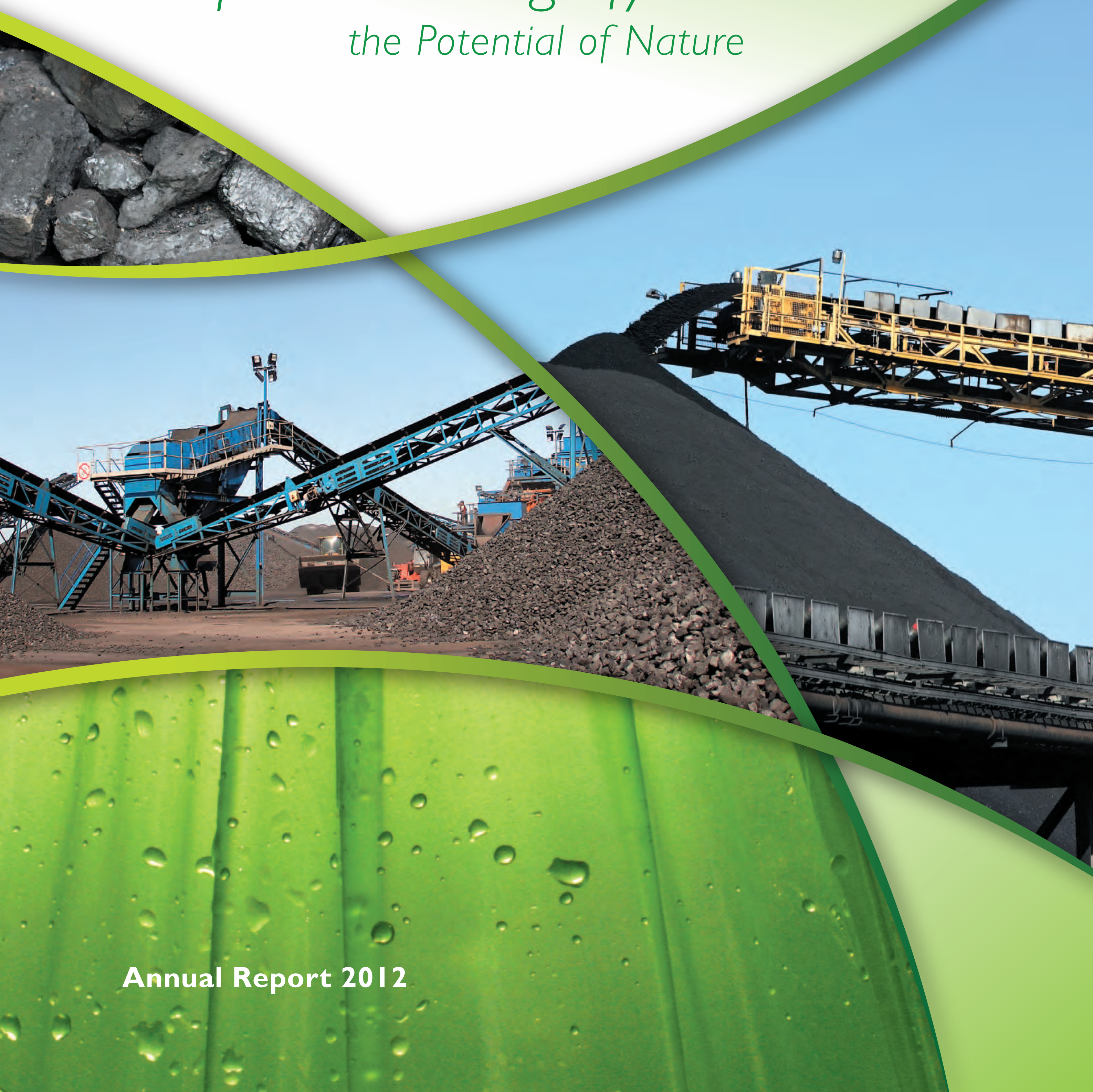
Sun International Resources Limited
太陽國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029

Explore & Magnify
the Potential of Nature



Annual Report 2012

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GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached other than 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.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after date and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Chau Cheok Wa *(Chairman)*
Cheng Mei Ching
Lee Chi Shing, Caesar
Yeung So Lai *(appointed on 1 April 2011)*

Independent Non-Executive Directors

Ng Tat Fai *(resigned on 29 Jun 2011)*
Poon Lai Yin, Michael *(resigned on 1 Sep 2011)*
Chan Tin Lup, Trevor
Tou Kin Chuen
Wang Zhigang

AUDIT COMMITTEE

Tou Kin Chuen *(Chairman)*
Ng Tat Fai *(resigned on 29 Jun 2011)*
Poon Lai Yin, Michael *(resigned on 1 Sep 2011)*
Chan Tin Lup, Trevor
Wang Zhigang

REMUNERATION COMMITTEE

Chan Tin Lup, Trevor *(Chairman)*
Ng Tat Fai *(resigned on 29 June 2011)*
Poon Lai Yin, Michael *(resigned on 1 Sep 2011)*
Tou Kin Chuen
Wang Zhigang

COMPANY SECRETARY

Lee Chi Shing, Caesar

COMPLIANCE OFFICER

Lee Chi Shing, Caesar

AUTHORIZED REPRESENTATIVES

Yeung So Lai
Lee Chi Shing, Caesar

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2412-2418, 24/F
China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

AUDITOR

Andes Glacier CPA Limited
Unit 1, 20/F., Malaysia Building,
50 Gloucester Road,
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND OFFICE

Butterfield Fund Services (Cayman) Limited
P.O. Box 705 GT, Butterfield House
68 Fort Street, George Town
Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Banco de Oro Unibank, Inc
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

8029

WEBSITE

www.sun8029.com

Financial Highlights

- The Company and its subsidiaries (the "Group") recorded a turnover of approximately HK$234,100,000 for the year ended 31 March 2012.

- Gross profit was HK$194,720,000 for the year ended 31 March 2012.

- Profit attributable to shareholders was HK$87,573,000 for the year ended 31 March 2012.

- No final dividend was proposed by the Directors for the year ended 31 March 2012.

- As at 31 March 2012, the Group had bank balances and cash amounting to approximately HK$57,502,000.

Chairman's Statement

For the year ended 31 March 2012, the Group recorded a turnover of HK$234,100,000 which was increased 16% compared to the turnover of approximately HK$201,300,000 in the last fiscal year. The profit attributable to shareholders has been increased from approximately HK$68,744,000 recorded in the year ended 31 March 2011 to HK$87,573,000. The higher profit figure in last year was mainly due to income generated from computer software solution and services income as new games were developed.

Going forward, I have confidence about the prospects of the market for the computer software solution and related services and our investment in Cagayan Valley of Philippines. I am quite optimistic about the prospect of the hotel and tourism business in Cagayan Valley.

Since the acquisition of Gold Track Mining and Resources Limited and Gold Track Coal and Mining Limited for the year ended 31 March 2010, the Group has had its focus on developing mining business. These provide great potential for the business growth as the Group is able to step into the natural resources business of Indonesia.

The Company always seeks opportunities to diversify the Group's revenue streams.

Finally, on behalf of the Directors of the Group, I would like to express our sincere appreciation to the management and staff of the company for their dedication and hard work throughout the year as well as to shareholders and business partners for their commitment and continuous support.

Chau Cheok Wa
Chairman

Hong Kong, 15 June 2012

Management Discussion and Analysis

FINANCIAL PERFORMANCE

The Group recorded a turnover of approximately HK$234,100,000 for the year ended 31 March 2012 which was increased 16% compared to the turnover of approximately HK$201,300,000 in the last fiscal year. The revenue was mainly generated from the subsidiaries engaging in information technology related businesses, hotel businesses and natural resources businesses. The increase in turnover was mainly due to income generated from computer software solution and services income as new games were developed.

The direct costs were decreased to approximately HK$39,000,000 from approximately HK$45,100,000 recorded during last year. The increase 25% in gross profit percentage was mainly due to the increase in sales turnover generated from computer services. The staff costs of HK$41,320,000 (2011: HK$42,740,000) remain stable during the financial year.

Administrative expenses made a decrease of 6% to approximately HK$74,000,000 compared to HK$78,900,000 in 2011. The decrease was mainly due to improvement of overall cost control during the year.

The net profit of the Company for the year ended 31 March 2012 was approximately HK$81,200,000 as compared with the net profit of approximately HK$105,100,000 of the last fiscal year. The reason of decrease was due to: (i) an increase in net loss from mining businesses, (ii) a reversal of deferred tax liability for the last year, (iii) losses incurred due to an redemption of convertible notes and (iv) an impairment adjustment of derivative financial instruments for the financial year.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 14% (31 March 2011: 19%).

CAPITAL STRUCTURE

Movements in share capital are reflected in note 34 to the consolidated financial statements.

EMPLOYEE INFORMATION

The total number of employees was 393 as at 31 March 2012 (2011: 441), and the total remuneration for the year ended 31 March 2012 was approximately HK$41,300,000 (2011: HK$42,740,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual on case by case basis. The Group may offer options to reward employees who make significant contributions, in order to retain key and crucial staff. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not have significant contingent liabilities (2011: Nil).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong Dollars, Indonesian Rupiah, PESO and Renminbi, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

REVENUE

Revenue represents the net amounts received and receivable from services provided, goods sold, rental income and mining businesses by the Group to outside customers.

DIVIDEND

No final dividend was proposed by the Directors for the year ended 31 March 2012 (2011: HK$1.5 cents per share).

BUSINESS REVIEW

For the year ended under review, the demand for natural resources remains stable. Prior to 2008, the Group was principally engaged in investment holding, hotel services and computer software solution. The acquisition of Gold Track Mining and Resources Limited, and Gold Track Coal and Mining Limited were completed on 17 July 2009 and 1 March 2010 respectively. They were located in the city of Solok, Sumatera Province and the city of Endes, East Nusa Tenggara Province. On 27 March 2011, the Group acquired 35% of Yuet Sing Group Limited ("Yuet Sing") as associates. Yuet Sing holds 100% of Risheng Century (Hubei) Mining Company Limited, which is engaged in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei Province, PRC. These will provide a great potential for the business growth as the Group is able to step into the natural resources business.

Following the acquisition of Loyal King Investments Limited and its subsidiaries (the "Loyal King Group"), the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the Group is able to maintain a stable income from the business.

The operation of the resort hotel in Cagayan, the revenue generated from resort hotel is very stable and it gives a very promising return to the Group.

On 27 March 2011, the Group acquired 35% of Yuet Sing Group Limited ("Yuet Sing"). Yuet Sing holds 100% of Risheng Century (Hubei) Mining Company Limited, which is engaged in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei province, PRC. Details of the Sale and Purchase Agreement are set out in the announcement. The mining which is estimated to have approximately 1,205 tons of measured and 54,000 tons of indicated resources for Vanadium Pentoxide (V_2O_5), and 34,000,000 tons of indicated resource for S_iO_2 according to a technical report prepared by SRK Consulting China Ltd. ("SRK") (the "Technical Report").

OPERATIONS REVIEW

Minerals operation

Contribution of minerals operation to the Group's turnover accounted for approximately HK$7,700,000 (2011: HK$11,200,000) a decrease of approximately 31% when compared with last year. The decrease of turnover was mainly due to the reduction of market price of iron ores during the year, which hindered severely our materials sales in 2012. The minerals operation recorded a loss of approximately HK$23,200,000 (2011: HK$21,300,000) from sales of iron ore extracted from the Mines located in Indonesia.

During the year, under the impact of the European debt crisis and the global economic slowdown, there appeared a slowdown in demand and fluctuations of price of iron ores in PRC market, resulting in a substantial decrease in our sales turnover for the financial year.

Reserve of iron-ore

There is no material change in the estimated volume, tonnage and grade of the iron-ore resource situated at the mines in Padang and Ende, Indonesia during the year.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 March 2012, the Group had current assets of approximately HK$261,000,000 (2011: HK$270,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$261,000,000 over current liabilities of approximately HK$193,600,000 was at level of approximately 1:1 (2011: 5:1). The bank balances as at 31 March 2012 was approximately HK$57,500,000 as compared to the balance of approximately HK$147,100,000 as at 31 March 2011. The Group had no bank and other borrowings (2011: NIL) and a finance lease obligation of approximately HK$22,000 (2011: HK$125,000) at the end of the financial year.

The Group had redeemed the convertible notes in equivalent amount of RMB73,000,000 which was half the outstanding principal amount plus 5% accretion and calculated interest thereon. The outstanding principal amount of 8% coupon convertible notes with 13% yield in principal amount was RMB65,000,000 (equivalent to approximately HK$80,000,000) during the year for the general working capital. At the end of the financial year, the equity attributable to Company's equity owners amounting to approximately HK$1,620,000,000 (2011: HK$1,565,600,000), representing an increase of approximately 3% compared to 2011.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Results Analysis

During the financial year ended March 31, 2012 (the "Financial Year"), we continued our focus to bring the Gold Track Mining and Resources Limited, Gold Track Coal and Mining Limited and Yuet Sing Group Limited into mining operation and commercial production within Year 2012. We have already commenced the mining operations in Padang and Ende, and the two mines had produced 38,693 ton and 24,525 ton of iron ore during the financial year, respectively.

Operation

Stable revenue will be expected from Gold Track Mining and Resources in Ende for the coming year as the Group had finished the mine development work during the reporting period.

The finance costs

The Group recorded a finance costs approximately HK$7,800,000 for the year ended 31 March 2012, representing an increase of HK$900,000 compared to that in the last fiscal year. The finance cost was mainly for convertible notes.

Convertible Notes

During the financial year, the Group had redeemed half the principal amount of the convertible notes and its outstanding principal amount was RMB65,000,000 at an interest rate of 8% per annum, payable annually in arrears to provide for general working capital.

Profit attributable to the equity holders of the Company

For the current financial year, the Group recorded a profit attributable to the equity holders of the Company of HK$87,600,000 (2011: HK$68,700,000).

Prospects

The major business activities of the Group include hotel resort, information technology service and mining during the financial year.

The Group continues to operate and allocate resources to hotel and information technology service as they can provide income to the Group.

Mining business is another business which the Group intends to allocate more resources to develop. During the past year, this section of business expanded significantly after acquisition of two mines in Indonesia. Through the operation of mining industry requires high technology and a lot of capital investment, the Group has employed experts from China to run the mines and also appointed executive director, Ms. Yeung So Lai, who has solid experience and expertise in mining industry to manage the operation. The Group also appointed an independent director who is also an expert in mining to advise the board of directors on this aspect. The management is looking forward to having a great improvement in both revenue and profit margin contribution to the Group.

Owing to the fact that we have the necessary expertise in mining business, the management may consider increasing its percentage of shareholding of the vanadium mine in China.

PRODUCTION AND REVENUE OF MINING ACTIVITIES

The group's mining production of iron ore were 63,000 tons for the twelve months ended 31 March 2012 compared with 45,000 tons for same period in last fiscal year. It generated revenue of HK$7.7 million with sales volume of 20,000 tons.

The major expenditure are summarized as the following table.

	Mining Activities HK$'000	**Intangible Assets** HK$'000
Amortization Expenses	–	15,571
Assets and equipment	3,360	–
Compensation Expenses	5,294	–
Consultancy and advisory	1,856	–
Fuel	5,263	–
Government expenses	1,064	–
Rental expenses	4,784	–
Staff cost	4,440	–
Sub-contracting fee	1,609	–
Transportation expenses	8,196	–
Others	6,532	–
Sub-total	42,398	15,571
Total		57,969

RISK FACTORS

Cyclical macro and industrial environment

The iron ore market is cyclical nature. Its price fluctuates from time to time, and often determined by global economic and political situation, in particular, interest rate, commodities market, countries policy makers, especially the policies of USA and China. Besides, the growth of the industries including iron and steel making which are the users of iron ore, also affect the demand of iron ore.

Take time to complete the expansion projects

A mining project faces a lot of uncertainties and it takes time to complete the project. During the execution of the project, probably there are some unexpected events such as unfavorable weather, high inflation, attitude of local government officers, change of government regulations and difficulty of road transportation. All these events may delay the progress and the economic benefits of the project.

Continuous expansion requires long term capital financing

The development projects and expansion of production capacities require additional capital to finance these activities. These projects are often mid to long term nature, probably over 1 year. Therefore, stable source of long term financing with low cost of borrowing is critical to our future capital investment in the mining business.

There is no assurance that we can obtain the stable source of long term capital with low cost.

Country Risk

The mining business is mainly operated in Indonesia. Being one of the emerging markets, Indonesia definitely provides many opportunities to investors. However, like doing business in other developing countries, we also have risk of the uncertainties of their political, social and economic policies.

There is no assurance that the current favorable policies remain unchanged in the near future. The future changes at the country level probably may have adverse effect to our business.

Outlook and Development

The board of directors has always tried its best to improve the efficiency and effectiveness of the operation so as to enhance the group value.

BUSINESS DEVELOPMENT

The Group has successfully diversified it business into different section from service industry like information technology to primary industry like mining. As the economy of China is growing very fast, the demand for different types of natural resources increases rapidly especially those for construction but the supply is limited. Hence, the board of directors believes that the investment in mining business is an excellent one. The Group also expects that the investment in this mining business will contribute a great revenue to the Group in future.

HUMAN RESOURCE

As staff is one of the important assets. The board has appointed one new executive director and one independent director in mining industry to supervise the operation and advise the future trend of development.

The Group also has internal auditor to review and follow up compliance of the Group.

In addition, the board of director will expect to transfer the listing from GEM to Main Board while the Group has fulfilled all the listing requirements of the Main Board.

EXECUTIVE DIRECTORS

Mr. Chau Cheok Wa, aged 38, was born in the Macao Special Administrative Region ("Macao") and is a Portuguese national. He received his education in Macao and has since then engaged in the business of operating and managing V.I.P. clubs, in which he has over ten years of experience, at the entertainment V.I.P. clubs at hotels in Macao. Under Mr. Chau's leadership, the number of entertainment V.I.P. clubs managed by Mr. Chau has soared from one to ten in the last four years, eight of which are at the five-star hotels in Macao including StarWorld Hotel Macau, Venetian Macao Resort Hotel, Grand Lisboa Macau, Wynn Macau (three V.I.P. clubs) and MGM Grand Macau; and one of which is at the entertainment V.I.P. club of the world-renowned Walker Hill in Seoul, the capital of the South Korea.

Ms. Yeung So Lai, aged 34, is the Executive Director of the Company and Sun Century Group Limited (Stock code: 1383) and also a director of a number of private companies engaged in the business of bird's nest trading and investment holding. Ms. Yeung is experienced in corporate management. Ms. Yeung is the sister of the sister-in-law of Ms. Cheng Mei Ching, an executive Director. Ms. Yeung is the sister of the wife of Mr. Cheung Ting Kong, a substantial shareholder of the Company.

Ms. Cheng Mei Ching, aged 30, is the Executive Director of the Company and Sun Century Group Limited (Stock code: 1383), holds a bachelors degree in commerce (marketing and advertising) from Curtin University of Technology in Perth, Western Australia. Ms. Cheng has over the past adopted a pragmatic and proactive management approach; and delivered solid performance in various areas, in particular corporate management and internal control.

Mr. Lee Chi Shing, Caesar, aged 48, is the Executive Director of the Company and also Sun Century Group Limited (Stock code: 1383), Newtree Group Holdings Limited (Stock code: 1323) and TLT Lottotainment Group Limited (Stock code: 8022), is experienced in corporate management and internal control. He was an executive director of Tanrich Financial Holdings Limited, a company listed on the main board of the Stock Exchange, from 1 November 2004 to 29 June 2005. In 2000, he joined Ernst and Young, an international accounting firm, as a senior manager. He has worked in the Inland Revenue Department for over 15 years after his graduation. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. In addition, he is a member of the Society of Registered Financial Planners. Mr. Lee graduated from the Department of Accountancy of Hong Kong Polytechnic University in 1985. He later obtained a Master degree in International Accountancy in 2001.

Directors and Staff

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tou Kin Chuen, aged 35, is the independent non-executive director of the Company and Sun Century Group Limited (Stock code: 1383), is the principal of Roger K.C. Tou & Co., Mr. Tou graduated from the Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with a Honours Diploma in Accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 15 years. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong.

Mr. Chan Tin Lup, Trevor, aged 52, was born in Hong Kong and has been in the legal field for over 20 years. He received his law degree from the University of London and his Postgraduate Diploma in Legal Practice from the University of Wolverhampton with commendation. Mr. Chan has been an independent non-executive director of National Arts Holdings Limited (Stock Code: 8228), a company incorporated in the Cayman Islands and continued in Bermuda and the shares of which are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited, since 13 May 2009.

Mr. Wang Zhigang, aged 53, obtained his graduation certificate from 山東礦業學院 (unofficial English translation being Shandong Institute of Mining and Technology) in 1982 and his Master in Mine Construction Engineering（礦山建設工程）from China University of Mining and Technology（中國礦業大學）in 1994. Mr. Wang has participated in the Business Administration Training Programme（工商管理培訓班）organized by Tsinghua University（清華大學）and has obtained a completion certificate in 2002. Mr. Wang is the executive director of 兗礦集團鄒城設計研究院有限公司 (unofficial English translation being Yankuang Group Zoucheng Huajian Design Research Company Limited) since 2005. Mr. Wang was the deputy manager of 兗州礦業（集團）有限公司 (unofficial English translation being Yankuang Group Corporation Limited) since 1999. Mr. Wang has obtained the qualification of Senior Engineer（高級工程師）in 1994.

QUALIFIED ACCOUNTANT

Mr. Chung Sze Fat, aged 48, has been appointed as the qualified accountant of the Company with effect from 8 June 2011. Mr. Chung is a fellow member of the Association of Chartered Certified Accountants. He has over 20 years' working experience in financial accounting, management accounting and internal control.

Directors' Report

The directors would like to present the annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 21 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2012 are set out in the consolidated statement of comprehensive income on page 36.

No final dividends was proposed by the Directors for the reporting year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 102.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group are set out in note 19 and note 20 to the consolidated financial statements respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share options of the Company are set out in notes 34 and 36 respectively to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 39 and in note 35 to the financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 March 2012 amounted to approximately HK$4 million (2011: HK$27 million).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Mr. Chau Cheok Wa
Ms. Cheng Mei Ching
Mr. Lee Chi Shing, Caesar
Ms. Yeung So Lai *(appointed on 1 April 2011)*

Independent non-executive directors:

Mr. Ng Tat Fai *(resigned on 29 Jun 2011)*
Mr. Poon Lai Yin, Michael *(resigned on 1 Sep 2011)*
Mr. Chan Tin Lup, Trevor
Mr. Tou Kin Chuen
Mr. Wang Zhigang

In accordance with Article 108 of the Company's Article of Association, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen, Mr. Wang Zhigang and Ms. Cheng Mei Ching will retire by rotation. All of these retiring directors, being eligible, offer themselves for re-election.

Each executive director has entered into a service contract with the Company with effect from the date of appointment and will continue thereafter unless and until terminated by either party by giving not less than one-month prior written notice to the other.

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

As at 31 March 2012, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares of the Company

Ordinary share of HK$0.04 each of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Chau Cheok Wa	Corporate (Note)	271,655,000	Interest of a controlled corporation	29.29%
Mr. Lee Chi Shing, Caesar	Personal	500,000	Beneficial owner	0.05%

Note: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa, as to 50% by Mr. Cheng Ting Kong.

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

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 31 March 2012 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the year	Share option lapsed	Exercise price of share options	Exercise period from	until	Number of options outstanding as at 31 March 2011
					HK$			
Mr. Chau Cheok Wa	25/11/2010	910,000	–	–	1.54	25/11/2010	24/11/2020	910,000
Ms. Cheng Mei Ching	9/2/2010	8,300,000	–	–	0.9	9/2/2010	8/2/2020	8,300,000
	25/11/2010	9,150,000	–	–	1.54	25/11/2010	24/11/2020	9,150,000
Mr. Lee Chi Shing,	19/8/2008	8,380,000	–	–	1.14	19/08/2008	18/08/2018	8,380,000
Caesar	9/2/2010	8,300,000	–	–	0.9	9/2/2010	8/2/2020	8,300,000
	25/11/2010	9,150,000	–	–	1.54	25/11/2010	24/11/2020	9,150,000

Save as disclosed above, during the year ended 31 March 2012, the Company grant no new share option for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

Save as disclosed above, during the year ended 31 March 2012, none of the Directors or Chief Executive of the Company has 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 Rules 5.46 to 5.66 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

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

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the significant related party and connected transactions of the Group are set out in note 29 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executives of the Company, as at 31 March 2012, the following person or corporations had equity 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 Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Ordinary share of HK$0.04 each of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
First Cheer Holdings Limited (Note 1)	Corporate	271,655,000	Beneficial owner	29.29%
Cheng Ting Kong (Note 1)	Corporate	271,655,000	Interest of a controlled corporation	29.29%
Chau Cheok Wa (Note 1)	Corporate	271,655,000	Interest of a controlled corporation	29.29%
Raywell Holdings Limited (Note 2)	Corporate	135,430,000	Beneficial owner	14.60%
Yeung Hak Kan (Note 2)	Corporate	135,430,000	Interest of a controlled corporation	14.60%

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheok Wa. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are deemed under the SFO to be interested in the 271,655,000 shares beneficial owned by First Cheer Holdings Limited.

2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 31 March 2012, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors, the management shareholders (as defined in the GEM Listing Rules) or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 (the "Pre-IPO Share Option Scheme") and another was adopted on 5 December 2006 (the "New Scheme").

(a) Pre-IPO Share Option Scheme

On 29 November 2000, the Company adopted a share option scheme which was valid and effective for a period not exceeding ten years commencing from 29 November 2000.

Under the Pre-IPO Share Option Scheme, the eligible participants (including any employee and executive director of the Company or any of its subsidiaries, who has full time employment with the Company or any such subsidiary at the time) may be granted an option to subscribe for shares of the Company.

The maximum number of shares in respect of which share options may be granted under the Scheme may not exceed, in nominal amount, 30% of the issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Scheme.

The offer of a grant of share options may be accepted within 21 days inclusive of, and from the date of the offer. The exercise period of the share options granted is determined by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the respective date when the share options are granted, subject to the provisions for any terminations thereof.

In respect of the share options to be granted after the listing of the Company's shares on the GME of the Stock Exchange, the subscription price will be a price determined by the directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of grant of the particular option or the average of the closing prices of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the particular option or the nominal value of a share.

In respect of the share options granted prior to the listing of the Company's shares on the GME of the Stock Exchange (the "Pre-IPO Share Options"), the subscription price of the Pre-IPO Share Options should not be less than the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no outstanding share option as at 31 March 2012.

The Directors consider that the Pre-IPO Share Options Scheme does not comply with certain supplementary guidance published by the Stock Exchange concerning Rule 23.03(13) of the GME Listing Rules and the note immediately followed the rule. No further share options will be granted under the Pre-IPO Share Options Plan.

(b) New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2012, the number of shares issuable under share options granted under the Share Option Plan was 231,000,000 (2011: 231,000,000), which represented approximately 25% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

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

Category participants	Date of grant	Exercise price HK$	Exercise period	Number of share options: Outstanding at 31 March 2010	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2011	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2012
Mr. Chau Cheok Wa	25.11.2010	1.540	25.11.2010-24.11.2020	–	910,000	–	–	910,000	–	–	–	910,000
				–	910,000	–	–	910,000	–	–	–	910,000
Mr. Lee Chi Shing, Caesar	19.08.2008	1.140	19.08.2008-18.08.2018	8,380,000	–	–	–	8,380,000	–	–	–	8,380,000
	09.02.2010	0.740	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	8,300,000
	25.11.2010	1.540	25.11.2010 -24.11.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				16,680,000	9,150,000	–	–	25,830,000	–	–	–	25,830,000
Mr. Tang Hon Kwong	19.08.2008	1.140	19.08.2008-18.08.2018	3,580,000	–	–	(3,580,000)	–	–	–	–	–
	27.08.2008	1.160	27.08.2008-26.08.2018	4,800,000	–	–	(4,800,000)	–	–	–	–	–
	09.02.2010	0.900	09.02.2010-08.02.2020	8,300,000	–	–	(8,300,000)	–	–	–	–	–
	25.11.2010	1.540	25.11.2010-24.11.2020	–	9,150,000	–	(9,150,000)	–	–	–	–	–
				16,680,000	9,150,000	–	(25,830,000)	–	–	–	–	–
Ms. Cheng Mei Ching	09.02.2010	0.900	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	8,300,000
	25.11.2010	1.540	25.11.2010-24.11.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				8,300,000	9,150,000	–	–	17,450,000	–	–	–	17,450,000
Consultants in aggregate	13.08.2007	0.760	13.08.2007-12.08.2016	17,450,000	–	–	–	17,450,000	–	–	–	17,450,000
	17.08.2007	0.720	17.08.2007-16.08.2016	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000
	21.08.2007	0.690	21.08.2007-20.08.2017	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000
	19.08.2008	1.140	19.08.2008-18.08.2018	53,860,000	–	–	–	53,860,000	–	–	–	53,860,000
	27.08.2008	1.160	27.08.2008-26.08.2018	4,800,000	–	–	–	4,800,000	–	–	–	4,800,000
	16.12.2009	0.740	16.12.2009-15.12.2019	24,900,000	–	(4,000,000)	–	20,900,000	–	–	–	20,900,000
	25.11.2010	1.540	25.11.2010-24.11.2020	–	19,210,000	–	–	19,210,000	–	–	–	19,210,000
	07.12.2010	1.740	07.12.2010-06.07.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				120,210,000	28,360,000	(4,000,000)	–	144,570,000	–	–	–	144,570,000
Other employees in aggregate	19.08.2008	1.140	19.08.2008-18.08.2018	8,380,000	–	(4,190,000)	–	4,190,000	–	–	–	4,190,000
	16.12.2009	0.740	16.12.2009-15.12.2019	33,200,000	–	(4,300,000)	–	28,900,000	–	–	–	28,900,000
	25.11.2010	1.540	25.11.2010-24.11.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				41,580,000	9,150,000	(8,490,000)	–	42,240,000	–	–	–	42,240,000
				203,450,000	65,870,000	(12,490,000)	(25,830,000)	231,000,000	–	–	–	231,000,000

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

No share options were granted for the year ended 31 March 2012 (2011: HK$11,147,000 in relation to share options granted by the Company.)

At 31 March 2012, the Company had 231,000,000 share options (2011: 231,000,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 231,000,000 additional ordinary shares of HK$0.04 each of the Company and additional share capital of HK$9,240,000 (2011: HK$9,240,000) and cash proceeds to the Company of HK$247,739,000 (2011: HK$247,739,000) (before share issue expenses).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the services provided to the Group's largest client and five largest clients accounted for 49% and 95%, respectively of the total turnover for the year. The Group's largest supplier and five largest suppliers accounted for 30% and 80% purchases of the Group for the year ended 31 March 2012.

In the opinion of the directors, none of the directors, their associates or any shareholders of the Company who owned more than 5% of the Company's share capital had any interest in the Group's five largest customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MODEL CODE FOR 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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year ended 31 March 2012.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company 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. The Company considers all of the independent non-executive directors are independent.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

AUDIT COMMITTEE

The audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang. All of them are independent non-executive Directors of the Company and Mr. Tou Kin Chuen was appointed as the Chairman of the Audit Committee.

The primary duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board of Directors. Two audit committee meetings were held during the year.

The Group's annual results for the year ended 31 March 2012 have been reviewed by the audit committee, which is of the opinion that the preparation of such consolidated financial statements complies with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the year under review, the Remuneration Committee comprised three members, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang all of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

EMOLUMENT POLICY

The Group's emolument policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident funds are also provided to employees where appropriate.

SUBSEQUENT EVENT

There is no significant events occurring after the balance sheet date.

AUDITOR

The financial statements for the year ended 31 March 2012 were audited by Andes Glacier CPA Limited, Certified Public Accountants, who would retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-appointment.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Andes Glacier CPA Limited, Certified Public Accountants, as auditor of the Company.

On behalf of the Board

Chau Cheok Wa
Chairman

Hong Kong, 15 June 2012

Corporate Governance Report

The Company is committed to high standards of corporate governance for the enhancement of shareholder value. The Company believes that good corporate governance is not only in the interest of investors but also in the interest of the Company. It is also of the view that good corporate governance is a reflection of the standard and quality of the management and operations of the Company and it also helps sustain the long-term support of shareholders upon which the Company's success depends.

The Company closely monitors corporate governance development in Hong Kong and it regularly reviews its corporate governance practices in light of experience and evolving regulatory requirements to ensure that the Company keeps abreast of shareholders' expectations. The principles of corporate governance adopted by the Company emphasize a quality board, sound internal control, and transparency and accountability to shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance

Practices ("Code on CG Practices") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2012.

CODE OF CONDUCT REGARDING 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 ("Code of Conduct"). Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct for the year ended 31 March 2012.

BOARD OF DIRECTORS

The principal duty of the board of directors of the Company ("the Board") is to ensure that the Company is properly managed in the interest of shareholders.

The Board, led by the Chairman, is responsible for the formulation of Company-wide strategies and policies, including an oversight of the management. Management is responsible for the day-to-day operations of the Company under the leadership of the Chief Executive Officer.

As at 31 March 2012, the Board comprised 7 Directors, including the Chairman, 4 Executive Directors and 3 Independent Non-executive Directors. One of the Independent Non-executive Directors has appropriate professional qualifications in accounting. Biographical details of the Directors are set out on pages 13 to 14.

In determining the independence of a Director, the Board would consider whether the Director has any direct or indirect material relationship with the Company and the Board follows the requirements set out in the GEM Listing Rules. Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all the Independent Non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separated from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

Mr. Chau Cheok Wa is the Chairman of the Company and Ms. Yeung So Lai is the Chief Executive Officer of the Company.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that the Board acts in the best interest of the Company. To ensure that Board meetings are planned and conducted effectively, the Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by other Directors for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and make contribution to the Board's functions. With the support of all other members of the Board, the Chairman procures that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with shareholders.

The Chief Executive Officer is responsible for managing the business of the entire Company, attending to the formulation and successful implementation of company policies and assuming full accountability to the Board for all Company operation. Acting as the principal navigator of the Company's businesses, the Chief Executive Officer attends to developing strategic operation plans that reflect the longer term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Company. The Chief Executive Officer also maintains ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues.

The Board meets regularly, and at least 4 times a year. Between scheduled meetings, senior management of the Group from time to time provides to Directors information on the activities and development of the businesses of the Group. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

The Board held 9 meetings during the year ended 31 March 2012. Details of attendance of individual Directors at Board Meetings are presented below:

	Attended/ Eligible to attend
Chairman	
Mr. Chau Cheok Wa	9/9
Executive Directors	
Ms. Cheng Mei Ching	9/9
Mr. Lee Chi Shing, Caesar	9/9
Ms. Yeung So Lai	9/9
Independent non-executive Directors	
Mr. Tou Kin Chuen	4/4
Mr. Chan Tin Lup, Trevor	4/4
Mr. Wang Zhigang	4/4

Save for the above regular board meetings of the Period, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision 7 business days in advance of each board meeting and the minutes within 3 business days after the meeting.

Each of the Independent Non-executive Directors has entered into a letter of service with the Company for a term of one year's period. All the Independent Non-executive Directors are subject to re-election at each annual general meeting of the Company.

Upon appointment, Directors would receive an orientation review of the Company and its business from senior executives. Information are provided to Directors regularly to ensure that Directors keep up with the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group.

The Directors ensure the consolidated financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The statement of the Auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Auditor's Report on pages 34 and 35.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board. The audit committee comprises three independent non-executive Directors, namely, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang. The biographies of members of the audit committee are set out in the paragraph headed "Directors and Staff" above.

The Audit Committee held 2 meetings in 2012 and the attendance records are set out below:

Name of Member	Attended/ Eligible to attend
Mr. Tou Kin Chuen *(Chairman)*	2/2
Mr. Chan Tin Lup, Trevor	2/2
Mr. Wang Zhigang	2/2

For 2012, the Audit Committee reviewed with senior management and the external auditors of the Company their respective audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and internal control, risk management and financial reporting matters (including the interim and annual financial statements for the year ended 31 March 2012 before recommending them to the Board for approval). In particular, the Audit Committee monitored the integrity of financial statements of the Company and the annual report and accounts and quarterly reports and accounts of the Company, discussed with management and the external auditor, and reviewed significant financial reporting judgments contained in them. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Audit Committee focused particularly on:

(a) any changes in financial reporting and accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the GEM Listing Rules and any other legal requirements in relation to financial reporting.

The audited consolidated results of the Group for the year ended 31 March 2012 have been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

The amount of fees charged by the Auditor generally depends on the scope and volume of the auditor's work. For the year ended 31 March 2012, the Auditor of the Company received approximately HK$1,100,000 for audit services.

REMUNERATIONS COMMITTEE

The Company has established a Remunerations Committee in March 2005. The current existing Remunerations Committee consists three Independent Non-executive Directors, namely, Mr. Tou Kin Chuen, Chan Tin Lup, Trevor and Mr. Wang Zhigang. The biographies of members of the Remuneration Committee are set out in the paragraph headed "Directors and Staff".

The Remunerations Committee would assist the Board to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and also is responsible for the administration of the share option schemes adopted by the Company. Terms of reference of the Remunerations Committee are approved by the Directors.

Executive Directors are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of the individual and the profitability of the Company, and propose to the Remunerations Committee for consideration and approval, remuneration packages for Directors and senior management.

The Remunerations Committee held 1 meeting for the financial year 31 March 2012. The attendance records are presented below:

Name of Member	Attended/ Eligible to attend
Mr. Chan Tin Lup, Trevor *(Chairman)*	1/1
Mr. Tou Kin Chuen	1/1
Mr. Wang Zhigang	1/1

The remuneration of Directors and senior management was determined with reference to the performance and profitability of the Company as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

Details of Directors' emoluments for the year ended 31 March 2012 are set out in note 13 to the consolidated financial statements.

NOMINATIONS COMMITTEE

A nomination committee is not necessary for the Company, after the Board reviewed the needs and current situation of the Company. The Board will be responsible for reviewing the profile of current directors and potential candidate of director to ensure that the composition of the Board is appropriate for the Company.

INTERNAL CONTROL

An internal control system, being an integral part of the Company's operations, is a process effected by the Board and management team to provide reasonable assurance regarding the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Company assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee, it regularly reviews the effectiveness of the system.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed to providing clear and full information about the Company's performance to shareholders through the publication of quarterly reports and annual report. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the websites of the Group and the Stock Exchange.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 clear business days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Shareholders have statutory rights to call for extraordinary general meetings by serving written requests to the Company and to put forward agenda items for consideration by shareholders. Details of the poll voting procedures and the rights of shareholders to demand a poll are included in the circular to shareholders despatched together with the annual report. The results of the poll are published on the Company's website and the Stock Exchange's website. Financial and other information is available on the websites of the Company and the Stock Exchange.

The Company values feedback from shareholders on its effort to promote transparencies and foster investor relationships. Comments and suggestions are welcome and can be addressed to our Company by mail.

VOTING BY POLL

In compliance with the requirements on the poll voting procedures, the Company has informed the Members in respect of the procedures for voting by poll and the rights of the Members in demanding for poll in each general meeting. Pursuant to Article 72 of the Company's Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded at any general meeting. In the general meetings held during the Year, the Company counted all proxy votes, and except where polls were required, chairman of each general meeting had expressly indicated to the members attending the meetings the levels of proxies lodged on each resolution, and the balance for and against the resolution, after each of the resolution had been dealt with on a show of hands.

Furthermore, Article 72 of the Articles of Association, a vote by poll may be demanded by:

(a) the Chairman of the meeting; or

(b) at least three members present in person or by proxy and entitled to vote; or

(c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right attend and vote at the meeting; or

(d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

In the general meetings held during the year, there were resolutions requiring polls either demanded by the chairmen of the meetings or required under the Listing Rules. In each general meeting, Tricor Tengis Limited, the Company's Hong Kong Branch Registrar, was instructed to act as scrutineer. In each general meeting held during the year, the Company had ensured that where appropriate:

(i) the procedure for demanding a poll by the Shareholders before putting a resolution to the vote on a show of hands; and

(ii) the detailed procedures for conducting a poll and then answer any questions from the Shareholders whenever voting by way of a poll is required.

As such, the Company has complied with the requirements in relation to vote by poll.

Independent Auditor's Report

Andes Glacier CPA Limited
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行有限公司

Unit 1, 20/Floor, No. 50 Gloucester Road,
Wanchai, Hong Kong
香港灣仔告士打道50號馬來西亞大廈20樓01室

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUN INTERNATIONAL RESOURCES LIMITED
(FORMERLY KNOWN AS SUN INTERNATIONAL GROUP LIMITED)
(Incorporated in Cayman Islands with limited liability)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Sun International Resources Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 101 which comprise the consolidated and the Company's statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

\In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's results 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.

Andes Glacier CPA Limited
HSU Yuk King, Mercedes
Practising Certificate Number: P03548

Hong Kong, 15 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$	2011 HK$
Turnover	7	**234,092,979**	201,294,347
Direct costs		**(39,369,324)**	(45,114,349)
Gross Profit		**194,723,655**	156,179,998
Other operating income	9	**6,677,876**	2,580,230
Administrative expenses		**(74,145,603)**	(78,877,637)
Amortization		**(15,570,581)**	(5,867,749)
Fair value change of derivative financial instruments	26	**(4,038,397)**	(3,494,504)
Finance costs	10	**(7,836,548)**	(6,908,774)
Share of losses of associates		**(1,458,809)**	–
Loss on redemption of convertible notes		**(5,967,223)**	–
Share-based payment expenses		**–**	(11,147,191)
Profit before taxation		**92,384,370**	52,464,373
Income tax expense	11	**(11,152,410)**	52,609,083
Profit for the year	12	**81,231,960**	105,073,456
Other comprehensive loss:			
Currency translation differences		**(7,866,750)**	(838,262)
Total comprehensive income for the year		**73,365,210**	104,235,194
Profit for the year attributable to:			
Equity holders of the company		**87,572,918**	68,744,271
Non-controlling interests		**(6,340,958)**	36,329,185
		(81,231,960)	105,073,456
Total comprehensive income for the year attributable to:			
Equity holders of the company		**80,703,378**	67,222,408
Non-controlling interests		**(7,338,168)**	37,012,786
		73,365,210	104,235,194
Earnings per share (HK cents per share)	15		
Basic		**9.44**	7.48
Diluted		**8.87**	7.21

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$	2011 HK$
Non-current assets			
Intangible assets	16	**1,092,237,070**	1,075,568,296
Goodwill	17	**419,539,298**	419,539,298
Exploration and evaluation assets	18	**–**	33,777,360
Property, plant and equipment	19	**32,301,084**	31,572,113
Investment properties	20	**76,652,958**	74,797,984
Interests in associates	22	**278,541,191**	280,000,000
		1,899,271,601	1,915,255,051
Current assets			
Inventories	23	**42,163,142**	22,066,917
Trade receivables	24	**140,462,427**	71,774,365
Prepayments, deposits and other receivables	25	**18,502,500**	15,662,550
Derivative financial instruments	26	**1,931,478**	11,939,750
Tax recoverable		**552,342**	961,471
Bank balances and cash		**57,501,651**	147,144,130
		261,113,540	269,549,183
Current liabilities			
Accruals and other payables	27	**21,891,052**	19,633,050
Trade payables	28	**2,253,482**	1,929,920
Deposits received		**1,063,611**	1,370,409
Amount due to a shareholder	29	**25,350,000**	25,350,000
Obligations under finance leases	30	**22,395**	101,784
Promissory note	31	**140,000,000**	–
Tax payables		**3,034,620**	2,561,096
		193,615,160	50,946,259
Net current assets		**67,498,380**	218,602,924
Total assets less current liabilities		**1,966,769,981**	2,133,857,975
Non-current liabilities			
Obligations under finance leases	30	**–**	23,153
Deferred taxation	32	**265,516,993**	269,409,638
Convertible notes	33	**81,347,650**	158,844,312
Promissory note	31	**–**	140,000,000
		346,864,643	568,277,103
Net assets		**1,619,905,338**	1,565,580,872

Consolidated Statement of Financial Position (cont'd)

At 31 March 2012

	Notes	2012 HK$	2011 HK$
Capital and reserves			
Share capital	34	**37,104,000**	37,104,000
Reserves		**1,186,914,763**	1,124,452,129
Equity attributable to equity holders of the Company		**1,224,018,763**	1,161,556,129
Non-controlling interests		**395,886,575**	404,024,743
Total equity		**1,619,905,338**	1,565,580,872

Approved and authorised for issue by the Board of Directors on 15 June 2012 and are signed on its behalf by:

Chau Cheok Wa
Director

Yeung So Lai
Director

Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$	2011 HK$
Current assets			
Prepayments, deposits and other receivables	25	**350,088**	450
Amounts due from subsidiaries		**1,162,146,294**	1,124,477,517
Derivative financial instruments	26	**1,931,478**	11,939,750
Bank balances and cash		**1,125,897**	45,521,674
		1,165,553,757	1,181,939,391
Current liabilities			
Accruals and other payables	27	**485,740**	424,875
Amounts due to subsidiaries		**110,989,450**	16,040,208
		111,475,190	16,465,083
Net current assets		**1,054,078,567**	1,165,474,308
Non-current liabilities			
Promissory note	31	**140,000,000**	140,000,000
Convertible Notes	33	**81,347,650**	158,844,312
		221,347,650	298,844,312
Net assets		**832,730,917**	866,629,996
Capital and reserves			
Share capital	34	**37,104,000**	37,104,000
Reserves	35	**795,626,917**	829,525,996
Total equity		**832,730,917**	866,629,996

Approved and authorised for issue by the Board of Directors on 15 June 2012 and are signed on its behalf by:

Chau Cheok Wa
Director

Yeung So Lai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to equity holders of the Company										
	Share Capital HK$	Share Premium HK$	Capital Redemption Reserve HK$	Merger Deficit HK$	Share Options Reserve HK$	Convertible Notes Reserve HK$	Translation Reserve HK$	Retained Profits HK$	Sub – total HK$	Non–Controlling Interests HK$	Total HK$
At 1 April 2010	36,604,400	734,858,793	254,600	369,866	33,610,939	–	(235,839)	248,438,783	1,053,901,542	367,011,957	1,420,913,499
Profit for the year	–	–	–	–	–	–	–	68,744,271	68,744,271	36,329,185	105,073,456
Other comprehensive loss: Currency translation differences	–	–	–	–	–	–	(1,521,863)	–	(1,521,863)	683,601	(838,262)
Total comprehensive income for the year ended 31 March 2011	–	–	–	–	–	–	(1,521,863)	68,744,271	67,222,408	37,012,786	104,235,194
Share issue upon exercise of share options	499,600	12,388,376	–	–	(1,969,376)	–	–	–	10,918,600	–	10,918,600
Lapse of share options	–	–	–	–	(4,533,835)	–	–	4,533,835	–	–	–
Recognition of equity-settled share-based payment	–	–	–	–	11,147,191	–	–	–	11,147,191	–	11,147,191
Equity component of convertible notes	–	–	–	–	–	18,366,388	–	–	18,366,388	–	18,366,388
At 1 April 2011	**37,104,000**	**747,247,169**	**254,600**	**369,866**	**38,254,919**	**18,366,388**	**(1,757,702)**	**321,716,889**	**1,161,556,129**	**404,024,743**	**1,565,580,872**
Profit for the year	–	–	–	–	–	–	–	**87,572,918**	**87,572,918**	**(6,340,958)**	**81,231,960**
Other comprehensive loss: Currency translation differences	–	–	–	–	–	–	**(6,869,540)**	–	**(6,869,540)**	**(997,210)**	**(7,866,750)**
Total comprehensive income for the year ended 31 March 2012	–	–	–	–	–	–	**(6,869,540)**	**87,572,918**	**80,703,378**	**(7,338,168)**	**73,365,210**
Dividend paid	–	–	–	–	–	–	–	**(13,914,000)**	**(13,914,000)**	–	**(13,914,000)**
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	**(800,000)**	**(800,000)**
Redemption of convertible notes	–	–	–	–	–	**(4,326,744)**	–	–	**(4,326,744)**	–	**(4,326,744)**
At 31 March 2012	**37,104,000**	**747,247,169**	**254,600**	**369,866**	**38,254,919**	**14,039,644**	**(8,627,242)**	**395,375,807**	**1,224,018,763**	**395,886,575**	**1,619,905,338**

Consolidates Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$	2011 HK$
Cash flows from operating activities		
Profit before taxation	**92,384,370**	52,464,373
Amortization of exploration and evaluation assets	**–**	89,425
Amortization of intangible assets	**15,570,581**	5,778,324
Depreciation	**7,866,244**	6,248,558
Effective interest expenses on convertible notes	**7,805,948**	6,879,816
Fair value change of derivative financial instruments	**4,288,380**	3,494,503
Interest income	**(1,222,787)**	(1,249,429)
Interest paid	**8,791**	28,958
Loss on early redemption of convertible notes	**5,967,218**	–
Share of loss of associates	**1,458,809**	–
Share-bases payment expenses	**–**	11,147,191
Written off of property, plant and equipment	**435,181**	2,627,453
Operating profit before working capital change	**134,562,735**	87,509,172
(Increase) in inventories	**(20,096,225)**	(15,496,376)
(Increase)/Decrease in trade receivables, prepayments, deposits and other receivables	**(71,528,012)**	37,971,086
Increase in trade payables, accruals, other payables and deposits received	**1,714,483**	906,619
(Decrease) in amount due to a related company	**–**	(3,020,244)
Increase in amount due to a shareholder	**–**	1,560,000
Cash generated from operating activities	**44,652,981**	109,430,257
Interest paid	**(8,791)**	(28,958)
Interest received	**1,222,787**	1,249,429
Income tax paid	**(14,162,402)**	(9,991,293)
Net cash generated from operating activities	**31,704,575**	100,659,435
Cash flows from investing activities		
Acquisition of associates	**–**	(140,000,000)
Proceeds from disposals of property, plant and equipment	**–**	445,959
Purchases of property, plant and equipment	**(10,941,105)**	(12,969,613)
Purchases of investment properties	**(188,638)**	(1,855,049)
Net cash used in investing activities	**(11,129,743)**	(154,378,703)

Consolidates Statement of Cash Flows (cont'd)

For the year ended 31 March 2012

	2012 HK$	2011 HK$
Cash flows from financing activities		
Repayment of promissory note	–	(6,500,000)
Repayment of obligation under finance leases	**(102,542)**	(177,261)
Proceeds from issue of convertible notes	–	152,446,831
Payment for early redemption of convertible notes	**(89,051,596)**	–
Payment for interest of convertible notes	**(6,411,080)**	–
Dividends paid	**(14,714,000)**	–
Proceeds from shares in exercise of share options	–	10,918,600
Net cash generated from financing activities	**(110,279,218)**	156,688,170
Net increase in cash and cash equivalents	**(89,704,386)**	102,968,902
Cash and cash equivalents at beginning of the year	**147,144,130**	44,127,152
Effect on exchange rate changes on the balance of cash held in foreign currencies	**61,907**	48,076
Cash and cash equivalents at end of the year	**57,501,651**	147,144,130
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**57,501,651**	147,144,130

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the reporting date, the ultimate holding company of the Company (the "Ultimate Holding Company") is First Cheer Holdings Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in page 3 of the annual report.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries are set out in note 21.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial period beginning 1 April 2011.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Right Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC) – Int 14 (Amendment)	Prepayment of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvements Project	Improvements to HKFRSs 2010

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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

[a] Effective for annual periods beginning on or after 1 July 2011.
[b] Effective for annual periods beginning on or after 1 January 2012.
[c] Effective for annual periods beginning on or after 1 July 2012.
[d] Effective for annual periods beginning on or after 1 January 2013.
[e] Effective for annual periods beginning on or after 1 January 2014.
[f] Effective for annual periods beginning on or after 1 January 2015.

The Directors anticipates that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries which are the entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the net assets of consolidated subsidiaries consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests having a deficit balance.

(b) Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal) groups that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets and contingent liabilities recognised.

(d) Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment properties

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

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

(f) Property, plant and equipment

Property, plant and equipment other than leasehold land and land use right are stated at cost less subsequent depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Leasehold properties	2.5%
Leasehold improvements	4% to 20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%
Computer equipment	30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year which the item is derecognised.

When an item of property, plant and equipment is transferred to investment property, following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity at a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the consolidated income. On subsequent disposal of the investment property, the revaluation surplus is transferred to retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses as follows:

(i) Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses. The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on tangible and intangible assets below).

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

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the amortisation and exploration rights and the expenditure incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible assets or property, plant and equipment. These assets are assessed for impairment before reclassification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 "Impairment of Assets" ("HKAS 36") whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure incurred on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(h) Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional share of losses is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Inventories

Inventories represent work in progress purchased for re-sale. Inventories are stated at the lower of cost and net realisable value.

The cost of work in progress and finished goods, comprising raw materials, direct labour, other direct costs and an appropriate proportion of related production overheads, are determined using the weighted average method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

(j) Financial instruments

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

Financial assets

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

Effective interest method

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Loans and receivables

Loans and receivables (including trade receivables, deposits and other receivables, bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each reporting date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

(i) significant financial difficulty of the issuer or counterparty; or
(ii) default or delinquency in interest or principal payments; or
(iii) it becoming probable that the borrower will enter bankruptcy or financial reorganisation.
(iv) the disappearance of an active market for the financial asset because of financial difficulties.

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

For financial assets carried at amortised cost, the amount of an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Impairment of financial assets *(Continued)*

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

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

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the asset of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expenses is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit and loss.

Convertible notes

Convertible notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Convertible notes *(Continued)*

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Other financial liabilities

Other financial liabilities including accruals and other payables, amount due to a director and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Derecognition

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

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

(k) Impairment of tangible and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, in which the recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation decrease under that standard.

(l) Borrowing costs

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

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sales of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership.

Service income is recognised when services are rendered, on an accrual basis or where condition attached to the relevant agreements and mandates is in satisfaction of the relevant condition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition (Continued)

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(n) Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to consolidated profit or loss except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(p) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered services entitling them to the contributions.

(q) Foreign currencies

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in statement of comprehensive income in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date. Exchange differences arising are recognised in the translation reserve.

(r) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income on a straightline basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged during the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that related to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires when it is released directly to retained profits) with the fair value of goods and services received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(t) Provision and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the reporting date of the expenditures expected to be required to settle the obligation.

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

(u) Related parties

1. 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.

2. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties (Continued)

2. (Continued)

(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 note 3(u)(1).

(vii) A person identified in note 3(u)(1)(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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgments in applying accounting policies (Continued)

Impairment loss in respect of trade receivables

The policy for impairment loss in respect of trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Investment properties

As described in note 20, investment properties were stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 3(d). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

Fair value of derivatives financial instruments

For derivatives financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. The carrying amounts of these derivatives financial instruments are HK$1,931,478 (2011: HK$11,939,750).

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012 HK$	2011 HK$
Financial assets		
Loans and receivables		
(including bank balances and cash)	**216,466,578**	234,581,045
Derivative financial instruments	**1,931,478**	11,939,750
	218,398,056	246,520,795
Financial liabilities		
Amortised cost	**271,928,190**	347,252,628

(b) Financial risk management objectives and policies

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

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

Market risk

(i) Foreign currency risk

The majority of the Group's monetary assets and monetary liabilities by value and the rental income are denominated in Hong Kong dollars (HK$), Renminbi ("RMB"), the Philippines Peso ("PESO") and the Indonesian Rupiah ("IDR"). The conversion of RMB into other currencies is subjected to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China ("PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB, PESO and IDR. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

5. FINANCIAL INSTRUMENTS (Continued)

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

Market risk *(Continued)*

(i) Foreign currency risk (Continued)

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

	2012 HK$	2011 HK$
Assets		
PESO	**46,098,818**	31,692,050
RMB	**1,276,399**	11,939,750
IDR	**5,267,146**	3,186,444

	2012 HK$	2011 HK$
Liabilities		
PESO	**2,057,455**	2,426,422
RMB	**52,835,500**	152,446,831
IDR	**12,555,554**	3,151,279

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against the Hong Kong dollars. For a 5% weakening of the relevant currencies against the Hong Kong dollars, there would be an equal and opposite impact on the profit and the balances below would be negative.

5. FINANCIAL INSTRUMENTS (Continued)

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

Market risk *(Continued)*

(i) Foreign currency risk (Continued)

Sensitivity analysis (Continued)

	2012 HK$	2011 HK$
Impact of PESO		
Profit or loss	**2,202,068**	1,463,281
Impact of RMB		
Profit or loss	**2,578,105**	7,025,354
Impact of IDR		
Profit or loss	**(364,420)**	1,758

(ii) Cash flow interest rate risk

The Group's exposure to changes in interest rates is minimal as the Group had no material fixed rate financial liabilities as at 31 March 2012 and 2011.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

As at 31 March 2012 and 2011, a reasonably possible change of 50 basis-points interest rates on borrowing would have no material impact of the Group's results for the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2012 in relation to each class of recognised financial assets are the carrying amount of those asset as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

5. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with maturity dates of obligations under finance leases and promissory note and thus the liquidity requirement are provided to management for review periodically. Management will contact the borrowers for renewals of obligations under finance leases and promissory note whenever necessary. The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual face value without applying discounted cash flow model based on the earliest date on which the Group can be required to pay, was as follow:

	Effective interest rate	Within 1 year HK$	Within 2 to 5 years HK$	Over 5 years HK$	Total undiscounted cash flow HK$	Carrying amount HK$
2012						
Non-derivative financial assets						
Trade receivables	–	**140,462,427**	–	–	**140,462,427**	**140,462,427**
Prepayments, deposit and other receivables	–	**18,502,500**	–	–	**18,502,500**	**18,502,500**
Bank balances and cash	–	**57,501,651**	–	–	**57,501,651**	**57,501,651**
		216,466,578	–	–	**216,466,578**	**216,466,578**
2011						
Non-derivative financial assets						
Trade receivables	–	71,774,365	–	–	71,774,365	71,774,365
Prepayments, deposit and other receivables	–	15,662,550	–	–	15,662,550	15,662,550
Bank balances and cash	–	147,144,130	–	–	147,144,130	147,144,130
		234,581,045	–	–	234,581,045	234,581,045

5. FINANCIAL INSTRUMENTS (Continued)

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

***Liquidity risk** (Continued)*

	Effective interest rate	Within 1 year HK$	Within 2 to 5 years HK$	Over 5 years HK$	Total undiscounted cash flow HK$	Carrying amount HK$
2012						
Non-derivative financial liabilities						
Accruals and other payables	–	21,891,052	–	–	21,891,052	21,891,052
Trade payables	–	2,253,482	–	–	2,253,482	2,253,482
Deposits received	–	1,063,611	–	–	1,063,611	1,063,611
Amount due to shareholder	–	25,350,000	–	–	25,350,000	25,350,000
Obligation under finance lease	12.20%	22,395	–	–	22,395	22,395
Promissory note	–	140,000,000	–	–	140,000,000	140,000,000
Convertible Notes	–	–	81,347,650	–	81,347,650	81,347,650
		190,580,540	81,347,650	–	271,928,190	271,928,190
2011						
Non-derivative financial liabilities						
Accruals and other payables	–	19,633,050	–	–	19,633,050	19,633,050
Trade payables	–	1,929,920	–	–	1,929,920	1,929,920
Deposits received	–	1,370,409	–	–	1,370,409	1,370,409
Amount due to shareholder	–	25,350,000	–	–	25,350,000	25,350,000
Obligation under finance lease	12.20%	112,605	23,568	–	136,173	124,937
Promissory note	–	–	140,000,000	–	140,000,000	140,000,000
Convertible Notes	–	–	158,844,312	–	158,844,312	158,844,312
		48,395,984	298,867,880	–	347,263,864	347,252,628

5. FINANCIAL INSTRUMENTS (Continued)

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

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows.

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

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quotes prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

	31 March 2012			
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Financial assets				
Derivative financial instruments	–	–	1,931,478	1,931,478

5. FINANCIAL INSTRUMENTS (Continued)

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

Fair value of financial instruments *(Continued)*

	31 March 2011			
	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Financial assets				
Derivative financial instruments	–	–	11,939,750	11,939,750

6. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Directors actively and regularly reviewed and manage the Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group's overall strategy remains unchanged from 2011.

During the year ended 31 March 2012 the capital structure of the Group mainly consists of debts, which include borrowings from banks, convertible notes, promissory note, bank balances and cash, and equity attributable to equity holders, comprising issued capital, reserves and retained profits respectively. The Directors consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios as at 31 March 2012 and 2011 were as follows:

	2012 HK$	2011 HK$
Borrowings	**221,370,045**	298,969,249
Total equity	**1,619,905,338**	1,565,580,872
Gearing ratio	**14%**	19%

7. TURNOVER

Turnover represents the aggregate of amounts received and receivable from (i) services provided to customers; (ii) goods sold to customers and (iii) rental income and is analysed as follows:

	2012 HK$	2011 HK$
Computer software solution and services income	**142,345,748**	102,293,222
Hotel services income	**83,960,712**	82,919,089
Mining services income	**7,696,108**	11,178,679
Entertainment operations	**90,411**	4,903,357
	234,092,979	201,294,347

8. SEGMENT INFORMATION

Segment information is presented by way in two segments formats: (i) on a primarily segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Business segments

The Group's operating businesses are structured and managed separately, according to the nature of their operations and services provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other segments.

For management purposes, the Group is currently organised into four business segments as follows:

Computer software solution and services	–	provision of computer hardware and software services
Hotel services	–	provision of hotel operation and management services
Mining services	–	provision of mining iron ores and minerals
Entertainment operations	–	production and distribution of motion pictures and model agency services and provision of other film related services

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Statement of comprehensive income
For the year ended 31 March 2012

	Computer software solution and services HK$	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Others HK$	Consolidated HK$
Turnover						
External sales	142,345,748	83,960,712	7,696,108	90,411	–	234,092,979
Earning before interest, tax, depreciation and amortization	110,281,750	45,653,626	(4,235,972)	(52,244)	(12,394,818)	139,252,342
Amortization	–	–	(15,570,581)	–	–	(15,570,581)
Depreciation	(866,530)	(2,529,991)	(3,359,661)	(11,852)	(1,098,210)	(7,866,244)
Finance cost	–	–	(8,791)	–	–	(8,791)
Result						
Segment result	109,415,220	43,123,635	(23,175,005)	(64,096)	(13,493,028)	115,806,726
Unallocated corporate income						6,125
Unallocated corporate expenses						(15,600,724)
Finance cost						(7,827,757)
Profit before tax						92,384,370
Income tax expense						(11,152,410)
Profit for the year						81,231,960

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Consolidated balance sheet

As at 31 March 2012

	Computer software solution and services HK$	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Others HK$	Consolidated HK$
Assets						
Segment assets	150,646,864	210,585,808	1,152,205,976	16,861,618	626,677,412	2,156,977,678
Unallocated corporate assets						3,407,463
Consolidated total assets						2,160,385,141
Liabilities						
Segment liabilities	4,092,879	2,892,965	311,543,090	37,216	80,263	318,646,413
Unallocated corporate liabilities						221,833,390
Consolidated total liabilities						540,479,803

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Statement of comprehensive income

For the year ended 31 March 2011

	Computer software solution and services HK$	Hotel services HK$	Mining services HK$	Entertainment Operations HK$	Others HK$	Consolidated HK$
Turnover						
External sales	102,293,222	82,919,089	11,178,679	4,903,357	–	201,294,347
Earning before interest, tax, depreciation and amortization	73,838,764	39,381,078	(12,979,383)	2,422,521	(5,777,427)	96,885,553
Amortization	–	–	(5,778,324)	–	–	(5,778,324)
Depreciation	(927,857)	(2,395,175)	(2,510,217)	(25,249)	(390,060)	(6,248,558)
Finance cost	–	–	(28,444)	–	(514)	(28,958)
Result						
Segment result	72,910,907	36,985,903	(21,296,368)	2,397,272	(6,168,001)	84,829,713
Unallocated corporate income						14,486
Unallocated corporate expenses						(32,379,826)
Profit before taxation						52,464,373
Income tax expense						52,609,083
Profit for the year						105,073,456

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Consolidated balance sheet

As at 31 March 2011

	Computer software solution and services HK$	Hotel services HK$	Mining services HK$	Entertainment Operations HK$	Others HK$	Consolidated HK$
Assets						
Segment assets	138,744,017	198,333,952	1,146,581,298	17,689,469	625,993,624	2,127,342,360
Unallocated corporate assets						57,461,874
Consolidated total assets						2,184,804,234
Liabilities						
Segment liabilities	4,058,554	2,943,668	312,850,210	31,400	140,070,343	459,954,175
Unallocated corporate liabilities						159,269,187
Consolidated total liabilities						619,223,362

8. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's operations are principally located in Hong Kong, the Philippines and Indonesia. The following table provides an analysis of the Group's turnover by geographical market:

	Revenue from external customers	
	2012	2011
	HK$	HK$
Hong Kong	**142,436,159**	113,471,901
The Philippines	**83,960,712**	82,919,089
Indonesia	**7,696,108**	4,903,357
	234,092,979	201,294,347

The following table provides an analysis of the Group's non-current assets by reference to the geographical area in which they are located:

	Non-current assets	
	2012	2011
	HK$	HK$
Hong Kong	**625,020,837**	623,159,855
The Philippines	**161,750,646**	163,352,697
Indonesia	**1,112,500,118**	1,128,742,499
	1,899,271,601	1,915,255,051

9. OTHER OPERATING INCOME

	2012 HK$	2011 HK$
Other operating income comprised of the followings:		
Interest income	**1,222,787**	1,249,429
Sundry income	**4,361,583**	1,330,801
Exchange gain	**1,093,506**	–
	6,677,876	2,580,230

10. FINANCE COSTS

	2012 HK$	2011 HK$
Interest on:		
Finance leases	**8,791**	28,958
Effective interest expense on convertible notes	**7,827,757**	6,879,816
	7,836,548	6,908,774

11. INCOME TAX EXPENSE

	2012 HK$	2011 HK$
The charge (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	**14,905,241**	11,542,817
Other than Hong Kong	**139,814**	58,787
	15,045,055	11,601,604
Deferred tax:		
Reversal of deferred tax liability	**(3,892,645)**	(64,210,687)
Tax charge (credit) for the year	**11,152,410**	(52,609,083)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2012 HK$	2012 %	2011 HK$	2011 %
Profit before taxation	**92,384,370**		52,464,373	
Tax at the Hong Kong Profits tax rate of 16.5%	**15,243,422**	**16.5**	8,656,626	16.5
Tax effect of income not taxable for tax purposes	**(9,311,498)**	**(10.1)**	(14,998,654)	(28.6)
Tax effect of expenses not deductible for tax purposes	**10,854,651**	**11.7**	18,190,829	34.7
Underprovision/(Overprovision) of prior years	**8,250**	**0.0**	(123)	(0.1)
Overseas profit tax	**139,814**	**0.2**	58,787	0.1
Tax effect of tax losses not recognised	**(1,710,471)**	**(1.9)**	2,569,458	4.9
Benefit of previously unrecognised tax loss now recognised	**–**	**–**	(2,916,355)	(5.6)
Effect of temporary differences	**(4,071,758)**	**(4.4)**	(64,154,411)	(122.3)
Others	**–**	**–**	(15,240)	(0.1)
Tax charge (credit) for the year	**11,152,410**	**12.1**	(52,609,083)	(100.3)

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2012 HK$	2011 HK$
Staff costs:		
Directors' emoluments	**3,765,994**	8,422,645
Salaries and other benefits	**36,880,070**	32,223,000
Share-based payment expenses	**–**	1,522,879
Retirement benefit scheme contributions (excluding directors)	**669,886**	570,981
Total employees benefit expenses	**41,315,950**	42,739,505
Amortization of intangible assets and exploration and evaluation assets	**15,570,581**	5,867,749
Depreciation on property, plant and equipment		
– owned assets	**7,843,379**	6,155,566
– financial leases assets	**22,865**	92,992
Loss on disposal of property, plant and equipment	**–**	421,997
Cost of inventories recognised as an expense	**2,281,024**	2,157,803
Auditor's remuneration	**1,294,047**	1,229,083
Share-based payment expenses	**–**	4,904,219
and after crediting:		
Gross rental income from investment properties	**77,647,646**	77,580,750

13. DIRECTORS' AND EMPLOYEE EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each director for the year ended 31 March 2012 and 2011 were as follows:

	Directors fee		Salaries and other benefits		Retirement benefits scheme contributions		Share option granted		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Executive directors										
Mr. Chau Cheok Wa	–	–	60,000	–	–	–	–	151,456	60,000	151,456
Mr. Lee Chi Shing, Caesar	–	–	1,170,000	1,215,394	12,000	12,000	–	1,522,879	1,182,000	2,750,273
Mr. Tang Hon Kwong#	–	–	–	987,736	–	12,000	–	1,522,879	–	2,522,615
Ms. Cheng Mei Ching	–	–	1,040,000	1,067,616	12,000	12,000	–	1,522,879	1,052,000	2,602,495
Ms. Yeung So Lai	–	–	1,010,000	–	11,000	–	–	–	1,021,000	–
	–	–	3,280,000	3,270,746	35,000	36,000	–	4,720,093	3,315,000	8,026,839
Independent non-executive directors										
Mr. Fung Kwok Ki##	–	132,000	–	–	–	–	–	–	–	132,000
Mr. Ng Tat Fai###	36,000	126,000	–	–	–	–	–	–	36,000	126,000
Mr. Poon Lai Yin Michael####	60,800	132,000	–	–	–	–	–	–	60,800	132,000
Mr. Wang Zhigang*	114,194	5,806	–	–	–	–	–	–	114,194	5,806
Mr. Tou Kin Chuen*	120,000	–	–	–	–	–	–	–	120,000	–
Mr. Chan Tin Lup Trevor*	120,000	–	–	–	–	–	–	–	120,000	–
	450,994	395,806	–	–	–	–	–	–	450,994	395,806
Total	450,994	395,806	3,280,000	3,270,746	35,000	36,000	–	4,720,093	3,765,994	8,422,645

resigned on 7 March 2011
resigned on 30 March 2011
* appointed on 14 March 2011
resigned on 29 June 2011
resigned on 1 September 2011

13. DIRECTORS' AND EMPLOYEE EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individual with the highest emoluments in the Group, three (2011: three) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining two (2010: two) individuals were as follows:

	2012 HK$	2011 HK$
Salaries and other benefits	**1,020,000**	1,086,735
Retirement benefit scheme contributions	**24,000**	24,000
Share options granted	**–**	–
	1,044,000	1,110,735

The emoluments were within the following bands:

	Number of employees	
	2012	2011
Nil-HK$1,000,000	**2**	1
HK$1,000,001-HK$1,500,000	**3**	4

During the year ended 31 March 2012 and 2011, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group. No directors waived any emoluments during the years ended 31 March 2012 and 2011.

14. DIVIDENDS

No final dividend was proposed by the Directors for the year ended 31 March 2012 (2011: HK$1.5 cents per share).

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	2012 **HK$**	2011 HK$
Earnings attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	**87,572,918**	68,744,271

	2012 **HK$**	2011 HK$
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**927,600,000**	919,123,808
Effect of dilutive potential ordinary shares:		
Share options	**59,252,518**	34,815,395
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**986,852,518**	953,939,203

The basic and diluted earnings per share for the year ended 31 March 2011 have been adjusted and restated based on the earnings attributable to equity holders of the Company of HK$68,744,271 and weighted average number of ordinary shares of 919,123,808 and 953,939,203 respectively as stated above.

16. INTANGIBLE ASSETS

The Group

	Mining rights HK$
Cost	
At 1 April 2010 and 1 April 2011	1,110,342,537
Transfer from exploration and evaluation assets	33,777,360
Foreign currency realignment	(1,540,855)
At 31 March 2012	1,142,579,042
Amortization	
At 1 April 2010	28,995,917
Charge for the year	5,778,324
At 1 April 2011	34,774,241
Charge for the year	15,570,581
Foreign currency realignment	(2,850)
At 31 March 2012	50,341,972
Carrying amount	
At 31 March 2012	**1,092,237,070**
At 31 March 2011	1,075,568,296

The intangible assets of the Group represent the mining rights acquired in year 2010 with respect to the mines situated at Indonesia.

17. GOODWILL

The Group

	HK$
Cost	
At 1 April 2010, 1 April 2011 and 31 March 2012	510,685,062
Impairment	
At 1 April 2010, 1 April 2011 and 31 March 2012	91,145,764
Carrying amount	
At 31 March 2012	**419,539,298**
At 31 March 2011	419,539,298

17. GOODWILL (Continued)

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 March 2012 is allocated as follow:

	2012	2011
	HK$	HK$
Computer software solution and services	**340,238,822**	340,238,822
Hotel services	**79,300,476**	79,300,476
	419,539,298	419,539,298

During the year, the directors of the Company reassessed the recoverable amount of the Cash Generating Units ("CGU") of computer software solution and service and hotel services with reference to the valuation performed by Messrs. Asset Appraisal Limited and Grant Sherman Appraisal Limited respectively, independent qualified professional valuers and determined that an impairment loss of HK$Nil (2011: HK$Nil) on goodwill associated with the CGU of computer software solution and service was identified and no impairment loss of on goodwill associated with the CGU of hotel services was identified.

The recoverable amount of the goodwill allocated to computer software solution and service segment was assessed by reference to value-in-use model which based on a five years cash flow projection approved by the directors of the Company with a zero growth rate (2011: zero). A discount rate of approximately 15% per annum was applied in the value-in-use model when assessing the recoverability of the goodwill. There are a number of assumptions and estimates involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is pre-tax and reflect specific risks relating to the industry.

18. EXPLORATION AND EVALUATION ASSETS

The Group

	HK$
Cost	
At 1 April 2010	43,120,912
Transfer to property, plant and equipment	(10,052,907)
Foreign currency realignment	1,147,270
At 1 April 2011	34,215,275
Transfer to intangible assets	(34,215,275)
At 31 March 2012	–
Amortization	
At 1 April 2010	932,874
Transfer to property, plant and equipment	(597,816)
Charge for the year	89,425
Foreign currency realignment	13,432
At 1 April 2011	437,915
Transfer to intangible assets	(437,915)
At 31 March 2012	–
Carrying amount	
At 31 March 2012	**–**
At 31 March 2011	33,777,360

19. PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and buildings	Computer equipment	Office equipment	Furniture and fixture	Machine equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
Cost									
As 1 April 2010	8,149,062	3,197,831	474,427	5,749,910	–	5,488,023	1,187,379	3,578,913	27,825,545
Additions	230,309	479,991	47,662	1,621,654	6,237,541	812,202	32,711	3,507,543	12,969,613
Disposals	–	(792,404)	(292,520)	(34,961)	(8,655)	–	–	–	(1,128,540)
Reclassification	–	–	–	14,380	–	(14,380)	–	–	–
Written off	(2,799,975)	–	–	–	–	–	–	–	(2,799,975)
Transfer from exploration and evaluation assets	6,072,269	19,895	2,992	27,683	3,183,085	746,983	–	–	10,052,907
Transfer to investment properties	–	–	–	–	–	–	–	(4,960,000)	(4,960,000)
Foreign currency realignment	457,815	1,077	–	1,211	127,591	29,941	–	–	617,635
At 1 April 2011	12,109,480	2,906,390	232,561	7,379,877	9,539,562	7,062,769	1,220,090	2,126,456	42,577,185
Additions	820,656	383,528	328,195	693,599	4,243,803	38,223	4,383,016	50,085	10,941,105
Written off	–	(93,300)	(20,770)	(300,525)	(23,088)	–	(665,125)	–	(1,102,808)
Transfer to investment properties	–	–	–	–	–	–	–	(1,087,153)	(1,087,153)
Foreign currency realignment	(587,198)	13,069	(142)	52,939	(551,753)	(20,561)	–	16,466	(1,077,180)
At 31 March 2012	**12,342,938**	**3,209,687**	**539,844**	**7,825,890**	**13,208,524**	**7,080,431**	**4,937,981**	**1,105,854**	**50,251,149**
Depreciation									
At 1 April 2010	315,165	1,394,793	159,349	1,371,453	–	1,455,122	283,056	–	4,978,938
Charge for the year	477,118	964,623	76,445	1,294,343	1,821,601	1,370,409	244,019	–	6,248,558
Elimination upon disposal	–	(524,061)	(146,541)	(9,693)	(2,286)	–	–	–	(682,581)
Reclassification	–	–	–	240	–	(240)	–	–	–
Written off	(172,522)	–	–	–	–	–	–	–	(172,522)
Transfer from exploration and evaluation assets	185,585	9,943	1,484	5,416	310,756	84,632	–	–	597,816
Foreign currency realignment	18,156	576	59	222	12,455	3,395	–	–	34,863
At 1 April 2011	823,502	1,845,874	90,796	2,661,981	2,142,526	2,913,318	527,075	–	11,005,072
Charge for the year	506,961	780,634	92,975	1,553,587	2,638,418	1,423,303	870,366	–	7,866,244
Written off	–	(86,305)	(7,147)	(117,489)	(1,540)	–	(455,146)	–	(667,627)
Exchange differences	(59,057)	7,787	(123)	19,147	(209,513)	(11,865)	–	–	(253,624)
At 31 March 2012	**1,271,406**	**2,547,990**	**176,501**	**4,117,226**	**4,569,891**	**4,324,756**	**942,295**	**–**	**17,950,065**
Carrying amount									
At 31 March 2012	**11,071,532**	**661,697**	**363,343**	**3,708,664**	**8,638,633**	**2,755,675**	**3,995,686**	**1,105,854**	**32,301,084**
At 31 March 2011	11,285,978	1,060,516	141,765	4,717,896	7,397,036	4,149,451	693,015	2,126,456	31,572,113

At 31 March 2012, property, plant and equipment of the Group with carrying amount of HK$370,555 (2011: HK$394,210) were held under finance leases.

20. INVESTMENT PROPERTIES

The Group

	HK$
Cost	
At 1 April 2010	123,451,446
Additions	1,855,049
Transfer during the year	4,960,000
At 1 April 2011	130,266,495
Additions	188,638
Transfer during the year	1,087,153
Exchange realignment	1,008,692
At 31 March 2012	132,550,978
Depreciation	
At 1 April 2010 and 1 April 2011	55,468,511
Exchange realignment	429,509
At 31 March 2012	55,898,020
Carrying amount	
At 31 March 2012	**76,652,958**
At 31 March 2011	74,797,984

The fair value of the Group's investment properties at 31 March 2012 has been arrived at on the basis of valuation carried out on that date by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. Grant Sherman Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

	2012 **HK$**	2011 HK$
Properties in the Philippines under:		
Medium-term lease	**76,652,958**	74,797,484

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

21. INTEREST IN SUBSIDIARIES

The Company

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held		Principal activities
				Directly %	Indirectly %	
Galileo Capital Group (BVI) Limited	British Virgin Islands	Limited company	US$10,000	100	–	Investment holding in Hong Kong
Golden Harvest Trading Limited	Hong Kong	Limited company	HK$2	–	100	Provision of administrative services for the Group In Hong Kong
Loyal King Investments Limited	British Virgin Islands	Limited company	US$50,000	–	100	Investment holding
Alliance Computer Services Limited	Hong Kong	Limited company	HK$200,000	–	97	Provision of computer software solution and services
Alliance Computer Systems Limited	Hong Kong	Limited company	HK$10,000	–	60	Provision of computer software solution and services
Superb Kings Limited	British Virgin Islands	Limited company	US$50,000	–	100	Provision of hotel services
Gold Track Coal and Mining Limited	British Virgin Islands	Limited company	US$10,000	–	54	Trading and extraction of minerals and investment holding
Gold Track Mining and Resources Limited	British Virgin Islands	Limited company	US$21,739	–	54	Trading and extraction of minerals and investment holding

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.

22. INTERESTS IN ASSOCIATES

The Group

	2012 HK$	2011 HK$
Cost of unlisted investments	**278,541,191**	280,000,000

Particulars of the Group's associates at 31 March 2012 are as follows:

Name of associate	Place of registration/operation	Percentage of issued share capital/ registered capital held by the Group	Issued share capital/ registered capital	Principal activities
Yuet Sing Group Limited	British Virgin Islands	35%	USD50,000	Investment holdings
日盛世紀(湖北)礦業有限公司	People's Republic of China	35%	RMB90,630,000	Mining operation

The summarised financial information in respect of the Group's associates is set out as follows:

	2012 HK$	2011 HK$
Total assets	**1,127,443,359**	1,130,723,000
Total liabilities	**(26,210,413)**	(30,008,000)
Net assets	**1,101,232,946**	1,100,715,000
Group's share of net assets	**385,431,531**	385,250,250
Total revenue	**–**	–
Losses for the year	**(4,168,027)**	–
Group's share of losses for the year	**(1,458,809)**	–

23. INVENTORIES

The Group

	2012 HK$	2011 HK$
Flim in progress	**12,155,663**	12,155,663
Work in progress	**3,308,265**	7,853,379
Finished goods	**26,699,214**	2,057,875
	42,163,142	22,066,917

All the inventories as at the reporting dates are carried at cost.

24. TRADE RECEIVABLES

The Group

The following is an aged analysis of trade receivables at the reporting date:

	2012 HK$	2011 HK$
Within 30 days	**18,278,065**	24,446,802
31-60 days	**17,577,050**	18,171,700
61-90 days	**18,128,257**	17,157,098
Over 90 days	**86,479,055**	11,998,765
	140,462,427	71,774,365

24. TRADE RECEIVABLES (Continued)

The average credit period on the trade receivables is 30-180 days. The carrying amounts of the trade receivables are denominated in Hong Kong Dollar. The age of trade receivables which are past due but not impaired were as follows:

	2012 HK$	2011 HK$
31-60 days	9,260,000	–
61-90 days	4,658,448	–
Over 90 days	–	–
	13,918,448	–

Trade receivables of HK$13,918,448 (2011: HK$Nil) that were past due which over 30-90 days but not impaired for. These balances related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverability. The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the directors of the Company considered any change in the credit quality of the trade receivables from the date credit were initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The Directors consider that the fair value of the Group's trade receivables at the reporting date were approximate their carrying amounts.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2012 HK$	2011 HK$	**2012 HK$**	2011 HK$
Deposits	**7,674,405**	2,689,366	**–**	–
Prepayments	**2,810,005**	3,315,724	**342,388**	–
Other receivables	**8,018,090**	9,657,460	**7,700**	450
	18,502,500	15,662,550	**350,088**	450

The Directors consider that the carrying amounts of the Group's prepayments, deposits and other receivables at the reporting date was approximate to their fair values.

26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	2012 HK$	2011 HK$
Assets		
Redemption option derivative embedded in convertible notes		
At 1 April	**11,939,750**	–
Arising on issuance of convertible notes	**–**	15,434,254
Redemption during the year	**(5,969,875)**	–
Fair value change	**(4,038,397)**	(3,494,504)
At 31 March	**1,931,478**	11,939,750

Pursuant to the agreements in relation to the issuance of the convertible notes (Note 33), redemption options are held by the Company. The Company may at the Call Option Payment Dates, redeem the convertible notes with principal amount of up to the lesser of RMB65,000,000 or the remainder of the outstanding convertible notes.

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group and the Company (Continued)

The redemption option derivatives are carried at fair values at the end of the reporting year. The fair value of the redemption options derivatives embedded in the convertible notes is approximately HK$1,931,478 (2011: 11,939,750) and are calculate using the Binomial Tree Pricing Model. Details of the variables and assumptions of the model are as follows:

Date of issue:	8 December 2010
Share price:	HK1.64
Conversion price:	HK2.00
Risk free interest rate:	3.24%
Expected volatility:	68.11%

27. ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
Accruals	**6,951,373**	5,412,331	**485,740**	424,875
Other payables	**14,939,679**	14,220,719	**–**	–
	21,891,052	19,633,050	**485,740**	424,875

The Directors consider that the fair value of the Group's and the Company's accruals and other payables at the reporting date was approximate their carrying amounts.

28. TRADE PAYABLES

The Group

The following is an aged analysis of trade payables at the reporting date:

	2012 HK$	2011 HK$
Within 30 days	**223,900**	–
31 – 90 days	**96,205**	–
91 – 120 days	**163**	–
Over 180 days	**1,933,214**	1,929,920
At 31 March	**2,253,482**	1,929,920

The Directors consider that the fair value of the Group's trade payables at the reporting date were approximate their carrying amounts.

29. AMOUNT DUE TO A SHAREHOLDER

The Group

This amount due is unsecured, non-interest bearing and repayable on demand.

30. OBLIGATIONS UNDER FINANCE LEASES

The Group

	Minimum lease payment		Present value of minimum lease payment	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
Amount payable under finance lease				
Within one year	**22,395**	112,605	**22,395**	101,784
In the second to fifth year inclusive	**–**	23,568	**–**	23,153
	22,395	136,173	**22,395**	124,937
Less: Future finance charges	**–**	11,236	**–**	–
Present value of lease obligations	**22,395**	124,937	**22,395**	124,937
Less: Amount due within one year shown under current liabilities			**–**	101,784
Amount due after one year			**22,395**	23,153

It is the Group's policy to lease certain of its fixed assets under finance leases. The lease term is three years. For the year ended 31 March 2012, the average effective interest rate was 12.16% per annum (2011: 12.16% per annum). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

31. PROMISSORY NOTE

The Group

	2012	2011
	HK$	HK$
Current	**140,000,000**	–
Non- current	**–**	140,000,000
	140,000,000	140,000,000

31. PROMISSORY NOTE (Continued)

The Company

	2012 **HK$**	2011 HK$
Current	**140,000,000**	–
Non-current	**–**	140,000,000

At 31 March 2011 and 31 March 2012, the promissory note was unsecured, interest free and will mature on 30 March 2013.

The directors consider that the carrying amount of promissory note approximates to its fair value.

32. DEFERRED TAXATION

The Group

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting years:

	HK$
Deferred tax liabilities	
At 1 April 2010, 1 April 2011 and 31 March 2012	333,620,325
Movement	
Reversal for the year	64,210,687
At 1 April 2011	64,210,687
Reversal for the year	3,892,645
At 31 March 2012	68,103,332
Carrying amount	
At 31 March 2012	265,516,993
At 31 March 2011	269,409,638

For the purpose of statement of financial position presentation, certain deferred tax (liabilities) assets have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2012 **HK$**	2011 HK$
Deferred taxation assets	**–**	–
Deferred taxation liabilities	**(265,516,993)**	(269,409,638)
	(265,516,993)	(269,409,638)

33. CONVERTIBLE NOTES

The Group and the Company

On 8 December 2010, the Company issued convertible notes with a principal amount of RMB130,000,000, which is interest bearing at 8% per annum, payable annually in arrears. The convertible notes due on 7 December 2013 is convertible into fully paid ordinary shares with a par value of HK$0.04 each of the Company at an initial conversion price of HK$2 per share, subject to adjustment. The effective interest rate is 8.54%. During the year ended 31 March 2012, part of the convertible note with a principal amount of RMB65,000,000 was redeemed.

The convertible notes contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible notes reserve" and the redemption option is presented in current assets heading "derivative financial instruments" (Note 26).

The fair value of the liability component of the convertible notes at 31 March 2012 was determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for and equivalent non-convertible loan at the end of the reporting period.

The convertible notes issued have been spilt as to the liability and equity components and redemption option, as follows:

	HK$
Proceeds of issue	152,446,831
Derivative financial instruments	15,434,253
Liability component	(149,514,696)
Equity component	18,366,388
Liability component	149,514,696
Interest expenses charged	6,879,816
Foreign currency realignment	2,449,800
At 31 March 2011 and 1 April 2011	158,844,312
Early redemption of convertible notes (note a)	(78,996,949)
Interest expenses charged	(12,138,983)
Interest expenses payable	7,805,948
Foreign currency realignment	5,835,979
Gain on early redemption of convertible notes (note a)	(2,657)
At 31 March 2012	81,347,650

33. CONVERTIBLE NOTES (Continued)

The Group and the Company (Continued)

Note:

(a) On 31 October 2011, part of convertible notes was early redeemed by the Company. A net loss of HK$5,967,223 was derived from the gain on early redemption of liability component of convertible notes of approximately HK$2,652 and the loss on derecognition of derivative financial instruments of approximately HK$5,969,875.

The loss on early redemption of liability component of convertible notes is derived from the difference between the carrying amount of liability component of approximately HK$78,996,949 and the fair value of liability component of approximately HK$78,994,297.

34. SHARE CAPITAL

	Number of shares		Share capital	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
Ordinary shares of HK$0.04 (2011: HK$0.04) each				
Authorised:				
At 31 March 2011 and 2012 with HK$0.04 each	**3,000,000,000**	3,000,000,000	**120,000,000**	120,000,000
Issued and fully paid:				
At 1 April	**927,600,000**	915,110,000	**37,104,000**	36,604,400
Exercise of share options (note a)	**–**	12,490,000	**–**	499,600
At 31 March	**927,600,000**	927,600,000	**37,104,000**	37,104,000

(a) On 29 November 2010 and 16 December 2010, the Company allotted and issued 8,300,000 and 4,190,000 new shares of HK0.04 each pursuant to the exercise of share options. The exercise price was HK$0.74 and HK$1.14 per share respectively and transferred into the share capital of the Company. The gross proceeds from the share options are amounted to HK$10,918,600.

35. RESERVES

The Company

	Share premium HK$	Contributed surplus HK$	Capital redemption reserve HK$	Share options reserve HK$	Convertible notes reserve HK$	Translation reserve HK$	Retained profit HK$	Total HK$
At 31 March 2011	747,247,169	367,874	254,600	38,254,919	18,366,388	(2,449,800)	27,484,846	829,525,996
Equity component of convertible notes	–	–	–	–	(4,326,744)	–	–	(4,326,744)
Exchange reserve	–	–	–	–	–	(5,835,979)	–	(5,835,979)
Dividend paid	–	–	–	–	–	–	(13,914,000)	(13,914,000)
Profit for the year	–	–	–	–	–	–	(9,822,356)	(9,822,356)
At 31 March 2012	**747,247,169**	**367,874**	**254,600**	**38,254,919**	**14,039,644**	**(8,285,779)**	**3,748,490**	**795,626,917**

36. SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 (the "Pre-IPO Share Option Scheme") and another was adopted on 5 December 2006 (the "New Scheme").

(a) Pre-IPO Share Option Scheme

On 29 November 2000, the Company adopted a share option scheme which was valid and effective for a period not exceeding ten years commencing from 29 November 2000.

Under the Pre-IPO Share Option Scheme, the eligible participants (including any employee and executive director of the Company or any of its subsidiaries, who has full time employment with the Company or any such subsidiary at the time) may be granted an option to subscribe for shares of the Company.

The maximum number of shares in respect of which share options may be granted under the Scheme may not exceed, in nominal amount, 30% of the issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Scheme.

36. SHARE OPTION SCHEME (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

The offer of a grant of share options may be accepted within 21 days inclusive of, and from the date of the offer. The exercise period of the share options granted is determined by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the respective date when the share options are granted, subject to the provisions for any terminations thereof.

In respect of the share options to be granted after the listing of the Company's shares on the GEM of the Stock Exchange, the subscription price will be a price determined by the directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of grant of the particular option or the average of the closing prices of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the particular option or the nominal value of a share.

In respect of the share options granted prior to the listing of the Company's shares on the GEM of the Stock Exchange (the "Pre-IPO Share Options"), the subscription price of the Pre-IPO Share Options should not be less than the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no outstanding share option as at 31 March 2012.

The Directors consider that the Pre-IPO Share Options Scheme does not comply with certain supplementary guidance published by the Stock Exchange concerning Rule 23.03(13) of the GEM Listing Rules and the note immediately followed the rule. No further share options will be granted under the Pre-IPO Share Options Plan.

(b) New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

36. SHARE OPTION SCHEME (Continued)

(b) New Scheme (Continued)

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2010, the number of shares issuable under share options granted under the Share Option Plan was 203,450,000, which represented approximately 22% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

36. SHARE OPTION SCHEME (Continued)

(b) New Scheme (Continued)

				Number of share options								
Category participants	Date of grant	Exercise price HK$	Exercise period	Outstanding at 1 April 2010	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2011	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2012
Mr. Chau Cheok Wa	25.11.2010	1.540	25.11.2010-24.11.2020	–	910,000	–	–	910,000	–	–	–	910,000
				–	910,000	–	–	910,000	–	–	–	910,000
Mr. Lee Chi Shing, Caesar	19.08.2008	1.140	19.08.2008-18.08.2018	8,380,000	–	–	–	8,380,000	–	–	–	8,380,000
	09.02.2010	0.740	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	8,300,000
	25.11.2010	1.540	25.11.2010-24.11.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				16,680,000	9,150,000	–	–	25,830,000	–	–	–	25,830,000
Ms. Cheng Mei Ching	09.02.2010	0.900	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	8,300,000
	25.11.2010	1.540	25.11.2010-24.11.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				8,300,000	9,150,000	–	–	17,450,000	–	–	–	17,450,000
Mr. Tan Hong Kwong	19.08.2008	1.140	19.08.2008-18.08.2018	3,580,000	–	–	(3,580,000)	–	–	–	–	–
	27.08.2008	1.160	27.08.2008-26.08.2018	4,800,000	–	–	(4,800,000)	–	–	–	–	–
	09.02.2010	0.900	09.02.2010-08.02.2020	8,300,000	–	–	(8,300,000)	–	–	–	–	–
	25.11.2010	1.540	25.11.2010-24.11.2020	–	9,150,000	–	(9,150,000)	–	–	–	–	–
				16,680,000	9,150,000	–	(25,830,000)	–	–	–	–	–
Consultants in aggregate	13.08.2007	0.760	13.08.2007-12.08.2016	17,450,000	–	–	–	17,450,000	–	–	–	17,450,000
	17.08.2007	0.720	17.08.2007-16.08.2016	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000
	21.08.2007	0.690	21.08.2007-20.08.2017	9,600,000	–	–	–	9,600,000	–	–	–	9,600,000
	19.08.2008	1.140	19.08.2008-18.08.2018	53,860,000	–	–	–	53,860,000	–	–	–	53,860,000
	27.08.2008	1.160	27.08.2008-26.08.2018	4,800,000	–	–	–	4,800,000	–	–	–	4,800,000
	16.12.2009	0.740	16.12.2009-15.12.2019	24,900,000	–	(4,000,000)	–	20,900,000	–	–	–	20,900,000
	25.11.2010	1.540	25.11.2010-24.11.2020	–	19,210,000	–	–	19,210,000	–	–	–	19,210,000
	07.12.2010	1.740	07.12.2010-06.07.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				120,210,000	28,360,000	(4,000,000)	–	144,570,000	–	–	–	144,570,000
Other employees in aggregate	19.08.2008	1.140	19.08.2008-18.08.2018	8,380,000	–	(4,190,000)	–	4,190,000	–	–	–	4,190,000
	16.12.2009	0.740	16.12.2009-15.12.2019	33,200,000	–	(4,300,000)	–	28,900,000	–	–	–	28,900,000
	25.11.2010	1.540	25.11.2010-24.11.2020	–	9,150,000	–	–	9,150,000	–	–	–	9,150,000
				41,580,000	9,150,000	(8,490,000)	–	42,240,000	–	–	–	42,240,000
				203,450,000	65,870,000	(12,490,000)	(25,830,000)	231,000,000	–	–	–	231,000,000

36. SHARE OPTION SCHEME (Continued)

(b) New Scheme (Continued)

Notes:

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) The number of share options and exercised price had been adjusted following the completion of share consolidation.

(4) These fair values of the share options granted for the year ended 31 March 2012 were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

	The Group			
Date of grant	16 December 2009	9 February 2010	25 November 2010	7 December 2010
Number of share option	58,100,000	24,900,000	56,720,000	9,150,000
Share price at grant date (HK$)	0.74	0.89	1.54	1.74
Weighted average exercise price (HK$)	0.74	0.90	1.54	1.74
Expected volatility (expressed as weighted average volatility)	76.61%	75.08%	60.28%	59.75%
No. of years for option life (expressed as weighted average life)	10	10	10	10
Expected dividends	0%	0%	0%	0%
Risk-free interest rate	0.08%	0.18%	0.27%	0.35%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share options were granted for the year ended 31 March 2012 (2011: HK$11,147,000 in relation to share options granted by the Company). At 31 March 2012, the Company had 231,000,000 share options (2011: 231,000,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 231,000,000 (2011: 231,000,000) additional ordinary shares of HK$0.04 each (2011: HK$0.04 each) of the Company and additional share capital of HK$9,240,000 (2011: HK$9,240,000) and cash proceeds to the Company of HK$247,739,000 (2011: HK$247,739,000) (before share issue expenses).

37. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all its qualifying employees. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,000 for each of its employees to the Scheme per month, which contribution is matched by employees.

38. OPERATING LEASE ARRANGEMENTS

The Group had of approximately HK$12,177,000 (2011: HK$6,972,000) minimum lease payments under operating lease during the year in respect of office premises.

The Group as lessee

At the reporting date, the Group had commitments for future minimum lease payments in respect of office premises under non-cancellable operating lease which fall due as follows:

	2012 **HK$**	2011 HK$
Within one year	**7,819,340**	7,171,696
In the second to fifth year inclusive	**13,087,170**	17,813,359
After fifth year	**44,153,715**	46,063,903
	65,060,225	71,048,958

Operating lease payments represent rentals paid or payable by the Group for its office premises. Leases and rentals are negotiated for an average term of three years.

39. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 15 June 2012.

Five Year Financial Summary

Summary of the results, assets and liabilities of the Group is as follow:

	For the year ended 31 March				
	2012	2011	2010	2009	2008
	HK$	HK$	HK$	HK$	HK$
Results					
Turnover	**234,092,979**	201,294,347	181,409,919	181,843,565	40,422,046
Profit/(loss) before tax	**92,384,370**	52,464,373	264,000,848	51,438,135	6,782,327
Taxation	**(11,152,410)**	52,609,083	(9,814,383)	(16,482,507)	(4,346,906)
Profit/(loss) for the year from continuing operations	**81,231,960**	105,073,456	254,186,465	34,955,628	2,435,421
(Loss)/profit for the year from discontinued operations	**–**	–	–	(174,397)	155,068
	81,231,960	105,073,456	254,186,465	34,781,231	2,590,489

	At 31 March				
	2012	2011	2010	2009	2008
	HK$	HK$	HK$	HK$	HK$
Assets and liabilities					
Total assets	**2,160,385,141**	2,184,804,234	1,810,255,076	740,493,286	610,374,887
Total liabilities	**(540,479,803)**	(619,223,362)	(389,341,577)	(20,001,221)	(13,689,681)
Total assets and liabilities	**1,619,905,338**	1,565,580,872	1,420,913,499	720,492,065	596,685,206