Annual Report 2011 / 2012

財華社
FINET

Finet Group Limited

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

(Stock Code: 08317)

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

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

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

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

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

Contents

Corporate Profile

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

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

Corporate Information

Board of Directors

Executive Directors

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

Independent non-executive Directors

Mr. WONG Wai Kin
Mr. SIU Siu Ling, Robert
Mr. LEUNG Chi Hung

Company Secretary

Ms. ANG Lai Kuen

Authorized Representatives

Ms. LO Yuk Yee
Mr. CHOW Wing Chau

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Corporate Governance Committee

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

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong

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

Company Website

www.finet.hk

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Stock Code

08317

Investor Relations

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

Financial Highlights

	Year ended 31 March	
	2012	2011
	HK$'000	HK$'000
Operating Results		
Revenue — continuing operations	**25,287**	34,005
Loss attributable to owners of the Company	**(20,553)**	(39,769)
Loss attributable to non-controlling interests	**—**	(1,717)

	As at 31 March	
	2012	2011
	HK$'000	HK$'000
Financial Position		
Total assets	**185,102**	106,716
Total liabilities	**47,317**	35,468
Net assets	**137,785**	71,248
Cash and cash equivalents	**41,136**	20,106

	Year ended 31 March	
	2012	2011
	HK cents	HK cents
Loss Per Share		
Basic and diluted — continuing operations	**(6)**	(43)
Basic and diluted — discontinued operation	**—**	(6)
	(6)	(49)

Statement from the Chairman

During the past year, the Group has faced the challenges from adverse trading conditions in the global economy. The debt crises in Europe, the slow economic recovery in the United States, and the tight money supply in Mainland China. All these have brought a real impact to the world economy and Hong Kong market cannot be immunized. We suffered from decrease in income resulting from the weak market conditions as most of our clients are banks, financial institutions and securities brokers. Our business is composed of two major areas: (1) provision of financial information services and technology platform to financial institutions, and (2) securities and futures trading business. These are the areas of business which are directly affected by the market sentiment in financial world.

For the year ended March 31 2012, the revenue from securities brokerage and futures trading has dropped by approximately HK$4,145,000, the financial information services income dropped by approximately HK$2,445,000 in Hong Kong and HK$2,478,000 in China while income from other areas such as on-line advertising has a slight increase of approximately HK$350,000.

Outlook

The negative factors such as European debt crisis and the tightening of money supply will continue to subside and the local stock market turnover will continue to shrink, broking business will have a significant reduction and the number of customers for the demand for financial information will continue to decrease in the near future. Under these circumstances, our Group has repositioned our focus of business to new business on integrated services provided on Internet, Mobile and Media which is broadly called the "IMM" in the Mainland China market. The Group has built an Internet TV on the existing News Portal, in the name of FinTV. This internet TV is focused on local financial news for our Video-on-Demand viewers in Hong Kong and Mainland China. The Group also changed its main stream of income from advertising business and financial public relationship. The Group target at 500 million internet users and 300 million video viewers in China. This business has started 3 months since this April and the numbers of viewers of our Video news has shown a rising trend. We now progressed to provide a few more channels on different themes diversified from financial news to leisure and life relating subjects. By the end of 2009, the total spending in on line and mobile advertising had reached US$54 Billion. Looking into 2012, we believe on line and mobile advertisement in China will be the most fast growing markets in the world and we will put more emphasis on internet TV and mobile TV markets in China.

Resting on the existing internet TV platform we moved into corporate's investors relationship business with an focus on listed companies in Hong Kong and China. We believe our broad base of viewers will provide a powerful platform for our client's public relationship promotional tool. This will be promoted in the portal of Tencent and our FinTV media platform. We believe this will be the unique media platform providing services to local listed companies in H.K.

During this fiscal year, the Group continued to record loss, but we believe we will have a better result after the transformation of business from existing financial information provider to "IMM" sectors in the few years.

No matter how poor the global financial conditions are, the growth in mobile and internet users has never stop but has a multiple growth in the market of China. This growth has been in line with our strategy in the development of internet TV and on line advertisement business.

2012 should be a year of challenge to our management team and our wish for becoming an influential and powerful platform for local financial information contents provider in Hong Kong and China will be fulfilled in the near future.

Appreciation

I would like to extend my sincere gratitude to all members of the Board and staff for their hard work and commitment. We also thank our shareholders and other stakeholders for their continuous support and confidence in our Group.

LO Yuk Yee
Chairman

26 June 2012

Management Discussion and Analysis

Operations Review

In order to increase the Group's financial resources, in June 2011, an open offer of new shares have generated approximately HK$88,200,000 at the subscription price of HK$0.25 per Offer Share on the basis of four Offer Shares for every one Consolidated Share in issue. The Company has used the net proceeds to strengthen the software development of its platform for providing the financial information service as well as mobile apps applications.

To strengthen the assets value of the Company, in October 2011, the Group has passed a resolution in the Special General Meeting of the Company held on 10 October 2011 regarding the acquisition of 100% equity interest and the shareholder's loan of Pink Angel Investments Limited from Ms. LO Yuk Yee, an executive Director, the chairman of the Company and the controlling shareholder of the Company, for a cash consideration of approximately HK$24,434,000. The only principal assets of Pink Angel Investments Limited were two properties in Shun Tak Centre with a saleable area of approximately 1,940 square feet. After the acquisition, which was completed on 12 October 2011 the total of non-current assets of the Group as at 31 March 2012 was approximately HK$88,772,000 (2011: HK$31,598,000).

In order to reduce our general and administrative expenses, we relocated our PRC offices which has reduced the Group's overall rent commitments in coming years.

This year marked a new phase for Finet's group. In order to execute the Group's Internet, Mobile and Media ("IMM") growth strategy, our Group has focused on media business in financial sector through the establishment of Xian Dai TV Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Group. This company is engaged in the production of programmes regarding financial news. It has also traded as "FIN TV" and a studio has been launched in Admiralty in June 2012. The management has moved further step towards the IMM concepts in respect of the provision of services through multiple and mobile portals and endorsing the growth strategy.

Besides, in order to diversify our business, the Group has applied a money lender licence by setting-up of a new wholly-owned subsidiary namely Finet Finance Limited, which has commenced its business in May 2012.

Financial Information Business

During the fiscal year under review, the business environment in both HK and the PRC is very competitive.

Changes in market and appetite of clients have supported the business model of the Group by providing one-stop shop solution to investors that includes transaction services in addition to pure data, news and analytics.

The Group has been carefully examining the ways to improve its competitive advantages and operational efficiency amid the deteriorating business environment. The Group has continued to promote the brand name of Finet as a leading financial news provider and to expand its financial news distribution channels and introduced value-added services in press release, media monitoring and investor relations to its clients which so far have been appreciated by the market. Besides, the Group has been expanding its mobile distribution channels for financial content.

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

Securities and Futures Business

With the volatile situation of stock markets, the revenue generated from securities and futures business decreased drastically to approximately HK$1,529,000 (2011: HK$5,674,000). Such decrease was mainly due to the drop of futures business.

Financial Review

Turnover from continuing operations of the Group for the year ended 31 March 2012 was approximately HK$25,287,000 (2011: HK$34,005,000), which represented a decrease of approximately 26% as compared to the previous financial year. The net decrease was primarily attributable to: (i) a drop in the securities and futures business of approximately HK$4,145,000 and (ii) a decrease in financial information services and advertising services of approximately HK$4,573,000.

Other income and gains from continuing operations of the Group for the year ended 31 March 2012 was approximately HK$8,921,000 (2011: HK$13,845,000). The decrease was mainly due to the fair value gain on investment properties of approximately HK$11,848,000 in 2011. The balance of 2012 includes a fair value gain on held for trading investments of approximately HK$3,546,000 and a gain on a bargain purchase of approximately HK$1,185,000.

Cost of sales from continuing operations of the Group for the year ended 31 March 2012 was approximately HK$9,324,000 (2011: HK$10,163,000), representing a decrease of approximately 8% as compared to the previous financial year.

Selling and marketing expenses from continuing operations of the Group for the year ended 31 March 2012 was increased to approximately HK$663,000 compared with approximately HK$479,000 in 2011, represented an increase of approximately 38%. The increase was mainly attributable to the increase in marketing and promotion efforts of financial information services business.

General and administrative expenses from continuing operations of the Group for the year ended 31 March 2012 was slightly decreased to approximately HK$43,173,000 (2011: HK$43,256,000).

Other operating expenses from continuing operations of the Group for the year ended 31 March 2012 were approximately HK$48,000 (2011: HK$21,675,000), which mainly represented the fair value loss on investment properties. The balance in 2011 represented the goodwill impairment charge of approximately HK$1,509,000 on the securities and futures business; impairment loss on amount due from a former Director of approximately HK$4,661,000; impairment loss on amounts due from former subsidiaries of approximately HK$8,995,000; and fair value loss on held for trading investments of approximately HK$6,510,000.

Finance costs from continuing operations of the Group for the year ended 31 March 2012 were approximately HK$397,000 (2011: HK$227,000), which represented the interest charges on bank loans for the investment properties in both HK and the PRC and on the finance leases for the computer equipment.

There is no provision of Hong Kong profits tax for the year ended 31 March 2012. A tax refund of approximately HK$38,000 was made in respect of prior years. Approximately HK$60,000 was paid during the year ended 31 March 2012 (2011: HK$60,000) for the rental income from the investment properties of the Company in the PRC. The deferred tax of approximately HK$1,134,000 was attributable to PRC deferred tax liabilities from revaluation of investment properties in the PRC and in HK.

Loss attributable to non-controlling interests of approximately HK$1,717,000 in 2011, represented its share of loss in the Group's online game business which was disposed of in February 2011.

The consolidated loss attributable to owners of the Company for the year ended 31 March 2012 was approximately HK$20,553,000 (2011: HK$39,769,000).

Liquidity, Financial Resources and Capital Structure

	As at 31 March		
	2012	2011	change
	HK$'000	HK$'000	
Net current assets	**59,346**	49,211	+20%
Total assets	**185,102**	106,716	+73%
Total liabilities	**47,317**	35,468	+33%
Total equity	**137,785**	71,248	+93%
Cash and cash equivalents	**41,136**	20,106	+104%
Debts to equity ratio	**0.34x**	0.50x	–32%
Gearing ratio	**0.13x**	0.04x	+225%

As at 31 March 2012, the total assets of the Group increased by approximately HK$78,386,000 to approximately HK$185,102,000 as compared to approximately HK$106,716,000 as at the end of the previous financial year, representing an increase of approximately 73%.

As at 31 March 2012, the total liabilities of the Group increased by approximately HK$11,849,000 to approximately HK$47,317,000 as compared to approximately HK$35,468,000 as at the end of the previous financial year, representing an increase of approximately 33%.

As at 31 March 2012, the total equity of the Group increased by approximately HK$66,537,000 to approximately HK$137,785,000 as compared to approximately HK$71,248,000 as at the end of the previous financial year, representing an increase of approximately 93%.

Change of Domicile

As disclosed in the announcement of the Company dated 28 June 2011, the Company had been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda with effect from 16 June 2011.

Adoption of Chinese Secondary Name

As disclosed in the announcement of the Company dated 18 August 2011, at the annual general meeting of the Company held on 18 August 2011, a special resolution was passed pursuant to which the Chinese name of "財華社集團有限公司" was adopted as the secondary name of the Company.

Pending Litigation

References were made to the announcements of the Company dated 16 May 2011, 20 May 2011 and 28 June 2011. The Company has received various letters in April and May 2011 from two minority shareholders of China Game & Digital Entertainment Limited (a former subsidiary of the Company, "China Game"), namely The Pride of Treasure Fund and The Pride Venture Capital Fund (collectively, the "Claimants"). The Claimants claimed that the Company has, through its then chairman and Director, Dr. YU Gang, George, made certain misrepresentations and has breached certain terms of the agreements between the Company and each of the Claimants in connection with their investments in China Game totaling USD5,000,000 in 2007 and the Claimants indicated that they may seek damages against the Company for no less than USD5,000,000 plus interest and costs. Dr, YU Gang, George ceased to be a Director from 30 September 2010.

On 20 May 2011, the Company received a writ of summons (High Court Action number 849 of 2011) from the Claimants, claiming against the Company for damages for breach of the alleged share subscription agreement in 2007 made between the Company and The Pride of Treasure Fund, the alleged share subscription agreement in 2007 made between the Company and The Pride Venture Capital Fund, an alleged shareholders' agreement made orally between the Claimants and the Company and misrepresentation on the value of the East Treasure Limited business made through Dr. Yu Gang, George, plus interest and costs.

On 27 June 2011, the Company received an amended writ of summons ("Amended Writ") (High Court Action number 849 of 2011) and a statement of claim ("Statement of Claim") from the Claimants (i.e. The Pride of Treasure Fund ("First Plaintiff") and The Pride Venture Capital Fund ("Second Plaintiff")). Pursuant to the Amended Writ, it was claimed against the Company for, inter alia, damages for breach of (i) the alleged share subscription agreement in 2007 made between the Company and the First Plaintiff: (ii) the alleged share subscription agreement in 2007 made between the Company and the Second Plaintiff: and (iii) the alleged misrepresentation made through Dr. YU Gang, George, plus interest and costs.

The Claimants further alleged, in the Statement of Claim, inter alia, that certain representations given by the Company in the above share subscription agreements were false and untrue or recklessly not caring whether they were true or false and there was breach of implied terms of the above share subscription agreements, and claimed against the Company for (i) damages to be assessed; (ii) interest; (iii) costs; and (iv) further or other relief.

Based on advice of the legal adviser to the Company, the Company has reasonable grounds to defend such claims. The Company filed a defence against such claims on 22 August 2011 and the Claimants filed a reply on 10 October 2011.

Legal action against a former chairman and director of the Company

On 14 June 2012, the Group issued a statement of claim against Dr. YU Gang, a former chairman and director of the Group, for breaches of the fiduciary duties during his directorship, (i) without any or any proper authorization, Dr. YU Gang embezzled a total sum of RMB3,238,015.30 from certain of the Company's subsidiaries and former subsidiaries; and (ii) unlawfully caused the transfer from the Company's PRC subsidiary to his own bank account, a total sum of RMB721,000, which was meant to be made payable to a client of the subsidiary. The Company claims for (i) repayment of RMB3,238,015.30 and RMB721,000; (ii) account to the Company for all profits made or benefits received; (iii) damages; (iv) interest; (v) costs; and (vi) further or other relief.

Major and Connected Transaction

On 29 August 2011 after trading hours, Finet Group (BVI) Limited, a direct wholly-owned subsidiary of the Company, as purchaser entered into a conditional sale and purchase agreement with Ms. LO Yuk Lee, an executive Director and chairman of the Company, as vendor pursuant to which Finet Group (BVI) Limited conditionally agreed to acquire (the "Acquisition") from Ms. LO Yuk Yee the entire issued share capital of Pink Angel Investments Limited ("Pink Angel") and the outstanding shareholder's loan due to Ms. LO Yuk Yee by Pink Angel at the consideration of approximately HK$24,434,000. The principal asset of Pink Angel is its ownership of 100% interest in Units 901 & 920 on 9th Floor, China Merchants Tower, Shun Tak Centre. By virtue of Ms. LO Yuk Yee, being an executive Director and the chairman of the Company and the sole ultimate beneficial owner of Maxx Capital International Limited, the controlling shareholder of the Company holding as to 268,552,984 shares and representing 60.92% of the entire issued share capital of the Company, Ms. LO Yuk Yee is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the Acquisition constituted a major and connected transaction for the Company. The Acquisition was approved by the independent shareholders by way of poll as an ordinary resolution at a special general meeting of the Company held on 10 October 2011. Completion of the Acquisition took place on 12 October 2011. It was expected that the Acquisition would generate stable rental revenue and return and provide capital appreciation potential to the Group, and it was expected that the Company's business office would be relocated to the property owned by Pink Angel pursuant to the Acquisition upon expiry of the term of tenancy under the existing tenancy agreement in order to reduce the rental expenses of Company. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules in respect of the Acquisition.

Gearing Ratio
As at 31 March 2012, the Group's gearing ratio was approximately 13% (2011: 4%), based on total borrowings of approximately HK$18,492,000 (2011: HK$3,285,000) and total equity of the Group of approximately HK$137,785,000 (2011: HK$71,248,000).

Significant Investments Held
As at 31 March 2012, the Group held available-for-sale financial assets of approximately HK$112,000 (2011: HK$484,000) and held for trading investments of approximately HK$33,259,000 (2011: HK$30,879,000).

Acquisition and Disposal of Subsidiaries
Details of acquisition and disposal of subsidiaries during the year ended 31 March 2012 are set out in Note 35 and Note 36 to the financial statements respectively.

Charges of Assets
As at 31 March 2012, the Group's investment properties and property, plant and equipment with an aggregate carrying value of approximately HK$82,900,000 and approximately HK$261,000 respectively (2011: HK$25,848,000 and HK$1,159,000 respectively) were pledged as security for the borrowing facilities of the Group.

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

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

Staff
The Group had 103 (2011: 113) full-time employees in Hong Kong and the PRC as at 31 March 2012.

During the year, the Group incurred total staff costs from continuing operations (including Directors' emoluments) of approximately HK$23,624,000 (2011: HK$17,422,000).

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

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

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

Disclosure Under Chapter 17 of the GEM Listing Rules
The Directors confirmed that they were not aware of any circumstances which would give rise to disclosure requirement under Rules 17.15 to 17.21 of GEM Listing Rules.

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

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

Board of Directors and Senior Management

Executive Directors

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

Ms. LO, aged 52, is an experienced investor in cutting-edge technology and venture capital in the past 20 years, her experience covers a broad range of industries crossing biotechnology, internet business, and finance field in the PRC, United States of America and Hong Kong. Ms. LO also worked in the banking, insurance and finance fields before she became an entrepreneur. She was the chief executive officer and chairman of a listed company in Hong Kong between 2002 and 2006. Ms. LO is a director of Maxx Capital International Limited and Pablos International Limited, which have an interest in the share capital of the Company that are required to be disclosed under the provision in Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). She jointed our Group on 28 October 2010.

Mr. CHOW Wing Chau, Rico ("Mr. CHOW")

Mr. CHOW, aged 46, has more than 18 years of experience in financial control, company secretary, enterprise risk management and fund raising activities. Since 1995, Mr. CHOW has held various senior finance and management positions with private companies and public companies. Currently, he is director of private companies in Hong Kong and PRC, focusing on internal control, business development and other financial aspects. His industrial experience includes consulting, education, e-business, information technology, and mining etc. He graduated with Bachelor of Economics degree from Macquarie University in Australia, and Executive Diploma of ERM. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. CHOW is the compliance officer. He joined our Group on 26 August 2010.

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

Mr. YIU, aged 32, is the Investment Director of General Nice Resources (Hong Kong) Limited (Stock Code: 988) and Investment Consultant of Abterra Limited, a company listed in the Singapore Exchange Securities Trading Limited. Mr. YIU graduated with a Bachelor degree, major in Economics and Finance, from the University of Hong Kong. He has vast experience in securities trading in Hong Kong and asset management. Mr. YIU has over 5 years of solid experience in the setup and development of mining projects in Indonesia and the Philippines. He is currently engaged in coal and rare metals trading. Mr. YIU joined the Group on 26 August 2010.

Independent non-executive Directors

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

Mr. WONG, aged 54, is a practising certified public accountant and a proprietor of a public accounting firm in Hong Kong. Mr. WONG holds a Diploma in Accounting and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. WONG has over 29 years of professional and commercial experience in accounting, auditing, taxation and corporate finance. Mr. WONG joined our Group on 13 September 2010.

Board of Directors and Senior Management

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

Mr. SIU, aged 60, he is a partner of the firm, Messrs. Robert Siu & Co., Solicitors. Mr. SIU has been an independent non-executive director of Incutech Investments Limited (Stock Code: 356), Kaisun Energy Group Limited (stock code: 8203) and China Packaging Group Company Limited (Stock Code: 572), all of which are listed on the Hong Kong Stock Exchange. Mr. SIU holds a bachelor's degree in laws from the University of London and a postgraduate certificate in laws from the University of Hong Kong. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His main legal practice is in the field of commercial and corporate finance. Mr. SIU joined our Group on 13 September 2010.

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

Mr. LEUNG, aged 56, has commenced his accountancy professional training since 1976 and is a member of certain international accountancy bodies. Mr. LEUNG is also a Certified Public Accountant (Practising) in Hong Kong and a director of Philip Leung & Co. Limited, Certified Public Accountants (Practising). He is an independent non-executive director of Daido Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 544). Mr. LEUNG was an independent non-executive director of Temujin International Investments Limited, a company listed on the Main Board of the Stock Exchange (stock code: 204) from 30 April 2009 to 11 April 2011. He was an independent non-executive director of Dore Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 628) from 17 April 2002 to 1 June 2010. Mr. LEUNG joined our Group on 23 February 2011.

Senior Management's Profile

Ms. ANG Lai Kuen ("Ms. ANG")

Ms. ANG, aged 44, has over 20 years of experience in auditing, accounting and financial management. She is a Certified Public Accountants (Practising), a fellow member of the Association of Chartered Certified Accountants and an associate member of both the Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants. Ms. ANG joined our Group since September 2011.

Mr. WONG Po Tin ("Mr. WONG")

Mr. WONG Po Tin, aged 35, holds a Honor Diploma in Accountancy and is a fellow member of the Association of Chartered Certified Accountants. He has more than 8 years of experience in financial and audit control in public accounting firms and multi-national corporations. He has money lending experience between September 2009 to August 2011. Mr. WONG joined the Company on September 2010 and is currently the Business Development Manager of the Company. He is responsible for selling and business promotion.

Mr. LO Kai Ngai ("Mr. LO")

Mr. LO, aged 55, is a Director and Responsible Officer of Finet Securities Limited, the wholly-owned subsidiary of the Group. Mr. LO has 35 years of management and operation experiences in the financial sector including trading on securities, derivatives, leveraged foreign exchange and precious metal. He is responsible for supervising the daily operations of Finet Securities Limited, focusing on the core area of dealing operations. Mr. LO is a licensed responsible officer by Securities and Futures Commission for engaging in the Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.

Corporate Governance Report

Corporate Governance Practice

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

The Board has reviewed the Company's corporate governance practices and is of the opinion that the Company has met the provisions set out in the Code on Corporate Governance Practices ("CG Code"), contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2012, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual. During the year ended 31 March 2012, Ms. LO Yuk Yee was the chairman of the Company since 25 January 2011. Mr. LUM Chor Wah, Richard was appointed as an executive Director and chief executive officer of the Company on 30 September 2010 until 28 June 2011. Thereafter, the post of chief executive officer was vacant and its roles and responsibilities were shared amongst against the members of the Board. The Board is presently identifying a suitable candidate to be appointed as the chief executive officer and will make further commitment upon the appointment.

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2012. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

The Board

The composition of the Board during the year ended 31 March 2012 and as at the date of this report and the biographical details of the Directors as at the date of this report are set out in the section headed "Report of the Directors" and the section headed "Board of Directors and Senior Management" of this annual report respectively.

During the year ended 31 March 2012, the Board held 20 physical meetings and the attendance of the Directors are as follows:

Name of director		Number of attendance	% of attendance
Executive Directors			
Ms. LO Yuk Yee		19/20	95%
Mr. CHOW Wing Chau		15/20	75%
Mr. YIU Wing Hei		14/20	70%
Mr. IP Tze Fai, Alvin	(appointed on 28 August 2011 as non-executive director and re-designated as executive director on 1 January 2012 and resigned on 8 May 2012)	6/9	67%
Mr. LUM Chor Wah, Richard	(resigned on 28 June 2011)	2/6	33%
Independent non-executive Directors			
Mr. WONG Wai Kin		15/20	75%
Mr. SIU Siu Ling, Robert		18/20	90%
Mr. LEUNG Chi Hung		15/20	75%

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

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

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

Independent non-executive Directors and Retirement by Rotation

Pursuant to Rule 5.08 of the GEM Listing Rules, the Company has at least three independent non-execute Directors, one of them has appropriate professional or accounting or related financial management expertise. The Company has received the annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent. Each of the independent non-executive Directors is appointed for a term of one year.

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

Audit Committee

The Board established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. During the year ended 31 March 2012, the audit committee comprised of three members who are independent non-executive Directors, namely, Mr. WONG Wai Kin, Mr. SIU Siu Ling, Robert and Mr. LEUNG Chi Hung (with Mr. WONG Wai Kin as the chairman thereof).

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

The audit committee met three times during the year ended 31 March 2012 and the attendance of the members is as follows:

Name of director	Number of attendance	% of attendance
Mr. WONG Wai Kin	3/3	100%
Mr. SIU Siu Ling, Robert	3/3	100%
Mr. LEUNG Chi Hung	3/3	100%

During the year ended 31 March 2012, the audit committee discharged its duties by reviewing the financial matters, quarterly, interim and annual financial reports and financial statements as well as audit matters of the Company, discussing with executive Directors, management and the auditors of the Company, and making recommendations to the Board.

The audited financial statements for the year ended 31 March 2012 have been reviewed by the audit committee.

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

Remuneration Committee

During the year ended 31 March 2012, the remuneration committee of the Company comprised of the executive Director, Ms. LO Yuk Yee and two independent non-executive Directors, namely, Mr. WONG Wai Kin and Mr. SIU Siu Ling, Robert (with Ms. LO Yuk Yee as the chairman thereof). The principal responsibilities of the remuneration committee include the formulation of the Company's remuneration policy, the approval or recommendation of remuneration packages for the Directors and the senior management, and the review and approval of performance-based remuneration by reference to corporate goals and objectives. On 10 May 2012, the remuneration committee was reconstituted with Mr. SIU Siu Ling, Robert appointed as the chairman of the remuneration committee in place of Ms. LO Yuk Yee.

According to the terms of reference, the remuneration committee should meet at least once a year. The remuneration committee met one time during the year ended 31 March 2012 in which the remuneration committee reviewed the remuneration policy of the Company and the performance of the executive Directors and the attendance of the members is as follows:

Name of director	Number of attendance	% of attendance
Mr. SIU Siu Ling, Robert	1/1	100%
Ms. LO Yuk Yee	1/1	100%
Mr. WONG Wai Kin	1/1	100%

Nomination Committee

The Company has formed a nomination committee on 10 May 2012. The principle responsibilities of the nomination committee include, amongst other things, making recommendation on any proposed changes to the Board to complement the Company's corporate strategy.

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

The nomination committee currently comprises an executive director, Ms. LO Yuk Yee and two independent non-executive directors, namely Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Ms. LO Yuk Yee as the chairman thereof).

Nomination of Directors

During the year under review, the Board is responsible for considering suitable candidate to serve as Directors and approving and terminating the appointment of Directors. The Board selects and nominates candidates based on whether they possess the skills and experience required by the Group's development.

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

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

During the year ended 31 March 2012, the Board has held a total of 3 meetings relating to the appointment and resignation of Directors, and the attendance of the Directors are as follows:

		Attended
Executive Directors		
Ms. LO Yuk Yee		3/3
Mr. CHOW Wing Chau		3/3
Mr. YIU Wing Hei		2/3
Mr. IP Tze Fai, Alvin	(appointed on 28 August 2011 as non-executive director and re-designated as executive director on 1 January 2012 and resigned on 8 May 2012)	1/1
Mr. LUM Chor Wah, Richard	(resigned on 28 June 2011)	0/1
Independent non-executive Directors		
Mr. WONG Wai Kin		3/3
Mr. SIU Siu Ling, Robert		3/3
Mr. LEUNG Chi Hung		3/3

Corporate Governance Committee ("CGC")

The Company has formed a corporate governance committee on 10 May 2012. Its member comprises of three independent non-executive directors, namely Mr. LEUNG Chi Hung, Mr. SIU Siu Ling, Robert and Mr. WONG Wai Kin (with Mr. LEUNG Chi Hung as the chairman thereof).

The Corporate Governance Committee shall develop and review the Company's policies and practices on corporate governance and make recommendations to the Board. It will review and monitor the training and continuous professional development of directors and senior management of the Company and its subsidiaries. It also develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company and its subsidiaries;

The committee shall review the Company's compliance with the Code on Corporate Governance Practices in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and disclosure in the Corporate Governance Report. It will prepare the annual Corporate Governance Report for the Board's consideration and approval for disclosure; and do any such things to enable the CGC to discharge its powers and functions conferred on it by the Board.

During the year under review, the corporate governance committee was not set up. The work of review the Company's compliance with listing rules is shared by the members of the Board.

Auditors' Remuneration

HLB Hodgson Impey Cheng ("HLB"), the auditors of the Company, provides audit services to the Company during the year ended 31 March 2012. The remuneration paid/payable to HLB for the provision of audit services during the year under review is HK$616,000. HLB do not provide any non-audit services during the year.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the accounts for the year ended 31 March 2012.

Internal Controls

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

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

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group.

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

Report of the Directors

The Directors have the pleasure to present the annual report together with the audited financial statements of the Group for the year ended 31 March 2012.

Principal Activities

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

Results and Appropriations

Details of the Group's results for the year ended 31 March 2012 are set out in the accompanying financial statements.

The Board does not recommend the payment of dividend for the year ended 31 March 2012 (2011: Nil).

Group Financial Summary

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

Reserves

Movements in reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 31 and Note 34 on page 95 respectively to the accompanying financial statements.

The Company had reserves of approximately HK$97,507,000 (2011: HK$6,695,000) available for dividend distribution to shareholders as at 31 March 2012.

Share Capital

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

Purchase, Sale or Redemption of Listed Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2012.

Pre-emptive Rights

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

Subsidiaries

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

Property, Plant and Equipment

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

Borrowings and Interest Capitalized

Particulars of borrowings of the Group and the Company as at 31 March 2012 are set out in Note 30 to the accompanying financial statements. No interest was capitalized by the Group during the year.

Sufficiency of Public Float

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

Biographical Details of Directors and Senior Management

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

Directors

The Directors who held office during the year ended 31 March 2012 were:

Executive Directors
Ms. LO Yuk Yee
Mr. CHOW Wing Chau
Mr. YIU Wing Hei
Mr. IP Tze Fai, Alvin (appointed on 28 August 2011 as non-executive director and re-designated as executive director on 1 January 2012 and resigned on 8 May 2012)
Mr. LUM Chor Wah, Richard (resigned on 28 June 2011)

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

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

Emoluments of the Directors and the Five Highest Paid Individuals

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

Directors' Service Agreements

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

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

Interest in Shares and Underlying Shares

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

As at 31 March 2012, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept under section 352 of the SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company and its associated corporations

			Number of shares and capacity in which the shares were held		Number of underlying shares and capacity in which the underlying shares were held			
Name of Director	Name of Group member	Name of associated corporations	Beneficial owner	Interest of controlled corporation	Beneficial owner	Interest of controlled corporation	Total number of shares	% of shares in issue (note 2)
Executive Director:								
Ms. Lo Yuk Yee ("Ms. Lo")	The Company	—	—	268,552,984 *(Note 1)*	—	—	268,552,984	60.92%
Ms. Lo	—	Maxx Capital International Limited ("Maxx Capital") *(Note 1)*	—	2 shares of US$1 each	—	—	2 shares of US$1 each	100%
Ms. Lo	—	Pablos International Limited ("Pablos") *(Note 1)*	1,000 shares of US$1 each	—	—	—	1,000 shares of US$1 each	100%
Mr. Chow Wing Chau ("Mr. Chow")	The Company	—	—	—	500,000	—	500,000	0.11%
Mr. Yiu Wing Hei ("Mr. Yiu")	The Company	—	—	—	500,000	—	500,000	0.11%

Notes:

1. 268,552,984 ordinary shares of HK$0.01 each were held by Maxx Capital which was wholly-owned by Pablos, and Pablos was wholly owned by Ms. Lo. Accordingly, Pablos and Ms. Lo were deemed by virtue of the SFO to be interested in 268,552,984 ordinary shares of HK$0.01 each held by Maxx Capital.

2. As at 31 March 2012, the Company had 440,818,880 ordinary shares of HK$0.01 each in issue.

Save as disclosed above, as at 31 March 2012, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 March 2012, so far as the Directors are aware, persons other than Directors or chief executives of the Company who have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name of Director	Number of shares and capacity in which the share were held: Beneficial owner	Number of shares and capacity in which the share were held: Interest of controlled corporation	Number of underlying shares and capacity in which the share were held: Beneficial owner	Number of underlying shares and capacity in which the share were held: Interest of controlled corporation	Total number of shares	% of shares in issue (note 2)
Substantial shareholders:						
Maxx Capital *(Note 1)*	268,552,984	—	—	—	268,552,984	60.92%
Pablos *(Note 1)*	—	268,552,984	—	—	268,552,984	60.92%

Notes:

1. 268,552,984 ordinary shares of HK$0.01 each were held by Maxx Capital, which was wholly-owned by Pablos and Pablos was wholly owned by Ms. LO. Accordingly, Pablos and Ms. LO were deemed by virtue of the SFO to be interested in 268,552,984 ordinary shares of HK$0.01 each held by Maxx Capital. Ms. LO is a director of each of Maxx Capital and Pablos.

2. As at 31 March 2012, 440,818,880 ordinary shares of HK$0.01 each in issue.

Other persons who are required to disclose their interests

Save as disclosed above, the Directors are not aware of other person who, as at 31 March 2012, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Movements of Options

Details of movements of the share options granted under the share option scheme adopted on 16 December 2004 (with its mandate limit refreshed at the annual general meeting of the Company held on 18 August 2011) for the year ended 31 March 2012 are as follows:

			Number of share options			
Name of grantee	Date of grant	Exercise price	Balance as at 1 April 2011	Granted during the year	Lapsed during the year	Balance as at 31 March 2012
Executive Directors:						
Mr. CHOW	30 September 2011	HK$0.49	—	500,000	—	500,000
Mr. YIU	30 September 2011	HK$0.49	—	500,000	—	500,000
Employees	30 September 2011	HK$0.49	—	4,000,000	(1,000,000)	3,000,000
Distributors	30 September 2011	HK$0.49	—	8,000,000	(4,000,000)	4,000,000
Total			—	13,000,000	(5,000,000)	8,000,000

Validity period:	The share options are exercisable for a period of two years commencing from the end of the respective vesting period in the manner as stated below.	
Vesting period:	No vesting period:	2,000,000 share options (as to 1,000,000 options have lapsed during the year)
	6 months after 30 September 2011:	3,250,000 share options (as to 1,250,000 options have lapsed during the year)
	12 months after 30 September 2011:	3,250,000 share options (as to 1,250,000 options have lapsed during the year)
	18 months after 30 September 2011:	3,250,000 share options (as to 1,250,000 options have lapsed during the year)
	24 months after 30 September 2011:	1,250,000 share options (as to 250,000 options have lapsed during the year)

Placing of Unlisted Warrants on 30 January 2012

As set out in the Company's announcement dated 30 January 2012, on 30 January 2012, the Company has issued a total of 88,162,000 warrants conferring the right to subscribe for up to HK$35,441,124 in aggregate for ordinary shares of HK$0.01 each in the capital of the Company (i.e. up to 88,162,000 shares), to not less than six placees, who and whose ultimate beneficial owners were parties or parties independent of and not connected with the Company and its connected persons and their respective associates, at the issue price of HK$0.02 per warrant. Each of such warrants entitle the holder thereof to subscribe in cash for one ordinary share of HK$0.01 in the capital of the Company at an initial subscription price of HK$0.402, subject to adjustment at any time for the period commencing on 30 January 2012 to 4:00 p.m. (Hong Kong time) on 29 January 2017 (or if it is not a business day, the business day immediately preceding such day). The initial subscription price of HK$0.402 represented a discount of approximately 6.51% to the closing price of HK$0.430 per share of the Company as quoted on the Stock Exchange on 30 January 2012. The offer by way of placing of the warrants was considered by the Directors as an appropriate means of raising additional working capital for the Company as it will not have an immediate dilute effort on the shareholding of the then existing shareholders upon its issue.

The net price of each share to be issued upon the exercise of the warrants, taking into account of the issue price of HK$0.02 per share warrant after deducting the expenses and based on the full exercise of the warrants, will be approximately HK$0.42.

The new shares to be allotted and issued upon the exercise of the subscription rights attaching to the warrants in full represent about 20% of the issued capital of the Company as at 30 January 2012 (i.e. 440,818,880 shares) and about 16.67% of the issued capital (i.e. 440,818,880 shares) as enlarged by the allotment and issue of such shares (assuming that there is no other change to the share capital of the company after 30 January 2012). The net proceeds were intended to use as general working capital of the Group.

Directors' Interest in Contracts

Saved as disclosed in this annual report, there was no contract of significance in relation to the Group's business to which the Group was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2012 or at any time during such period (2011: Nil).

Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2012. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions throughout the year ended 31 March 2012.

Competing Interests

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 March 2012.

Audit Committee

The Company established an audit committee with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules. As at the date of this report, the audit committee of the Company comprised three members who are independent non-executive Directors, namely, Mr. Wong Wai Kin, Mr. Siu Siu Ling, Robert and Mr. Leung Chi Hung with Mr. Wong Wai Kin as the chairman thereof.

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

The audited consolidated financial statements of the Group for the year ended 31 March 2012 have been reviewed by the audit committee of the Company.

Purchase, Sale or Redemption of Listed Share

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2012 and up to the date of this annual report.

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2012.

Customers and Suppliers

For the year ended 31 March 2012, the five largest customers accounted for approximately 40% (2011: 46%) of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 83% (2011: 83%) of the Group's total cost of sales. The largest customer of the Group accounted for approximately 25% (2011: 18%) of the Group's total turnover while the largest supplier of the Group accounted for approximately 61% (2011: 46%) of the Group's total cost of sales.

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

Significant Contracts

Details of the significant contracts are set out in Note 39 to the consolidated financial statements.

Management Contracts

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

Confirmation of Independence by Independent Non-executive Directors

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

Corporate Governance

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

Competing Interests

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 March 2012.

Auditors

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting. There have been no changes of auditors in the past three years.

On behalf of the Board
Finet Group Limited

LO Yuk Yee
Chairman

Hong Kong, 26 June 2012

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

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

We have audited the consolidated financial statements of Finet Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 100, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Emphasis of matter

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 26 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Continuing operations			
Revenue	5	25,287	34,005
Cost of sales		(9,324)	(10,163)
Gross profit		15,963	23,842
Other income and gains	6	8,921	13,845
Selling and marketing expenses		(663)	(479)
General and administrative expenses		(43,173)	(43,256)
Other operating expenses	8	(48)	(21,675)
Finance costs	9	(397)	(227)
Loss before income tax	10	(19,397)	(27,950)
Income tax expense	11	(1,156)	(6,930)
Loss for the year from continuing operations		(20,553)	(34,880)
Discontinued operation			
Loss for the year from discontinued operation	12	—	(6,606)
Loss for the year		(20,553)	(41,486)
Loss attributable to:			
Owners of the Company		(20,553)	(39,769)
Non-controlling interests		—	(1,717)
		(20,553)	(41,486)
Loss for the year		(20,553)	(41,486)
Other comprehensive income:			
Fair value (loss)/gain on available-for-sale financial assets		(372)	216
Release of translation reserve upon disposal of subsidiaries		—	(1,822)
Currency translation differences		(429)	(492)
Other comprehensive income for the year		(801)	(2,098)
Total comprehensive income for the year		(21,354)	(43,584)
Attributable to:			
Owners of the Company		(21,354)	(41,916)
Non-controlling interests		—	(1,668)
		(21,354)	(43,584)
Loss per share for loss attributable to the owners of the Company during the year	14		
From continuing operations			
— Basic and diluted (in HK cents)		(6)	(43)
From discontinued operation			
— Basic and diluted (in HK cents)		—	(6)
		(6)	(49)

Consolidated Statement of Financial Position

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	18	**4,405**	3,911
Investment properties	19	**82,900**	25,848
Intangible assets	20	**950**	950
Statutory deposits and other assets	21	**405**	405
Available-for-sale financial assets	23	**112**	484
		88,772	31,598
Current assets			
Accounts receivable	24	**6,375**	6,680
Prepayments, deposits and other receivables	25	**8,697**	8,308
Tax recoverable		**31**	—
Held for trading investments	26	**33,259**	30,879
Client trust bank balances		**6,832**	9,145
Cash and cash equivalents	27	**41,136**	20,106
		96,330	75,118
Total assets		**185,102**	106,716
Current liabilities			
Accounts payable	28	**10,389**	14,664
Accruals and other payables		**8,109**	8,822
Deferred income		**2,285**	1,827
Finance lease payables — due within one year	29	**146**	345
Borrowings — due within one year	30	**16,055**	249
		36,984	25,907
Net current assets		**59,346**	49,211
Total assets less current liabilities		**148,118**	80,809
Non-current liabilities			
Finance lease payables — due after one year	29	**37**	177
Borrowings — due after one year	30	**2,254**	2,514
Deferred tax liabilities	31	**8,042**	6,870
		10,333	9,561
Net assets		**137,785**	71,248
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	32	**4,408**	22,041
Reserves	34	**133,377**	49,207
Total equity		**137,785**	71,248

LO Yuk Yee
Director

CHOW Wing Chau
Director

Statement of Financial Position

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	18	**626**	124
Investment properties	19	**27,700**	25,848
Investments in subsidiaries	22	**17,941**	17,941
Available-for-sale financial assets	23	**112**	484
		46,379	44,397
Current assets			
Amounts due from subsidiaries	22	**73,860**	1,769
Prepayments, deposits and other receivables		**1,683**	3,503
Cash and cash equivalents	27	**4,414**	3,277
		79,957	8,549
Total assets		**126,336**	52,946
Current liabilities			
Accruals and other payables		**1,399**	3,964
Amounts due to subsidiaries	22	**1,456**	1,472
Borrowings — due within one year	30	**259**	249
		3,114	5,685
Net current assets		**76,843**	2,864
Total assets less current liabilities		**123,222**	47,261
Non-current liabilities			
Borrowings — due after one year	30	**2,254**	2,514
Deferred tax liabilities	31	**7,985**	6,870
		10,239	9,384
Net assets		**112,983**	37,877
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	32	**4,408**	22,041
Reserves	34	**108,575**	15,836
Total equity		**112,983**	37,877

LO Yuk Yee
Director

CHOW Wing Chau
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

		Reserves										
	Share capital	**Share premium**	**Merger reserve**	**Employee compensation reserve**	**Translation reserve**	**Property revaluation reserve**	**Investment revaluation reserve**	**Warrants reserve**	**Accumulated losses**	**Total reserves**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2010	18,373	199,393	4,870	1,745	2,473	9,989	(1,064)	—	(152,971)	64,435	1,200	84,008
Comprehensive income												
Loss for the year	—	—	—	—	—	—	—	—	(39,769)	(39,769)	(1,717)	(41,486)
Other comprehensive income												
Fair value gain on available-for-sale financial assets *(Note 23)*	—	—	—	—	—	—	216	—	—	216	—	216
Release of translation reserve upon disposal of subsidiaries *(Note 36)*	—	—	—	—	(1,822)	—	—	—	—	(1,822)	—	(1,822)
Currency translation differences	—	—	—	—	(541)	—	—	—	—	(541)	49	(492)
Total other comprehensive income	—	—	—	—	(2,363)	—	216	—	—	(2,147)	49	(2,098)
Total comprehensive income	—	—	—	—	(2,363)	—	216	—	(39,769)	(41,916)	(1,668)	(43,584)
Transactions with owners												
Issue of shares upon exercise of share options *(Note 32)*	3	33	—	—	—	—	—	—	—	33	—	36
Issue of shares upon placement *(Note 32)*	3,650	27,010	—	—	—	—	—	—	—	27,010	—	30,660
Issue of shares upon exercise of bonus warrants *(Note 32)*	15	119	—	—	—	—	—	—	—	119	—	134
Shares issue costs	—	(474)	—	—	—	—	—	—	—	(474)	—	(474)
Disposal of subsidiaries *(Note 36)*	—	—	—	—	—	—	—	—	—	—	468	468
Vested share options lapsed/ cancelled	—	—	—	(1,745)	—	—	—	—	1,745	—	—	—
Total contributions by and distributions to owners	3,668	26,688	—	(1,745)	—	—	—	—	1,745	26,688	468	30,824
Balance at 31 March 2011 and 1 April 2011	22,041	226,081	4,870	–	110	9,989	(848)	–	(190,995)	49,207	–	71,248
Comprehensive income												
Loss for the year	–	–	–	–	–	–	–	–	(20,553)	(20,553)	–	(20,553)
Other comprehensive income												
Fair value loss on available-for-sale financial assets *(Note 23)*	–	–	–	–	–	–	(372)	–	–	(372)	–	(372)
Currency translation differences	–	–	–	–	(429)	–	–	–	–	(429)	–	(429)
Total other comprehensive income	–	–	–	–	(429)	–	(372)	–	–	(801)	–	(801)
Total comprehensive income	–	–	–	–	(429)	–	(372)	–	(20,553)	(21,354)	–	(21,354)
Transactions with owners												
Issue of shares upon exercise of bonus warrants *(Note 32)*	–	2	–	–	–	–	–	–	–	2	–	2
Issue of shares upon open offers *(Note 32)*	88,164	–	–	–	–	–	–	–	–	–	–	88,164
Capital reduction *(Note 32)*	(105,797)	–	–	–	–	–	–	–	105,797	105,797	–	–
Issue of warrants *(Note 32)*	–	–	–	–	–	–	–	1,763	–	1,763	–	1,763
Shares issue costs	–	(2,574)	–	–	–	–	–	–	–	(2,574)	–	(2,574)
Employee share-based compensation	–	–	–	536	–	–	–	–	–	536	–	536
Total contributions by and distributions to owners	(17,633)	(2,572)	–	536	–	–	–	1,763	105,797	105,524	–	87,891
Balance at 31 March 2012	4,408	223,509	4,870	536	(319)	9,989	(1,220)	1,763	(105,751)	133,377	–	137,785

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Loss before income tax including discontinued operation		(19,397)	(34,556)
Adjustments for:			
— Depreciation of property, plant and equipment		2,453	3,743
— Amortization of intangible assets		—	34
— Goodwill impairment charge		—	1,509
— Impairment loss on amount due from a former director		—	4,661
— Impairment loss on amounts due from former subsidiaries		—	8,995
— Gain on a bargain purchase		(1,185)	—
— Gain on disposal of subsidiaries		—	(5,406)
— Loss on disposal of property, plant and equipment		—	229
— Fair value loss/(gain) on investment properties		48	(11,848)
— Fair value (gain)/loss on held for trading investments		(3,546)	6,510
— Interest income		(4)	(4)
— Finance costs		397	227
— Equity-settled share-based payments		536	—
Changes in working capital:			
— Held for trading investments		1,166	(37,389)
— Accounts receivable		305	28,405
— Prepayments, deposits and other receivables		(389)	13,420
— Accounts payable		(4,316)	(54,267)
— Accruals and other payables		(1,252)	12,586
— Deferred income		458	(1,276)
— Client trust bank balances		2,313	26,567
Cash used in operations		(22,413)	(37,860)
Interest paid		(362)	(116)
Income tax paid		(53)	(60)
Net cash used in operating activities		(22,828)	(38,036)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	18	(2,794)	(1,334)
Purchase of intangible assets	20	—	(106)
Acquisition of a subsidiary	35	(19,314)	(3,656)
Disposal of subsidiaries	36	—	380
Interest received		4	4
Net cash used in investing activities		(22,104)	(4,712)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	32	88,166	30,830
Proceeds from issuance of warrants	32	1,763	—
Shares issue costs		(2,574)	(474)
Interest element of finance lease rental payments		(35)	(111)
Capital element of finance lease rental payments		(339)	(189)
Repayment of a shareholder's loan		(4,573)	—
Repayment of borrowings		(15,957)	(239)
Net cash generated from financing activities		66,451	29,817
Net increase/(decrease) in cash and cash equivalents		21,519	(12,931)
Cash and cash equivalents at beginning of the year		20,106	33,681
Effect of foreign exchange rate changes, net		(489)	(644)
Cash and cash equivalents at end of the year	27	41,136	20,106

1. GENERAL INFORMATION

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

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. On 16 June 2011, the Company was deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's principal place of business is situated at Room C, 11/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

The Company's parent is Maxx Capital International Limited, which is wholly owned by Pablos International Limited. The ultimate controlling party is Ms. LO Yuk Yee, the chairman and executive director of the Company, through her ownership in Pablos International Limited.

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

These consolidated financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the board of directors on 26 June 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2011 but do not have a material impact on the Group.

HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding (Amendment) Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvements Project	Third annual improvements projects (2010) published in May

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted by the Group

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendment)	Government Loans[4]
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

(a) Subsidiaries

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(b) Transactions with non-controlling interests

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

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (Continued)

(b) Transactions and balances

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

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

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

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

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

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

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

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

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

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

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

2.6 Investment property

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment property (Continued)

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

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

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

2.7 Intangible assets

(a) Goodwill

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

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

(b) Trademarks and licenses

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

(c) Trading rights

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(d) Computer software

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of investments in subsidiaries and non-financial assets

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

2.9 Financial assets

Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Recognition and measurement

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets

(a) Assets carried at amortized cost

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

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

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

The Group first assesses whether objective evidence of impairment exists.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (Continued)

(b) Assets classified as available for sale

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

2.11 Trade and other receivables

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

2.12 Cash and cash equivalents and client trust bank balances

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

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

2.13 Share capital

Ordinary shares are classified as equity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade payables

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

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

2.15 Borrowings

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

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

2.16 Development costs

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

2.17 Current and deferred income tax

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax (Continued)

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

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

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

2.18 Employee benefits

(a) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully within the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. As at the reporting period, the total amount of forfeited contributions, which arose upon employees leaving the MPF Scheme and available to reduce the contribution payable in future years was Nil (2011: Nil).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits (Continued)

(b) Share-based compensation

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

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

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

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

(c) Termination benefits

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions

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

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

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

2.20 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases

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

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

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

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

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

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

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

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

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

2.22 Contingent liabilities and contingent assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.24 Dividend distribution

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale financial assets (Note 23) and held for trading investments (Note 26) as at 31 March 2012. The Group's listed investments are listed on the Osaka Securities Exchange in Japan, the NASDAQ in the United States and the Stock Exchange, and are valued at quoted market prices at the end of the reporting period.

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

	Increase/ (decrease) in carrying amount of equity investments	(Decrease)/ increase in loss before income tax	Increase/ (decrease) in equity*
	HK$'000	HK$'000	HK$'000
2012			
5% increase in equity price	**1,669**	**(1,663)**	**6**
5% decrease in equity price	**(1,669)**	**1,663**	**(6)**
2011			
5% increase in equity price	1,568	(1,544)	24
5% decrease in equity price	(1,568)	1,544	(24)

* Excluding retained earnings

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk

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

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before income tax HK$'000	Increase/ (decrease) in equity* HK$'000
2012			
Hong Kong dollar	**50**	**92**	**—**
Hong Kong dollar	**(50)**	**(92)**	**—**
2011			
Hong Kong dollar	50	(13)	—
Hong Kong dollar	(50)	13	—

* Excluding retained earnings

(b) Credit risk

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

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

At the end of the reporting period, the Group has certain concentrations of credit risk as 36% (2011: 51%) and 77% (2011: 91%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 24 to the consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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

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

	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2012				
Accounts payable	**10,389**	**—**	**—**	**10,389**
Accruals and other payables	**8,109**	**—**	**—**	**8,109**
Finance lease payables	**178**	**45**	**—**	**223**
Borrowings	**16,151**	**1,421**	**1,184**	**18,756**
2011				
Accounts payable	14,664	—	—	14,664
Accruals and other payables	8,822	—	—	8,822
Finance lease payables	378	215	—	593
Borrowings	355	1,777	1,183	3,315

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's borrowings based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

	Within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2012				
Borrowings	**2,346**	**8,844**	**10,942**	**22,132**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. During the year ended 31 March 2012, the Group's strategy which was unchanged from 2011.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity, as shown in the consolidated statement of financial position. The gearing ratios at 31 March 2011 and 2012 were as follows:

	2012 **HK$'000**	2011 HK$'000
Total borrowings *(Notes 29 and 30)*	**18,492**	3,285
Total equity	**137,785**	71,248
Gearing ratio	**13%**	4%

3.3 Fair value estimation

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2012:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Held for trading investments	33,259	—	—	33,259
Available-for-sale financial assets	112	—	—	112
	33,371	—	—	33,371

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

During the year ended 31 March 2012, there were no significant transfer between instruments in Level 1 and Level 2 and no transfer into or out of Level 3 (2011: Nil).

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Financial instruments by category

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

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Financial assets as per consolidated statement of financial position				
31 March 2012				
Statutory deposits and other assets *(Note 21)*	—	405	—	405
Available-for-sale financial assets *(Note 23)*	—	—	112	112
Accounts receivable *(Note 24)*	—	6,375	—	6,375
Deposits and other receivables	—	4,106	—	4,106
Held for trading investments *(Note 26)*	33,259	—	—	33,259
Client trust bank balances	—	6,832	—	6,832
Cash and cash equivalents *(Note 27)*	—	41,136	—	41,136
Total	33,259	58,854	112	92,225

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Financial instruments by category (Continued)

	Financial liabilities at amortized cost HK$'000
Financial liabilities as per consolidated statement of financial position	
31 March 2012	
Accounts payable *(Note 28)*	**10,389**
Accruals and other payables	**8,109**
Finance lease payables *(Note 29)*	**183**
Borrowings *(Note 30)*	**18,309**
Total	**36,990**

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Estimated impairment of goodwill

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

(b) Estimated fair values of investment properties

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

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

(d) Estimated impairment of trade and other receivables

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

(e) Estimated impairment of intangible assets other than goodwill

The Group periodically reviews internal or external resources to identify indications that the intangible assets other than goodwill have suffered any impairment in accordance with accounting policy stated in Note 2.8. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the intangible asset is reduced to its receivable amount. The assessment of the recoverable amount requires the use of estimates and assumptions.

5. REVENUE

Revenue (which is also the Group's turnover) recognized during the year is as follows:

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Service income from provision of financial information services	**21,876**	26,799	**–**	—	**21,876**	26,799
Advertising income	**1,882**	1,532	**–**	—	**1,882**	1,532
Online game income	**–**	—	**–**	1	**–**	1
Brokerage commission and service income from securities and futures business	**1,529**	5,674	**–**	—	**1,529**	5,674
	25,287	34,005	**–**	1	**25,287**	34,006

6. OTHER INCOME AND GAINS

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Gain on a bargain purchase *(Note 35(a))*	**1,185**	—	**–**	—	**1,185**	—
Gain on disposal of subsidiaries *(Note 36)*	**–**	—	**–**	5,406	**–**	5,406
Gross rental income from investment properties	**1,880**	1,138	**–**	—	**1,880**	1,138
Dividend income from available-for-sale financial assets	**200**	40	**–**	—	**200**	40
Interest income from bank deposits	**4**	4	**–**	—	**4**	4
Net foreign exchange gains	**743**	144	**–**	30	**743**	174
Fair value gain on investment properties	**–**	11,848	**–**	—	**–**	11,848
Fair value gain on held for trading investments	**3,546**	—	**–**	—	**3,546**	—
Sundry income	**1,363**	671	**–**	—	**1,363**	671
	8,921	13,845	**–**	5,436	**8,921**	19,281

7. SEGMENT INFORMATION

At 31 March 2012, the Group is organized into two main operating segments:

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

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

The segment results for the year ended 31 March 2012 are as follows:

	Securities and futures business HK$'000	Financial information services business HK$'000	Sub total HK$'000	Unallocated HK$'000	Group HK$'000
Gross revenue	1,547	23,758	25,305	—	25,305
Inter-segment revenue	(18)	—	(18)	—	(18)
Revenue from external customers	1,529	23,758	25,287	—	25,287
Segment results	(3,108)	(15,736)	(18,844)	(156)	(19,000)
Finance costs					(397)
Loss before income tax					(19,397)
Income tax expense					(1,156)
Loss for the year					(20,553)
Other segment items included in the consolidated statement of comprehensive income are as follows:					
Fair value gain on held for trading investments	—	3,546	3,546	—	3,546
Equity-settled share-based payments	—	(536)	(536)	—	(536)
Depreciation of property, plant and equipment	(158)	(2,283)	(2,441)	(12)	(2,453)

7. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

Capital expenditure comprises additions to property, plant and equipment, investment properties, intangible assets and statutory deposits and other assets, including additions resulting from acquisitions through business combinations.

7. SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities at 31 March 2012 and capital expenditure for the year then ended are as follows:

	Securities and futures business HK$'000	Financial information services business HK$'000	Unallocated HK$'000	Group HK$'000
Assets	**22,846**	**104,034**	**58,222**	**185,102**
Liabilities	**10,552**	**9,778**	**26,987**	**47,317**
Capital expenditure	**100**	**2,694**	**57,193**	**59,987**

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

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

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

	2012 HK$'000	2011 HK$'000
Revenue		
Hong Kong	**20,535**	25,613
PRC	**4,752**	8,393
	25,287	34,006

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

7. SEGMENT INFORMATION (CONTINUED)

	2012 HK$'000	2011 HK$'000
Total assets		
Hong Kong	**152,010**	74,065
PRC	**31,586**	30,888
Other countries	**1,506**	1,763
	185,102	106,716

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

	2012 HK$'000	2011 HK$'000
Capital expenditure		
Hong Kong	**59,138**	3,623
PRC	**849**	1,183
	59,987	4,806

Capital expenditure is allocated based on where the assets are located

Revenue of approximately HK$6,418,000 (2011: HK$6,055,000) are derived from a single external customer and are attributable to financial information services business segment.

8. OTHER OPERATING EXPENSES

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Goodwill impairment charge	**–**	1,509	**–**	—	**–**	1,509
Impairment loss on:						
— Amount due from a former director	**–**	4,661	**–**	—	**–**	4,661
— Amounts due from former subsidiaries	**–**	8,995	**–**	—	**–**	8,995
Fair value loss on held for trading investments	**–**	6,510	**–**	—	**–**	6,510
Fair value loss on investment properties	**48**	—	**–**	—	**48**	—
Others	**–**	—	**–**	2	**–**	2
	48	21,675	**–**	2	**48**	21,677

9. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expense on bank borrowings:						
— not wholly repayable within five years	**362**	116	**–**	—	**362**	116
Interest on finance leases	**35**	111	**–**	—	**35**	111
	397	227	**–**	—	**397**	227

10. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Development costs *(Note)*	**—**	—	**—**	3,758	**—**	3,758
Operating lease payments						
— in respect of rented premises	**4,980**	4,605	**—**	1,040	**4,980**	5,645
— in respect of office equipment	**12**	—	**—**	—	**12**	—
Depreciation of property, plant and equipment	**2,453**	2,571	**—**	1,172	**2,453**	3,743
Loss on disposal of property, plant and equipment	**—**	229	**—**	—	**—**	229
Auditors' remuneration						
— current year provision	**420**	500	**—**	11	**420**	511
— (over-provision)/ under-provision in prior year	**(132)**	150	**—**	—	**(132)**	150
Amortization of intangible assets	**—**	—	**—**	34	**—**	34

Note: Development costs for the year ended 31 March 2011 mainly comprised depreciation of property, plant and equipment of approximately HK$807,000 and employee benefit expenses of approximately HK$2,377,000, which were also included in the total amounts disclosed separately above and in Note 15 for each of these types of expenses.

11. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year (2011: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012 HK$'000	2011 HK$'000
Current tax:		
— Hong Kong profits tax		
— adjustments in respect of prior years	(38)	—
— Overseas taxation — PRC	60	60
	22	60
Deferred tax *(Note 31)*	1,134	6,870
Income tax expense	1,156	6,930

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate of 16.5% (2011: 16.5%) as follows:

	2012 HK$'000	2011 HK$'000
Loss before income tax	(19,397)	(34,556)
Tax calculated at Hong Kong profits tax rate	(3,201)	(5,702)
Effect of different tax rates of other jurisdictions	(611)	(1,316)
Income not subject to tax	(233)	(3,218)
Expenses not deductible for tax purposes	1,357	6,563
Tax effect of temporary differences not recognized	(14)	311
Tax losses for which no deferred income tax asset was recognized	2,724	3,422
Effect of revaluation of properties	1,134	6,870
Income tax expense	1,156	6,930

12. DISCONTINUED OPERATION

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

	2011 HK$'000
Revenue	1
Cost of sales	—
Gross profit	1
Other income and gains	30
Development costs	(3,758)
Selling and marketing expenses	(1,908)
General and administrative expenses	(6,375)
Other operating expenses	(2)
Loss before income tax	(12,012)
Income tax expense	—
	(12,012)
Gain on disposal of subsidiaries *(Note 36)*	5,406
Loss for the year from discontinued operation	(6,606)
Net cash used in operating activities	(4,832)
Net cash used in investing activities	(683)
Net cash used in financing activities	—
Net cash used in discontinued operation	(5,515)

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$12,413,000 (2011: HK$74,847,000).

14. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company from continuing operations for the year ended 31 March 2012 of approximately HK$20,553,000 (2011: HK$34,880,000) by the weighted average number of approximately 369,517,000 (2011: 80,273,480) ordinary shares in issue during the year.

Basic loss per share for discontinued operation is calculated by dividing the loss attributable to owners of the Company from discontinued operation for the year ended 31 March 2011 of approximately HK$4,889,000 by the weighted average number of 80,273,480 ordinary shares in issue during that year.

14. LOSS PER SHARE (CONTINUED)

(b) Diluted

The computation of diluted loss per share for the years ended 31 March 2012 and 2011 did not assume the exercise of the Company's share options and warrants outstanding during the years ended 31 March 2012 and 2011 since their exercise would result in a decrease in loss per share.

15. EMPLOYEE BENEFIT EXPENSES

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

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Wages and salaries	**21,835**	16,807	**—**	2,482	**21,835**	19,289
Equity-settled share-based payments	**536**	—	**—**	—	**536**	—
Pension costs — defined contribution plans	**410**	341	**—**	124	**410**	465
Others	**843**	274	**—**	27	**843**	301
	23,624	17,422	**—**	2,633	**23,624**	20,055

16. DIRECTORS' REMUNERATION

The remuneration of every director of the Company for the years ended 31 March 2011 and 2012 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Share-based payments HK$'000	Contributions to pension schemes HK$'000	Total HK$'000
Year ended 31 March 2012					
Executive directors					
Ms. LO Yuk Yee	120	3,480	—	—	3,600
Mr. CHOW Wing Chau	60	—	67	—	127
Mr. YIU Wing Hei	60	—	67	—	127
Mr. IP Tze Fai, Alvin (appointed as an non-executive director on 26 August 2011, designated as an executive director on 1 January 2012 and resigned on 8 May 2012)	36	—	—	—	36
Mr. LUM Chor Wah, Richard (appointed on 30 September 2010 and resigned on 28 June 2011)	14	—	—	—	14
Independent non-executive directors					
Mr. SIU Siu Ling, Robert	60	—	—	—	60
Mr. WONG Wai Kin	60	—	—	—	60
Mr. LEUNG Chi Hung	60	—	—	—	60
	470	3,480	134	—	4,084

16. DIRECTORS' REMUNERATION (CONTINUED)

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

During the year ended 31 March 2012, no bonuses had been paid or receivable by the directors which are discretionary or are based on the Company's, the Group's or any member of the Group's performance.

During the year ended 31 March 2012, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2011: Nil). None of the directors waived or agreed to waive any remuneration during the year (2011: Nil).

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

17. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included one (2011: three) director whose emoluments have been reflected in the analysis presented above. The emoluments payable to the remaining four (2011: two) individuals during the year are as follows:

	2012 **HK$'000**	2011 HK$'000
Basic salaries and allowances	**1,898**	935
Contributions to pension schemes	**33**	19
	1,931	954

The emoluments fell within the following bands:

	2012 **Number of individuals**	2011 Number of individuals
Emolument bands		
Nil to HK$1,000,000	**4**	2

During the year ended 31 March 2012, no bonuses had been paid or receivable by the any of the five highest paid individuals which are discretionary or are based on the Company's, the Group's or any member of the Group's performance.

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2011: Nil).

18. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2010						
Cost	795	20,637	395	1,619	265	23,711
Accumulated depreciation	(795)	(14,080)	(360)	(547)	(88)	(15,870)
Net book amount	—	6,557	35	1,072	177	7,841
Year ended 31 March 2011						
Opening net book amount	—	6,557	35	1,072	177	7,841
Acquisition of a subsidiary *(Note 35(b))*	—	—	502	—	—	502
Additions	140	1,026	83	85	—	1,334
Depreciation	(126)	(2,951)	(130)	(483)	(53)	(3,743)
Disposals of subsidiaries *(Note 36)*	—	(1,531)	—	(414)	—	(1,945)
Disposals	—	—	(229)	—	—	(229)
Exchange differences	—	115	—	36	—	151
Closing net book amount	14	3,216	261	296	124	3,911
At 31 March 2011						
Cost	926	17,288	760	1,013	265	20,252
Accumulated depreciation	(912)	(14,072)	(499)	(717)	(141)	(16,341)
Net book amount	14	3,216	261	296	124	3,911
Year ended 31 March 2012						
Opening net book amount	**14**	**3,216**	**261**	**296**	**124**	**3,911**
Acquisition of subsidiary *(Note 35(a))*	**93**	**–**	**–**	**–**	**–**	**93**
Additions	**1,097**	**1,173**	**190**	**184**	**150**	**2,794**
Depreciation	**(244)**	**(1,770)**	**(160)**	**(208)**	**(71)**	**(2,453)**
Exchange differences	**–**	**50**	**–**	**10**	**–**	**60**
Closing net book amount	**960**	**2,669**	**291**	**282**	**203**	**4,405**
At 31 March 2012						
Cost	**2,019**	**18,571**	**950**	**1,193**	**415**	**23,148**
Accumulated depreciation	**(1,059)**	**(15,902)**	**(659)**	**(911)**	**(212)**	**(18,743)**
Net book amount	**960**	**2,669**	**291**	**282**	**203**	**4,405**

At 31 March 2012, the carrying amount of computer equipment included an amount of approximately HK$261,000 (2011: HK$1,159,000) in respect of assets held under finance leases.

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2010					
Cost	—	—	—	265	265
Accumulated depreciation	—	—	—	(88)	(88)
Net book amount	—	—	—	177	177
Year ended 31 March 2011					
Opening net book amount	—	—	—	177	177
Depreciation	—	—	—	(53)	(53)
Closing net book amount	—	—	—	124	124
At 31 March 2011					
Cost	—	—	—	265	265
Accumulated depreciation	—	—	—	(141)	(141)
Net book amount	—	—	—	124	124
Year ended 31 March 2012					
Opening net book amount	**—**	**—**	**—**	**124**	**124**
Additions	**448**	**39**	**6**	**150**	**643**
Depreciation	**(66)**	**(3)**	**(1)**	**(71)**	**(141)**
Closing net book amount	**382**	**36**	**5**	**203**	**626**
At 31 March 2012					
Cost	**448**	**39**	**6**	**415**	**908**
Accumulated depreciation	**(66)**	**(3)**	**(1)**	**(212)**	**(282)**
Net book amount	**382**	**36**	**5**	**203**	**626**

19. INVESTMENT PROPERTIES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Beginning of the year	**25,848**	14,000	**25,848**	14,000
Acquisition of a subsidiary *(Note 35(a))*	**57,100**	—	**—**	—
Fair value (loss)/gain	**(48)**	11,848	**1,852**	11,848
End of the year	**82,900**	25,848	**27,700**	25,848

The fair values of the Group's and the Company's investment properties at 31 March 2012 were arrived at on the basis of a valuation carried out at that date by Ascent Partners Transaction Service Limited, an independent professional valuer, on open market value, existing use basis calculated on the net income allowing for reversionary potential.

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Leases of between 10 to 50 years, held in:				
— the PRC	**27,700**	25,848	**27,700**	25,848
— Hong Kong	**55,200**	—	**—**	—
	82,900	25,848	**27,700**	25,848

Bank loans (Note 30) are secured by the above investment properties with carrying amount of approximately HK$82,900,000 (2011: HK$25,848,000).

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than 1 year	**2,379**	1,209	**1,397**	1,209
Later than 1 year and no later than 5 years	**—**	—	**—**	—
	2,379	1,209	**1,397**	1,209

20. INTANGIBLE ASSETS

Group

	Goodwill	Trading rights in the Stock Exchange and Hong Kong Futures Exchange Limited	Trademarks, licenses and computer software	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010				
Cost	73,803	—	2,319	76,122
Accumulated amortization and impairment	(73,803)	—	(69)	(73,872)
Net book amount	—	—	2,250	2,250
Year ended 31 March 2011				
Opening net book amount	—	—	2,250	2,250
Exchange differences	—	—	1	1
Additions	—	—	106	106
Acquisition of a subsidiary *(Note 35(b))*	1,509	950	—	2,459
Impairment charge	(1,509)	—	—	(1,509)
Disposal of subsidiaries *(Note 36)*	—	—	(2,323)	(2,323)
Amortization charge	—	—	(34)	(34)
Closing net book amount	—	950	—	950
At 31 March 2011 and 31 March 2012				
Cost	**1,509**	**950**	**–**	**2,459**
Accumulated amortization and impairment	**(1,509)**	**–**	**–**	**(1,509)**
Net book amount	**–**	**950**	**–**	**950**

20. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

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

Securities and futures business

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

21. STATUTORY DEPOSITS AND OTHER ASSETS

Group

	2012 **HK$'000**	2011 HK$'000
Hong Kong Securities and Futures Commission ("SFC")		
— Securities dealer deposit	**100**	100
— Commodity dealer deposit	**100**	100
The Stock Exchange of Hong Kong Limited		
— Compensation fund deposit	**50**	50
— Fidelity fund deposit	**50**	50
Hong Kong Securities Clearing Company Limited ("HKSCC")		
— Guarantee fund	**50**	50
— Admission fee	**50**	50
Stamp duty deposit	**5**	5
	405	405

22. INVESTMENTS IN SUBSIDIARIES

Company

	2012 HK$'000	2011 HK$'000
Unlisted investments, at cost	**34,835**	34,835
Provision for impairment (Note)	**(16,894)**	(16,894)
	17,941	17,941

Note: A provision for impairment against the Company's costs of investments in subsidiaries of approximately HK$16,894,000 (2011: HK$16,894,000) was made at 31 March 2012 because the related recoverable amounts of the investments with reference to the net assets value of the respective subsidiaries were estimated to be less than the carrying amounts of the investments. Accordingly, the carrying amounts of the related investments were reduced to their recoverable amounts at 31 March 2012.

The following is a list of the Company's subsidiaries at 31 March 2012:

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

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/registered capital	Interest held
Finet News Services Limited	Hong Kong, limited liability company	Provision of financial information services in Hong Kong and Mainland China and investment holding	1 ordinary share of HK$1 each	100% (Indirect)
China Hong Kong News Group Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$1 each	100% (Indirect)
Finet Information Services Limited	Hong Kong, limited liability company	Inactive	2 ordinary shares of HK$1 each	100% (Indirect)
China Hong Kong Finance Group Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$ 1 each	100% (Indirect)
Finet Finance Limited	Hong Kong, limited liability company	Money lending	2 ordinary shares of HK$1 each	100% (Indirect)
Finet Asset Management Limited	Hong Kong, limited liability company	Inactive	2 ordinary shares of HK$1 each	100% (Indirect)
Finet Corporate Finance Limited	Hong Kong, limited liability company	Inactive	2 ordinary shares of HK$1 each	100% (Indirect)
Hong Kong Affairs Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$1 each	100% (Direct)
Finet Securities Limited	Hong Kong, limited liability company	Acting as dealer in securities and commodities and trading in securities and commodities	19,000,000 ordinary shares of HK$1 each	100% (Direct)
Finet Job Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$1 each	100% (Indirect)
Pink Angel Investments Limited	British Virgin Islands, limited liability company	Property investment	10,000 ordinary shares of US$1 each	100% (Indirect)
財華金科網絡技術開發(深圳)有限公司	PRC, wholly foreign owned enterprise	Inactive	Registered capital of HK$1,000,000, paid up capital of HK$150,000	100% (Indirect)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued capital/registered capital	Interest held
深圳市財華智庫信息技術有限公司	PRC, limited liability company	Provision of financial information services in Mainland China	Registered capital of RMB1,000,000	100% (Indirect)
Finet New Media Limited	British Virgin Islands, limited liability company	Inactive	2 ordinary shares of HK$1 each	100% (Indirect)
Xian Dai TV Limited	Hong Kong, limited liability company	Inactive	10,000 ordinary shares of HK$1 each	100% (Indirect)
Xian Dai Communications Limited	Hong Kong, limited liability company	Inactive	100 ordinary shares of HK$1 each	100% (Indirect)

Amounts due from and due to subsidiaries

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

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group and Company

	2012 HK$'000	2011 HK$'000
Beginning of the year	**484**	268
Net (loss)/gain transfer to equity	**(372)**	216
End of the year	**112**	484

Available-for-sale financial assets include the following:

	2012 HK$'000	2011 HK$'000
Equity securities listed in Japan	**112**	484
Market value of listed equity securities	**112**	484

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

24. ACCOUNTS RECEIVABLE

Group

	2012 HK$'000	2011 HK$'000
Accounts receivable arising from the ordinary course of business of dealing in futures contracts and options		
— Brokers	1,288	1,976
— HKFE Clearing Corporation Limited	2,303	3,383
	3,591	5,359
Accounts receivable arising from the ordinary course of business of dealing in securities		
— Hong Kong Securities Clearing Company Limited	130	—
Other trade receivables	2,654	1,321
Accounts receivable	6,375	6,680

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

The credit terms granted by the Group to its customers range from 10 days to 90 days. At 31 March 2012, the ageing analysis of the other trade receivables was as follows:

	2012 HK$'000	2011 HK$'000
0–30 days	1,213	933
31–60 days	524	197
61–90 days	222	2
Over 90 days	695	189
	2,654	1,321

As of 31 March 2012, other trade receivables of approximately HK$695,000 (2011: HK$189,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these other trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
Over 90 days	695	189

24. ACCOUNTS RECEIVABLE (CONTINUED)

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

	2012 HK$'000	2011 HK$'000
Hong Kong dollars	4,680	4,564
Renminbi	268	42
United States dollars	139	32
Japanese Yen	1,288	2,042
	6,375	6,680

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

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2012 HK$'000	2011 HK$'000
Prepayments	2,352	2,503
Utility and other deposits	5,964	5,323
Other receivables	381	482
Amount due from a former director	4,661	4,661
Amounts due from former subsidiaries	8,995	8,995
	22,353	21,964
Less: Provision of impairment	(13,656)	(13,656)
	8,697	8,308

The amount due from a former director of the Company (namely, Dr. YU Gang, George) was unsecured, interest-free and repayable on demand. Management considered the amount due might not be recoverable and a full provision for impairment has been made in the year ended 31 March 2011.

The amounts due from former subsidiaries (namely, China Game & Digital Entertainment Limited and its subsidiaries) were unsecured, interest-free and repayable on demand. Management considered the amounts due might not be recoverable and a full provision for impairment has been made in the year ended 31 March 2011.

26. HELD FOR TRADING INVESTMENTS

Group

	2012 **HK$'000**	2011 HK$'000
Listed securities, held for trading:		
— Equity securities — Hong Kong	**31,865**	29,600
— Equity securities — United States	**1,394**	1,279
	33,259	30,879

Held for trading investments are denominated in the following currencies:

	2012 **HK$'000**	2011 HK$'000
Hong Kong dollars	**31,865**	29,600
United States dollars	**1,394**	1,279
	33,259	30,879

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

At 31 March 2012, the carrying amount of interests in the following company exceeds 10% of total assets of the Group:

Name	**Place of incorporation**	**Principal activities**	**Particulars of issued shares held**	**Interest held**
NewOcean Energy Holdings Limited	Bermuda, limited liability company	Sale and distribution of liquefied petroleum gas and sale of electronic products	19,312,000 ordinary shares of HK$0.10 each	1.48%

27. CASH AND CASH EQUIVALENTS

	2012 HK$'000	2011 HK$'000
Group		
Cash at banks and in hand	**41,136**	20,106
Company		
Cash at banks and in hand	**4,414**	3,277

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

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$21,407,000 (2011: HK$94,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

28. ACCOUNTS PAYABLE

Group

	2012 HK$'000	2011 HK$'000
Accounts payable arising from securities broking		
— Clients	**3,200**	4,339
— Securities brokers	**—**	149
Accounts payable arising from futures broking		
— Clients	**6,058**	8,287
Other trade payables	**1,131**	1,889
Accounts payable	**10,389**	14,664

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

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

28. ACCOUNTS PAYABLE (CONTINUED)

At 31 March 2012, the ageing analysis of the other trade payables was as follows:

	2012	2011
	HK$'000	HK$'000
0–30 days	**467**	962
31–60 days	**609**	584
61–90 days	**—**	328
Over 90 days	**55**	15
	1,131	1,889

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

	2012	2011
	HK$'000	HK$'000
Renminbi	**12**	12
Hong Kong dollars	**8,275**	8,202
Japanese Yen	**1,816**	2,546
United States dollars	**286**	3,904
	10,389	14,664

29. FINANCE LEASE PAYABLES

The Group leased certain of its computer equipment under finance lease agreements. The finance leases are repayable by installments of 36 months and have a remaining lease term of 15 months as at 31 March 2012.

At 31 March 2012, the total future minimum lease payments under the finance leases and their present values were as follows:

Group

	Minimum lease payments		Present value of minimum lease payments	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Amounts payable:				
Within one year	**178**	378	**146**	346
In the second year	**45**	172	**37**	141
In the third to fifth years, inclusive	**—**	43	**—**	35
Total minimum finance lease payments	**223**	593	**183**	522
Future finance charges	**(40)**	(71)	**—**	—
Total net finance lease payables	**183**	522	**183**	522
Portion classified as current liabilities	**(146)**	(345)		
Non-current portion	**37**	177		

The Group's finance lease arrangements bear interest at a fixed rate and its carrying amounts approximate to its fair values.

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

	2012 HK$'000	2011 HK$'000
Hong Kong dollars	**—**	204
Renminbi	**183**	318
	183	522

30. BANK BORROWINGS

	Group		Company	
	2012 **HK$'000**	2011 HK$'000	**2012** **HK$'000**	2011 HK$'000
Secured bank loans — floating rates	**18,309**	2,763	**2,513**	2,763
At 31 March 2012, the bank loans are repayable as follows:				
Within 1 year	**1,674**	249	**259**	249
Between 1 and 2 years	**1,685**	260	**270**	260
Between 2 and 5 years	**5,121**	843	**878**	843
Over 5 years	**9,829**	1,411	**1,106**	1,411
	18,309	2,763	**2,513**	2,763
Less: Amount due within one year shown under current liabilities	**(16,055)**	(249)	**(259)**	(249)
Amount due after one year shown under non-current liabilities	**2,254**	2,514	**2,254**	2,514

The Group's bank loans were secured by the investment properties of the Group (Note 19) and a limited guarantee at the amount of HK$17,000,000 by each of the Company and a director of the Company.

The Company's bank loans were secured by the investment properties of the Company (Note 19).

The contractual interest rates on the Group's floating rate bank loans are ranging from 3.8% per annum to 4.0% per annum.

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

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

31. DEFERRED TAX

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

Group

	Revaluation of properties HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2010	—	—	—
Charge to the consolidated statement of comprehensive income	6,870	—	6,870
At 31 March 2011 and 1 April 2011	6,870	—	6,870
Acquisition of a subsidiary *(Note 35(a))*	—	38	38
Charge to the consolidated statement of comprehensive income	1,115	19	1,134
At 31 March 2012	**7,985**	**57**	**8,042**

Company

	Revaluation of properties HK$'000
At 1 April 2010	—
Charge to the statement of comprehensive income	6,870
At 31 March 2011 and 1 April 2011	6,870
Charge to the statement of comprehensive income	1,115
At 31 March 2012	**7,985**

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

	2012 HK$'000	2011 HK$'000
Tax losses	**16,889**	17,293

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

32. SHARE CAPITAL

	2012 Number of shares	2012 Amount (HK$'000)	2011 Number of shares	2011 Amount (HK$'000)
Ordinary shares of HK$0.01 (2011: HK$0.05) each				
Authorized:				
At beginning of the year	1,000,000,000	50,000	1,000,000,000	50,000
Increase during the year *(Note (a))*	2,000,000,000	100,000	—	—
	3,000,000,000	150,000	1,000,000,000	50,000
Share consolidation *(Note (b))*	(2,400,000,000)	—	—	—
	600,000,000	150,000	1,000,000,000	50,000
Capital reduction				
— reduction in nominal value *(Note (d)(i))*	—	(144,000)	—	—
— subdivision *(Note (d)(ii))*	14,400,000,000	144,000	—	—
At end of the year	15,000,000,000	150,000	1,000,000,000	50,000
Issued and fully paid:				
At beginning of the year	440,813,053	22,041	367,457,870	18,373
Issue of shares upon exercise of bonus warrants *(Note (e))*	5,829	—	295,957	15
	440,818,882	22,041	367,753,827	18,388
Share consolidation *(Note (b))*	(352,655,106)	—	—	—
	88,163,776	22,041	367,753,827	18,388
Issue of shares upon open offers *(Note (c))*	352,655,104	88,164	—	—
	440,818,880	110,205	367,753,827	18,388
Capital reduction				
— reduction in nominal value *(Note (d)(i) & (iii))*	—	(105,797)	—	—
	440,818,880	4,408	367,753,827	18,388
Issue of shares upon exercise of share options *(Note (f))*	—	—	59,226	3
Issue of shares upon placement *(Note (g))*	—	—	73,000,000	3,650
At end of the year	440,818,880	4,408	440,813,053	22,041

32. SHARE CAPITAL (CONTINUED)

Notes:

(a) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 19 May 2011, the authorized share capital of the Company was increased from HK$50,000,000, divided into 1,000,000,000 ordinary shares of HK$0.05 each to HK$150,000,000 divided into 3,000,000,000 ordinary shares of HK$0.05 each by the creation of an additional 2,000,000,000 ordinary shares of HK$0.05 each in the capital of the Company.

(b) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 19 May 2011, and upon the share consolidation (on the basis that every five issued and unissued ordinary shares of HK$0.05 each in the capital of the Company were consolidated into one share of HK$0.25 each (each a "Consolidated Share") in the capital of the Company) becoming effective on 20 May 2011, the authorized share capital of the Company became HK$150,000,000 divided into 600,000,000 Consolidated Shares of HK$0.25 each; and the issued share capital of the Company became approximately HK$22,041,000 divided into 88,163,776 Consolidated Shares of HK$0.25 each.

(c) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 19 May 2011, the Company on 14 June 2011 issued 352,655,106 new ordinary shares of HK$0.25 each (each an "Offer Share") at the subscription price of HK$0.25 per Offer Share under an open offer on the basis of four Offer Shares for every one then existing Consolidated Share of HK$0.25 each.

(d) Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 19 May 2011 and, *inter alia*, upon the change of domicile of the Company from the Cayman Islands to Bermuda by way of continuation of the Company into Bermuda as an exempted company under the laws of Bermuda and de-registration as a company in the Cayman Islands under the laws of the Cayman Islands becoming effective:

   (i) the paid-up capital of each Consolidated Share be reduced from HK$0.25 to HK$0.01 by cancelling HK$0.24 on each of the issued Consolidated Shares such that the nominal value of each Consolidated Share be reduced from HK$0.25 to HK$0.01 so as to form a new share with nominal value of HK$0.01 each (each an "Adjusted Share") (the "Capital Reduction");

   (ii) each of authorized but unissued Consolidated Shares of HK$0.25 each including the authorized unissued shares of HK$0.25 each arising out of the Capital Reduction, be sub-divided into 25 new Adjusted Shares of HK$0.01 each (such that the authorized share capital of the Company became HK$150,000,000 divided into 15,000,000,000 Adjusted Shares of HK$0.01 each); and

   (iii) the credit arising from the Capital Reduction of approximately HK$105,797,000 be applied to set off against the accumulated losses of the Company.

(e) For the year ended 31 March 2012, approximately 5,829 bonus warrants were exercised in May 2011 at a subscription price of HK$0.45 per ordinary share, resulting in the issue of 5,829 ordinary shares of HK$0.05 each.

   For the year ended 31 March 2011, approximately 295,957 bonus warrants were exercised at a subscription price of HK$0.45 per ordinary share, resulting in the issue of 295,957 ordinary shares of HK$0.05 each.

(f) Share options were exercised by option holders during the year ended 31 March 2011 to subscribe for the total of 59,226 ordinary shares of HK$0.05 each by payment of subscription monies of approximately HK$36,000 of which approximately HK$3,000 was credited to share capital and the balance of approximately HK$33,000 was credited to the share premium account.

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

(h) On 30 January 2012, the Company issued by way of placing 88,162,000 unlisted warrants at the issue price of HK$0.02 each, raising proceeds of approximately HK$1,763,000. Each warrant will carry the right to subscribe for one share at an initial subscription price of HK$0.402 per share, subject to adjustment. The subscription right will be exercisable during a period of five years from the date of creation and issue of the warrants.

33. SHARE-BASED EMPLOYEE COMPENSATION

Pre-IPO Share Option Scheme

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

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

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

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

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

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

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

The weighted average share price of the Company during the period which the share options were exercised was HK0.6080.

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

None of the share options granted was outstanding under the Pre-IPO Share Option Scheme during the year ended 31 March 2012.

33. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

Share Option Scheme

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

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

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

The 10% General Limit has been refreshed at the annual general meeting of the Company held on 18 August 2011 ("2011 AGM"), and hence the 10% General Limit as at 31 March 2012 was 44,081,888 shares of HK$0.01 each being 10% of the number of shares in issue as at the date of the 2011 AGM of the Company of 440,818,880 shares of HK$0.01 each.

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

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

33. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

Share Option Scheme (Continued)

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

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

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

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

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

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

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

33. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

Share Option Scheme (Continued)

The following table discloses movements of the share options granted under the Share Option Scheme during the year ended 31 March 2012:

Grantee	Date of grant	Adjusted exercise price	Exercise period	Outstanding as at 1 April 2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2012
Share Option Scheme:								
Directors								
Mr. CHOW Wing Chau	30 September 2011	HK$0.4900	*Note 3(a)*	—	500,000	—	—	500,000
Mr. YIU Wing Hei	30 September 2011	HK$0.4900	*Note 3(a)*	—	500,000	—	—	500,000
Sub-total				—	1,000,000	—	—	1,000,000
Employee	30 September 2011	HK$0.4900	*Note 3(a)*	—	1,000,000	—	—	1,000,000
Employee	30 September 2011	HK$0.4900	*Note 3(a)*	—	1,000,000	—	—	1,000,000
Employee	30 September 2011	HK$0.4900	*Note 3(a)*	—	1,000,000	—	—	1,000,000
Employee	30 September 2011	HK$0.4900	*Note 3(a)*	—	500,000	—	(500,000)#	—
Employee	30 September 2011	HK$0.4900	*Note 3(a)*	—	500,000	—	(500,000)#	—
Distributor	30 September 2011	HK$0.4900	*Note 3(b)*	—	4,000,000	—	—	4,000,000
Distributor	30 September 2011	HK$0.4900	*Note 3(b)*	—	4,000,000	—	(4,000,000)^	—
Sub-total				—	12,000,000	—	(5,000,000)	7,000,000
Total				—	13,000,000	—	(5,000,000)	8,000,000

^ *The 4,000,000 share options granted under the Share Options Scheme lapsed upon the termination of the service agreement with the distributor of the Group.*

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

Note: The closing price of the Company's shares as quoted on the Stock Exchange on 28 September 2011, the trading day immediately preceding 30 September 2011, the date of grant of the share options as disclosed above, was HK$0.4500.

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

The weighted average fair value of options granted during the year ended 31 March 2012 determined using the Binomial options-pricing model was HK$0.26 per option. The significant inputs into the model were closing share price of HK$0.49 at the grant date, exercise price of HK$0.49, volatilities ranging from 94% to 96%, dividend yield of Nil, expected option lives ranging from 2 to 4 years, and annual risk-free interest rates ranging from 0.19% to 0.55%. See note 15 for the total expense recognized in the consolidated statement of comprehensive income for share options granted to directors and employees.

33. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

Share Option Scheme (Continued)

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

Note 1:

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

Note 2:

Date of vesting of the options (that is, the date when the share options became exercisable)			Percentage of share options vested on such dates
(a)	(b)	(c)	
7 January 2006	6 April 2006	5 November 2007	30%
7 January 2007	6 April 2007	5 November 2008	30%
7 January 2008	6 April 2008	5 November 2009	40%

Note 3:

Date of vesting of the options (that is, the date when the share options became exercisable)		Percentage of share options vested on such dates
(a)	(b)	
31 March 2012	30 September 2011	25%
30 September 2012	31 March 2012	25%
31 March 2013	30 September 2012	25%
30 September 2013	31 March 2013	25%

During the year ended 31 March 2012, employee share-based compensation of approximately HK$536,000 (2011: Nil) has been included in the consolidated statement of comprehensive income with a corresponding credit to the employee compensation reserve.

At 31 March 2012, the Company had 8,000,000 (2011: Nil) share options outstanding under the Share Option Scheme.

At 31 March 2012 and 31 March 2011, the Company had no share options outstanding under the Pre-IPO Share Option Scheme.

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

34. RESERVES

Group

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

Company

	Share premium HK$'000	Employee compensation reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total reserves HK$'000
Balance at 1 April 2010	199,393	1,745	9,989	(1,064)	—	(146,284)	63,779
Comprehensive income							
Loss for the year	—	—	—	—	—	(74,847)	(74,847)
Other comprehensive income							
Fair value gain on available-for-sale financial assets *(Note 23)*	—	—	—	216	—	—	216
Total other comprehensive income	—	—	—	216	—	—	216
Total comprehensive income	—	—	—	216	—	(74,847)	(74,631)
Transactions with owners							
Issue of shares upon exercise of share options *(Note 32)*	33	—	—	—	—	—	33
Issue of shares upon exercise of bonus warrants *(Note 32)*	119	—	—	—	—	—	119
Share issue costs	(474)	—	—	—	—	—	(474)
Issue of shares upon placement *(Note 32)*	27,010	—	—	—	—	—	27,010
Vested share options lapsed/cancelled	—	(1,745)	—	—	—	1,745	—
Total transactions with owners	26,688	(1,745)	—	—	—	1,745	26,688
Balance at 31 March 2011 and 1 April 2011	226,081	—	9,989	(848)	—	(219,386)	15,836
Comprehensive income							
Loss for the year	—	—	—	—	—	(12,413)	(12,413)
Other comprehensive income							
Fair value loss on available-for-sale financial assets *(Note 23)*	—	—	—	(372)	—	—	(372)
Total comprehensive income	—	—	—	(372)	—	(12,413)	(12,785)
Transactions with owners							
Issue of shares on exercise of bonus warrants *(Note 32)*	2	—	—	—	—	—	2
Capital reduction *(Note 32)*	—	—	—	—	—	105,797	105,797
Issue of warrants *(Note 32)*	—	—	—	—	1,763	—	1,763
Shares issue costs	(2,574)	—	—	—	—	—	(2,574)
Employee share-based compensation	—	536	—	—	—	—	536
Total transactions with owners	(2,572)	536	—	—	1,763	105,797	105,524
Balance at 31 March 2012	223,509	536	9,989	(1,220)	1,763	(126,002)	108,575

35. BUSINESS COMBINATIONS

(a) During the year ended 31 March 2012, on 12 October 2011, the Group completed the acquisition of 100% equity interest and the shareholder's loan of Pink Angel Investments Limited for a cash consideration of approximately HK$24,434,000, from Ms. LO Yuk Yee, the chairman and executive director of the Company. Pink Angel Investments Limited is a limited liability company incorporated in the British Virgin Islands and is principally engaged in property investment. The transaction constituted a related party transaction and also a major and connected transaction on the part of the Company under the GEM Listing Rules.

Details of net assets acquired are as follows:

	HK$'000
Total purchase consideration	24,434
Fair value of net assets acquired — shown as below	(25,619)
Gain on a bargain purchase	(1,185)

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

	Acquiree's carrying amount and fair value HK$'000
Investment properties	57,100
Property, plant and equipment	93
Cash and cash equivalents	547
Accounts payable	(41)
Other payables	(539)
Bank borrowings	(31,503)
Deferred tax liabilities	(38)
Net assets acquired	25,619
Net cash outflow arising on acquisition:	
Cash consideration paid	(19,861)
Cash and cash equivalents acquired	547
	(19,314)

Pink Angel Investments Limited contributed other income and gains of approximately HK$732,000 and net loss of approximately HK$2,056,000 to the Group for the period from 12 October 2011 to 31 March 2012. If the acquisition had occurred on 1 April 2011, total group other income and gains for the year ended 31 March 2012 would have been approximately HK$9,452,000 and loss for the year would have been approximately HK$14,430,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 April 2011, nor is it intended to be a projection of future results.

35. BUSINESS COMBINATIONS (CONTINUED)

(b) During the year ended 31 March 2011, on 19 May 2010, the Group acquired the entire issued share capital of Finet Securities Limited (formerly known as Fukoku Investment (Asia) Limited) for a cash consideration of approximately HK$10,245,000. Finet Securities Limited is a limited liability company incorporated in Hong Kong and a licensed corporation licensed under the Securities and Futures Ordinance to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.

Details of net assets acquired and goodwill are as follows:

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

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

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

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

36. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2011, on 28 February 2011, the Group disposed of its 85.71% equity interest in China Game & Digital Entertainment Limited and its subsidiaries at a cash consideration of HK$435,000.

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

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

37. COMMITMENTS

(a) Capital commitments

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

Group

	2012 HK$'000	2011 HK$'000
Investment in a subsidiary	850	—
Property, plant and equipment	53	—
Intangible assets	159	—
	1,062	—

(b) Operating lease commitments

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

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

Group

	2012 HK$'000	2011 HK$'000
No later than 1 year	4,041	4,432
Later than 1 year and no later than 5 years	199	3,226
	4,240	7,658

The Company had no significant operating lease commitment as at 31 March 2011 and 2012.

38. CONTINGENT LIABILITIES

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

(b) In June 2011, the Company received an amended writ of summons ("Amended Writ") and a statement of claim ("Statement of Claim") from two minority shareholders of a former subsidiary of the Company (the "Claimants"). Pursuant to the Amended Writ, it was claimed against the Company, inter alia, for damages for breach of the alleged share subscription agreements in 2007 between the Company and the Claimants and the alleged misrepresentation made through the Company's former chairman and director, Dr. Yu Gang, George, plus interest and costs. The Claimants further alleged in the Statement of Claim, inter alia, that certain representations given by the Company in the above share subscription agreements were false and untrue or recklessly not caring whether they were true or false and there was breach of implied terms of the above share subscription agreements, and claimed against the Company for (i) damages to be assessed; (ii) interest; (iii) costs; and (iv) further or other relief. Based on advice of the legal adviser to the Company, the directors of the Company are of the opinion that the Company has reasonable grounds to defend the claims by the Claimants. The Company filed a defence against such claims on 22 August 2011 and the Claimants filed a reply on 10 October 2011. The parties are considering mediation. Therefore, no provisions have been made in the financial statements as of 31 March 2012.

39. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following significant related party transactions during the year:

Group

	2012 **HK$'000**	2011 HK$'000
Cash consideration paid for acquisition of 100% equity interest and the shareholder's loan in Pink Angel Investments Limited from Ms. LO Yuk Yee, the chairman and an executive director of the Company *(Note 35(a))*	**24,434**	—

Financial Summary

	2012 HK$'000	2011 HK$'000	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)	2008 HK$'000 (Restated)
RESULTS					
Revenue	25,287	34,006	31,029	33,088	35,829
Operating (loss)/profits	(19,000)	(34,329)	(47,929)	(62,317)	4,255
Finance costs	(397)	(227)	(210)	(332)	(817)
(Loss)/Profit for the year	(20,553)	(41,486)	(48,242)	(62,742)	3,285
(Loss)/Earnings per share					
— Basic (in HK cents)	(6)	(49)	(79)	(260)	25
— Diluted (in HK cents)	(6)	(49)	(79)	(260)	23
ASSETS AND LIABILITIES					
Non-current assets	88,772	31,598	24,359	53,754	107,570
Current assets	96,330	75,118	72,403	13,856	21,500
Current liabilities	36,984	25,907	9,814	10,811	11,859
Non-current liabilities	10,333	9,561	2,940	3,709	3,278
Net assets	137,785	71,248	84,008	53,090	113,933

Properties Held by the Group

Particulars of the Group's Investment properties are as follows:

No	Property	Type	Group's effective holding	Gross area (approximately square feet)	Lease term
1	12A03 and 12A04, Anlian Plaza, Junction of Jintian Road and Fuzhong San Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China	Commercial	100%	5,325.23 sq.ft	Medium term lease with 50 years commencing on 23 January 2002 and expiring on 22 January 2052
2	Units 901 and 920 on 9th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong	Commercial	100%	1,940 sq.ft	Long term lease with 75 years renewable for 75 Years commencing on 31 December 1980