor	2009B	14,000	–	(14,000)	–	–
	2010	40,000	–	(5,000)	–	35,000
	2011B	18,000	–	–	–	18,000
		356,501	**7,500**	**(19,000)**	**(24,001)**	**321,000**

The weighted average share price during the year was HK$0.1294.

33. SHARE OPTION SCHEME (CONTINUED)

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

		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

The fair value of the share options of 2011C granted for 2011 during the year ended 31 March 2012 were approximately to HK$988,000 (2011: HK$57,016,000) and the Company recognised total expenses of approximately HK$666,000 for the year. (2011: HK$31,123,000)

33. 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 2011C
Option pricing model	Binomial
Grant date share price	HK$0.243
Exercise price	HK$0.246
Volatility	89.29%
Risk-free interest rate	1.97%
Life of options	5.35 years
Expected dividend yield	0%

At the date of approval of these financial statements, the Company had 321,000,000 share options outstanding under the Scheme, which represented approximately 5% of the Company's shares in issue as at that date.

34. 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:

	2012 HK$'000	2011 HK$'000
Within one year	**225**	702
In the second to fifth year, inclusive	**0**	225
	225	927

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

35. CAPITAL COMMITMENTS

The Group

	2012 HK$'000	2011 HK$'000
Contracted but not provided for		
– Additional cost to be incurred for animation under production	1,840	11,462
– Acquisition of equity interest in cinema business	6,734	–
– Acquisition of assets used in cinema management segment	11,746	–
– Additional capital injection in a subsidiary, 輝馳 (上海) 投資咨詢有限公司	3,106	–
	23,426	11,462

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

36. CONTINGENT LIABILITIES

The Group and the Company did not have any significant contingent liabilities as at 31 March 2011 and 2012.

37. PLEDGE OF ASSETS

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

Saved as disclosed above, the Group and the Company did not have any pledged assets as at 31 March 2011 and 2012.

38. 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 10 is as follows:

	2012 **HK$'000**	2011 HK$'000
Salaries, allowances and other benefits	**2,380**	1,235
Share-based payment	**40,246**	121,797
	42,626	123,032

(b) Connected party transactions

Name of connected persons	**Nature of transactions**	**2012** **HK$'000**	2011 HK$'000
Beglobal Investments Limited *(Note 1)*	Loan interest paid	**37**	–
Entrance Gate Limited *(Note 2)*	Royalty fee in relation to the royalty income generated from sub-licensing of intellectual property right	**47**	87
Loch Holdings (HK) Limited *(Note 3)*	Handling fee in relation to the promotion payment to an independent third party	**454**	–
CineChina Limited *(Note 4)*	Payment for procurement for investment of Cinema Business	**22,341**	–
Mr. Yin Gang *(Note 5)*	Payment for procurement for investment of Cinema Business	**12,513**	–

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Connected party transactions (Continued)

Note 1: Beglobal Investments Limited is an ultimate holding company of the Company.

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.

Note 3: Ms. Kelly Chow, a director of Loch Holdings, is a sister of Mr. Chiau Sing Chi who is a director of the Company and Ms. Kelly Chow is defined as connected person under Gem Listing Rules.

Note 4: CineChina Limited holds 30% equity interest in a subsidiary of the Company and it is defined as connected person under the GEM Listing Rules. The detail of the connected transaction is listed in note 23.

Note 5: Mr. Yin Yang is a director of a subsidiary of the Company. He is defined as connected person under the GEM Listing Rule. The detail of the connected transaction is listed in note 23.

39. 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

39. SHARE-BASED PAYMENTS (CONTINUED)

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

(iii) Grant Date:	14 April 2011
Maturity Date:	19 August 2016
Number of Options Granted:	7,500,000
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 and 7,500,000 share options determined on 20 August 2010 and 14 April 2011 respectively using binomial option pricing model was HK$5,324,000 and HK$988,000 respectively.

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%

39. SHARE-BASED PAYMENTS (CONTINUED)

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%

The following assumptions were used to calculate the fair value of 7,500,000 share option:

Share price:	HK$0.243
Exercise price:	HK$0.246
Nature of the option:	Call
Risk-free rate:	1.97%
Expected life of the option:	5.35 years
Expected volatility:	89.29%
Expected dividend yield:	0%
Early exercise behavior:	220%

In the current period, HK$5 million convertible bonds and 7,500,000 share options were granted/issued and the Company recognized the total expense of HK$41,907,000 as share-based payments for year ended 31 March 2012.

40. EVENTS AFTER THE REPORTING PERIOD

On the basis of the relevant PRC regulations in relation to the cinemas investment and management, the Board is considering the reorganization relates to a series of arrangement of Cinema Business to fulfill the required PRC regulations. After the proposed reorganization, it expects the Group will own beneficially the entire interests in the 5 operating cinemas in Chengdu, Chongqing, Shanghai, Hangzhou and Linan.

FIVE YEAR FINANCIAL SUMMARY

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

	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000
RESULTS					
Turnover	**279,998**	557,637	687,987	214,935	98,779
Loss before taxation	**124,581**	166,762	30,793	95,608	27,715
Taxation	**(803)**	9,841	(2,719)	(313)	527
Loss before non-controlling interest	**125,384**	156,921	33,512	95,921	27,188
Non-controlling interests	**–**	–	(596)	(390)	(121)
Loss attributable to owners of the Company	**125,384**	156,921	32,916	95,531	27,067
Loss per share – Basic (cents)	**3.85**	5.34	1.50	6.74	1.47

	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES					
Total assets	**156,019**	170,889	394,956	48,343	101,650
Total liabilities	**(24,260)**	(92,164)	(307,986)	(45,066)	(64,026)
Non-controlling interests	**(1,228)**	–	(242)	(232)	(121)