




Mobile Telecom Network (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8266



Deliver Quality and Value
annual report 2012



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



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Corporate Information

EXECUTIVE DIRECTORS

Dr. Chan Chung (*Chairman*)
Mr. Chan Wai Kwong, Peter
Mr. Siu King Nin, Peter
Mr. Choi Ho Yan
Mr. So Haw, Herman

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chiu Wai Piu
Mr. Cheung Kwan Hung, Anthony
Mr. Heung Chee Hang, Eric

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2516, North Tower, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui, Kowloon, Hong Kong

COMPLIANCE OFFICER

Mr. Chan Wai Kwong, Peter

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

Mr. Cheung Kwan Hung, Anthony (*Chairman*)
Mr. Chiu Wai Piu
Mr. Heung Chee Hang, Eric

NOMINATION COMMITTEE

Dr. Chan Chung (*Chairman*)
Mr. Chiu Wai Piu
Mr. Cheung Kwan Hung, Anthony
Mr. Heung Chee Hang, Eric

AUTHORISED REPRESENTATIVES

Dr. Chan Chung
Mr. Chan Wai Kwong, Peter

COMPANY SECRETARY

Ms. Chang Kam Lai, CPA

LEGAL ADVISERS

Michael Li & Co

AUDITORS

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre
Lee Gardens Two, 28 Yun Ping Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
17M, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Standard Chartered Bank
23rd Floor, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

WEBSITE

www.mtelnet.com

STOCK CODE

8266

Schedule of Principal Properties

The following list contains properties held by the Group as at 31 March 2012:

1. INVESTMENT PROPERTY

Location	Term	Usage	Group's interest
Flat A, 52nd Floor, Tower 2, Manhattan Hill, No. 1 Po Lun Street, Kowloon, Hong Kong N.K.M.L. No. 3	Medium Lease	Residential	100%

2. PROPERTIES UNDER DEVELOPMENT

Location	Particulars of occupancy	Usage	The site and gross floor area	Group's interest
Two separate parcels of land located at Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, PRC	Vacant land as at the date of the annual report	Residential/ Commercial	Site area – approximately 173,602 square feet Gross floor area – approximately 504,313 square feet	66.66%



Chairman's Statement

Dear Shareholders,

I, here present to you the annual report of Mobile Telecom Network (Holdings) Limited (the "Company") for the financial year ended 31 March 2012.

The fiscal year of 2011/12 for the Company and its subsidiaries (collectively the "Group") has been a challenging one even with the mobile and smartphone technologies and platforms continue its tremendous growth. The Group maintains the mobile value added services ("MVAS") from the mobile operators' on-portal business under increase competitions and market demands. Meanwhile the Group attempts the emerging "off-portal" business, such as interactive gaming service where we partner with Electronic Art Mobile and THQ Wireless, marketing it directly to the consumers.

In expanding the Group's network and geographical business coverage, effort has been put into utilising our Mobilesurf service platform and GloDan (Global Data Network) to provide mobile entertainment and sports services to the Peoples' Republic of China (the "PRC") and South-East Asia. In the operators' consultation and services market, we carry on to offer a full range of multi-media services and business know-how to operators throughout the region, notably China Mobile for portals and e-business platforms development.

To broaden the Group's businesses, the Group has extended into hardware services through the acquisition of a partial stake in a factory producing smartphone and related technologies interface screens. The factory has partnered with a touch-screen chip manufacturer with solid sales to top tier end product manufactures therefore the acquisition will bring the Group up a level with fuller service catering the technology market in the coming years.

To enhance our revenue stream with solid assets, the Group has identified investment opportunities in order to diversify its existing business. The Group has completed an acquisition of certain property development projects in the PRC. The acquisition represents a good opportunity for the Group to tap into the growing PRC property development industry.

Looking ahead, the Group will continue to increase its competitiveness through the identified sectors and explore other opportunities during the expansion of our regional presence whilst providing customers with quality services.

Finally, I would like to express my sincere gratitude to all our shareholders and customers for their continuous care and support. I would also like to thank my management team and all our staff for their invaluable service, commitment and hard work throughout the past year. We will continue to strive to achieve growth and for the better future of the Group.

By order of the Board

Chan Chung
Chairman

Hong Kong, 26 June 2012



Management Discussion and Analysis

BUSINESS REVIEW

Financial Performance

Mobile Telecom Network (Holdings) Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded an audited loss of approximately HK\$26.86 million for the financial year ended 31 March 2012. The Group had a turnover of approximately HK\$31.60 million for the year compared to that of HK\$24.43 million last year. The increase in the revenue was attributable to our diversification into the apps development business. Unfortunately, apps development is labour intensive; resulting the Group to record a bigger loss as compared to HK\$5.16 million for the last year. A combination of higher employment and operation costs. Other reasons are the one-off professional fees arising from the acquisition of new subsidiaries and associates, the charging of fair value of the share-based payments to the directors and employees of the Group arising from newly granted share options under the share option scheme of the Company, the charging of imputed interests on the issued convertible bonds and the impairment loss in respect of goodwill related to an associate.

Segment Information

As at 31 March 2011, the Group was mainly engaged in the mobile data solutions business and therefore its reporting format was geographically segmented comprising Hong Kong/Macau, PRC, Australia, Singapore, Taiwan and others. During the year ended 31 March 2012, the Group has diversified into other businesses such as property development in the PRC and property investment in Hong Kong through acquisition of new subsidiaries.

The diversification of business has resulted in a re-designation of the Group’s reportable segments as compared with the reportable segments determined as in our last annual report. The Group’s reportable segments for the year ended 31 March 2012 are as follows:

- Mobile data solution business
- Property development
- Property investment



Management Discussion and Analysis

For the purpose of assessing segment performance and allocating resources between segments, the Group's top management monitors the results, assets and liabilities attributable to each reportable segment.

Whereas all the Group's revenue for the year ended 31 March 2012 was contributed by the segment of mobile data solution business, this was mainly attributable to that the diversification of businesses were being taken place during the year, particularly in the property development segment, it is common that such progress of development of saleable units would span over a year. No comparables for segment information could be given as the Group only had one operating segment, namely mobile data solution business, for the year ended 31 March 2011.

Products and Services

The Group has been refining current mobile value added services ("MVAS"), like Soccer Express utilising the unique GloDan (Global Data Network) network connections to emphasize on application developments and mobile advertising due to the market permeation by the iPhone and other smartphones. The Group is also expanding into businesses like Games and related entertainment application developments like Bearadise 2, Sooff, Mobilesurf service and movie mobile application connecting major cinema line ticketing services with 6 mobile operators in HK to complement the mobile business. Other areas are, application developments for consumer clients for example mobile banking application for China Construction Bank Asia; content management and delivery system to Hong Kong Jockey Club; and multi-media services and business know-how to mobile operators under our strong content portfolios and our large library of offerings in 3G services provisioning in Hong Kong and Macau.

To diversify our business focus, the Group has been exploring into other areas of business opportunities. Focus has been put into the exploration of opportunities, both in the People's Republic of China (the "PRC") and Hong Kong. The former being part of a project to provide residential units to the PRC market to capitalise on the boom of the forever increasing living standard of the Mainland Chinese population; whilst the latter is to provide a residential leasing to local Hong Kong population which may be the beginning of property management.

Another major focus is the sale and production of liquid crystal display (the "LCD") and touch-screen panels, the target is to provide the top tier market in the PRC and perhaps South East Asia with functional and relatively non-costly products but with a healthy margin during the capturing of the wider and popularized computer and related technology market.

We believe the Group will benefit from the enhancement and diversification of business focuses into these new areas.



Management Discussion and Analysis

Sales and Marketing Activities

The mobile industry has transformed to sophisticated customer requiring high quality services and enterprise applications. The Group therefore has embarked more significantly on mobile application development specifically in conjunction with mobile marketing for better user experience and enables us to target promotions to individuals. The Group has also formed several alliances with strategic media partners to leverage its expertise to explore and enhance our media revenue. Focused on carefully selected customer segments, namely the youth and sport fans community, tailor-made products and services have been developed with local operators to capture the more customers.

In the residential real estate development in the PRC the project is still in its juvenile stage and further planning is required. As for the residential leasing in Hong Kong, the property has been successfully let out and providing the company with asset foundations and stable return.

On the frontier of LCD and touch-screen panel business, the operation is slowly making break through after forming partnerships with chip manufacturers to provide them tailored services. The act provided a trusted name for the unit and an increase of orders is starting to come in.

PROSPECT

With Hong Kong seems to be slowly recovering from the worldwide financial crisis, the Group has been increasing its investment in human resources on strengthening key business in key markets and exploring new business.

Flourished and popular, the mobile entertainment market is getting increasingly competitive particularly when large corporations creating new divisions to enter this market in style. The Group will continue to explore new opportunities and diversify its dependence on mobile service provisioning both in premium services and advertising model associated with existing channels, mobile operators business and mobile application. For example, in servicing we expand content aggregation business to include IP rights management for our partners. In some new markets such as Philippines, the Group will act as a master content aggregator on behalf of the local operators and define business to maximise revenue whilst minimise resources allocation. The Group shall also extend more business relationships with WiFi service providers and handset/tablet manufacturers as there are increasingly more devices which support WiFi connection.



Management Discussion and Analysis

The Group is working closely with mobile operators to strengthen our sports channel as well as the new football services. Other content services, such as Entertainment, Lifestyle & Leisure, Dining, Movie, Cartoon, Games, Fortune Telling, etc. will be our focuses as well especially with Asian contents for Chinese communities.. To support this, the Group is to sign up with more content partners and technology providers including established brands and leading gaming companies to target youth lifestyle applications & services such as dating services, mobile blogging, and mobile comics.

Overall, the uptake of 3.5G services into 4G technologies will bring a shift in the dynamics of the market in Asia, especially in Greater China market. The market is likely to move to a more advanced internet and multimedia-based content, we plan to make use of our advantages and experience to provide a variety of rich-media content with operators and new potential platform on 4G iPhone across the Asian markets.

On the PRC real estate market, the financial crisis has hit the sentiment hard; the entailed effect might last for a while after worldwide central banks are required to take moves to assist. The PRC government on the outlook of the country plus other regional reasons have had the PRC government to push and alter various policies, which will also affect the outcome of the development project; however residential need is a basic requirement for the large population especially for the newly-weds and younger generation moving up the social ladder plus the wish of returning to birthplace and family reunion. In view of these we remain optimistic to the development, nonetheless we will exercise caution during our execution of the plan.

On the LCD and touch-screen panels front, the acquisition of 33.33% interests in a manufacturing plant of LCD and touch-screen panels, we have the aims to broaden the Group's businesses. With future possible opportunity to increase the stake in the plant, our plant is currently in partnership with a touch-screen manufacturer with solid sales to top tier "touch-screen tablets" manufacturers in the PRC.

Touch-screen panels are used in many applications and most notably the latest hit is on mobile phones and tablets. These are driven heavily first by Apple and now also Samsung, HTC and Blackberry. Divided in several pricing categories and technical cost being driven down, there are now cheaper versions of the same technology providing consumers devices with the interface. For the high end mobile products, the sales is evident through the revenue of those larger technology cooperations like Apple. At the other end, the low end products, such as the US\$100 device categories they also have their own marketability, the mass market especially in emerging countries. Recent researches compiled from various sources show that this low category is predicted to have a world sales up to 500 million units per year.



Management Discussion and Analysis

In other applied areas, touch-screen panels have found their use due to the user-friendly controllability and interface, the trend can easily be predicted as some of their applications have already slowly emerge to those consumers. Within these areas the applications of the technology, for example the heavy industrial for direct machinery controls, medical for cleanliness and easy control and entertainment/media mediums like televisions or computer screens for better users experience, have thrived immensely as it greatly improved the operational side of these industries. It is therefore only natural for the technology to be integrated furthermore. Through the increasing awareness of the ability and potential of the touch-screen panel, it can only be predicted that this technology will be evermore applied.

On 22 February 2012 and as supplemented by the supplemental agreement dated 15 March 2012, the Group has entered into an agreement to acquire a 75% interest of a company and its subsidiaries (the “Target Group”) that engages in trading of electronic parts and components in relation to display modules and touch panel modules whereas it also provides professional solution with engineering services to meet individual customer needs.

In order to diversify the Group’s existing business through horizontal integration and maximise the return of the shareholders, the Group have been identifying further investment opportunities. As the electronic parts traded by the Target Group are used by the existing LCD and touch-screen panel production operations of the Group, the acquisition of the Target Group will ensure a stable and consistent supply of such electronic parts at a competitive price for the existing LCD and touch-screen panel production. Also, integrating with the professional product solutions for display modules and touch panel modules provided by the Target Group will enhance the competitiveness and bargaining power of the Group’s LCD and touch-screen panel production and as a result has the ability to sell at a higher price and/or higher margins.

As at the date of this report, this proposed acquisition is still in progress. Since this proposed acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules. A circular containing, among other matters, (i) further details of the proposed acquisition; (ii) the accountants’ report on the Target Group; (iii) the unaudited pro forma financial information of the enlarged group; and (iv) a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules. For details of this proposed acquisition, reference can be made to the announcement made by the Company on 15 March 2012.



Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group financed its operations with internally generated cash flow and the net proceeds from open offer. As at 31 March 2012, the Group had net current assets of approximately HK\$47,718,000 (2011: HK\$23,708,000), of which approximately HK\$8,797,000 (2011: HK\$24,883,000) were bank and cash balances. The Group's other current assets recorded at 31 March 2012 mainly comprised approximately HK\$8,569,000 (2011: HK\$4,438,000) in trade and other receivables, which increased by 93.1% when compared with previous year, approximately HK\$59,986,000 in properties under development (2011: HK\$Nil) and approximately HK\$12,032,000 in Put Options of convertible bonds (2011: HK\$Nil). Current liabilities of the Group increased by 585.0% amounting to approximately HK\$45,080,000 (2011: HK\$6,581,000), including mainly trade and other payables in the amount of approximately HK\$11,541,000 (2011: HK\$6,568,000), amount due to an associate in the amount of approximately HK\$4,297,000 (2011: HK\$Nil) and liability component of convertible bonds in the amount of approximately HK\$28,494,000 (2011: HK\$Nil). The Group has no committed borrowing facilities throughout the year.

GEARING RATIO

The gearing ratio of the Group, based on total liabilities to shareholders' equity, was 0.46 as at 31 March 2012 (2011: 0.16).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are mainly denominated in Hong Kong Dollars and Renminbi, the impact of foreign exchange exposure to the Group is considered minimal in this respect and no hedging or other arrangements to reduce the currency risk have been implemented.

The other information of foreign exchange and currency risks of the Group is set out in note 5 to the financial statements.

CAPITAL STRUCTURE

On 20 June 2011, 588,567,428 new shares of US\$0.01 each were issued by way of open offer at a subscription price of HK\$0.1 per share. Details were disclosed in the Company's announcement dated 4 April 2011, the circular dated 4 May 2011 and the prospectus dated 25 May 2011.

On 14 September 2011, 1,000,000 new shares of US\$0.01 each were issued and allotted during the year upon exercise of share options granted by the Company.

Save as disclosed above, there was no change in the capital structure of the Company during the year ended as at 31 March 2012.



Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS

- (a) On 3 June 2011, the Group completed the acquisition of the entire issued shares in Best Team International Investment Limited (“Best Team”) from Mr. Poon Sum and Mr. Poon Sau Tin (both are connected persons of the Company) for a total consideration of HK\$65,000,000. Best Team is an investment holding company and has 100% equity interest in a subsidiary established in the PRC which is engaged in investment holding, through which, indirectly holds 66.66% equity interest in a subsidiary and 25% equity interest in an associate, both were established in the PRC and are principally engaged in property development in the PRC. Convertible bonds in the principal amount of HK\$33,000,000 and 100,000,000 warrants at issue price of HK\$0.02 per warrant were issued by the Company to Mr. Poon Sum and Mr. Poon Sau Tin as part of the consideration. Details of the transaction were set out in the Company’s announcement dated 15 February 2011 and the circular dated 29 April 2011.
- (b) On 31 August 2011, the Group completed the acquisition of the entire issued shares in Star Global Industries Limited (“Star Global”) and a shareholder loan amounting to HK\$2,731,179 from an independent third party for a total cash consideration of HK\$2,731,180. On the date of acquisition, Star Global is committed to purchase a residential property under a formal agreement entered into between Star Global and the vendor of the property for the sale and purchase of the property. The consideration for the sale and purchase of the property is HK\$28,800,000. Completion of the formal agreement took place on 19 September 2011. Details of the transaction were set out in the Company’s announcement dated 31 August 2011.
- (c) On 24 October 2011, the Group completed the acquisition of 33.33% of the issued share capital of Jun Feng Enterprise (HK) Limited (“Jun Feng”) for a total consideration of HK\$20,000,000 which is comprised of a cash of HK\$10,000,000 and convertible bonds with principal amounts of HK\$10,000,000. Jun Feng and its subsidiaries are engaged in the sale and production of liquid crystal display and touch-screen panels. Details of the transaction were set out in the Company’s announcement dated 28 September 2011.

Save as disclosed above, the Group did not make material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2012.

CHARGES ON THE GROUP’S ASSETS

As at 31 March 2012, a leased motor vehicle was charged to secure the Group’s finance lease payables.

Save as disclosed, the Group did not have charges on its assets.



Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not have any contingent liabilities.

EMPLOYEE INFORMATION

As at 31 March 2012, the Group had a total of 80 employees in Hong Kong and the PRC. The Group's employees are remunerated in accordance with their work performance, experience and prevailing industry practices. Total staff costs, including Directors' emoluments, amounted to approximately HK\$24,816,000 for the year ended 31 March 2012 (2011: HK\$13,996,000). Share options and bonuses are also available to the Group's employees at the discretion of the Directors and depending upon the financial performance of the Group.



Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Dr. Chan Chung (“Dr. Chan”), aged 55, is a founder, an executive Director, chief executive officer and chairman of the Group. Dr. Chan is responsible for formulating the overall business plan and the corporate strategies of the Group. Further, Dr. Chan is a founder of Silicon Genesis Corporation, a high technology company in the United States. Dr. Chan has been elected as a fellow of the Institute of Electrical and Electronics Engineers in the United States and graduated with a doctor degree in philosophy from the University of Iowa in 1981.

Mr. Chan Wai Kwong, Peter (“Mr. Chan”), aged 58, is an executive Director and the compliance officer of the Group. Mr. Chan is responsible for overseeing and supervising the administration of the Group. Mr. Chan is an independent non-executive director of Century Ginwa Retail Holdings Limited (Stock code: 162), whose shares are listed on the Stock Exchange. Mr. Chan graduated with a bachelor of arts degree in social science from the University of Western Ontario, Canada in 1978.

Mr. Chan was an executive director of China Solar Energy Holdings Limited (Stock code: 155) and Tai Shing International (Holdings) Limited (Stock code: 8103), whose shares are listed on the Stock Exchange and GEM respectively, from 8 April 2002 to 30 April 2012 and 25 January 2011 to 15 March 2012, respectively.

Mr. Siu King Nin, Peter (“Mr. Siu”), aged 71, is an executive Director and is responsible for the formulation and execution of business strategies as well as corporate management of the Group. Mr. Siu has had over 35 years of experience in the banking and financial services sector serving at senior management level in various leading banks and financial institutions in the United States, Canada and Hong Kong.

Mr. Choi Ho Yan (“Mr. Choi”), aged 36, is an executive Director. Mr. Choi graduated from the University of Hertfordshire, United Kingdom with a Bachelor of Accounting degree. Mr. Choi has over 13 years of experience in auditing, accounting, corporate finance and investor relations experience gained from his previous employment. Mr. Choi was an accountant at Ernst and Young from 1998 – 2004, moving from the positions of staff accountant to senior accountant, and overseeing audit work for projects related to initial public offerings of several companies, as well as other related work for listed companies. During his time as a chief financial officer for a company listed on the stock exchange of the Singapore Exchange Limited from 2004 – 2010, he oversaw the investor relations programme as well as the accounting and financial functions of that company.



Biographical Details of Directors and Senior Management

Mr. So Haw, Herman (“Mr. So”), aged 30, has newly been appointed as an executive Director on 7 June 2011. Mr. So attained his Bachelor of Mechanical Engineering (with honours and IMechE accreditation) in University of London, United Kingdom and Master of Oceanography (with IMarEST accreditation) in University of Southampton, United Kingdom in 2004 and 2005, respectively. Since his graduation, he has worked in Geotek Ltd. as a geophysicist/engineer for around 11 months and later pursued his career in the banking business. He has worked in China Construction Bank (Asia) Corp. Ltd., Hong Kong for more than 3.5 years. During that period, he has served a host of multi-national clients, including but not limited to corporate financing, and banking services. Prior to joining the Company, he worked as an executive director and vice general manager in a private business group, overseeing real estate development projects, commercial and residential re-design projects, and merger and acquisition projects of that private business group.

Independent non-executive Directors

Mr. Chiu Wai Piu (“Mr. Chiu”), aged 65, was appointed as an independent non-executive Directors on 30 July 2010. Mr. Chiu is a very experienced and reputable journalist and has over 42 years of experience in journalism. He has been a reporter, an editor, a main news assignment editor, a local news assignment editor, a managing editor and an editorial writer in newspapers and a senior research officer in “One Country Two Systems Research Institute”. Mr. Chiu has been the founding treasurer and the chairman of the “Hong Kong Federation of Journalists”. In 2006, he was elected as the Vice Secretary – General and Treasurer of the “Hong Kong Federation of Journalists”; and he was also elected as the Director-General in 2009. Mr. Chiu has, for many years, devoted himself wholeheartedly in boosting cooperation among local journalists, enhancing professional conduct of journalists and developing the relationship and advocating the interchange of knowledge between journalists in Hong Kong and Mainland China. His contribution in this field is highly praised and recognized. Mr. Chiu currently serves as an independent non-executive Director of Jiwa Bio-Pharm Holdings Limited and Lo’s Enviro-Pro Holdings Limited.

Mr. Cheung Kwan Hung, Anthony (“Mr. Cheung”), aged 60, was appointed as an independent non-executive Director on 18 August 2010. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has tens of years of experience in accounting, finance and investment banking specializing in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring. He was also an executive director of publicly listed companies undertaking corporate management, planning and strategies development functions. Currently, he is an independent non-executive director of NewOcean Energy Holdings Limited (Stock code: 342), Great Harvest Maeta Group Holdings Limited (Stock code: 3683) and PetroAsian Energy Holdings Limited (Stock code: 850), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).



Biographical Details of Directors and Senior Management

Mr. Heung Chee Hang, Eric (“Mr. Heung”), aged 44, was appointed as an independent non-executive Director on 18 August 2010. Mr. Heung is a practicing solicitor in Hong Kong with current practice in general litigation and commercial matters. He graduated with a degree of Laws from the University of Leicester, England. Mr. Heung was admitted as a solicitor of the Supreme Court of Hong Kong in 1995. He is currently a partner of Tung, Ng, Tse & Heung, Solicitors. He is an independent non-executive director of Noble Jewelry Holdings Limited (Stock code: 475), a company of which shares are listed on the Stock Exchange.

SENIOR MANAGEMENT

Ms. Chang Kam Lai (“Ms. Chang”), is the Company Secretary of the Group. Ms. Chang joined the Group in June 2010. Ms. Chang is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and has more than 11 years of experience in the accounting and auditing fields.

Mr. Wong Ming Wai (“Mr. Wong”), aged 36, is the president of business development (Asia Pacific Operation) of the Group. Mr. Wong joined the Group in November 2002. Mr. Wong is responsible for developing new business and revenue streams for the Group. Mr. Wong has over 15 years of experience in business development and marketing in mobile and I.T. industries. Mr. Wong holds a Bachelor of Mathematics degree from the University of Waterloo, Ontario, Canada.

Mr. Tsang Yue Shun (“Mr. Tsang”), aged 35, is the vice president of I.T. and operations of the Group. Mr. Tsang joined the Group since its inception in November 2000. Mr. Tsang is responsible for overseeing the network department and the project-based business of the Group. Mr. Tsang graduated with a bachelor degree in information technology from City University of Hong Kong in 2001 and further obtained his master degree in electronic commerce from the same university in 2007. Mr. Tsang joined the Group prior to the graduation of his first degree.

Mr. Mo King Wong (“Mr. Mo”), aged 52, is the vice president of business development (China Operation) of the Group. Mr. Mo joined the Group in December 2004 and is responsible for coordinating the Group’s operation in the Mainland China. Mr. Mo graduated with a bachelor degree in computer science and accounting from University of Wales, United Kingdom. Before joining the Group, he worked for an international bank for years.

Mr. Chau Ho Wai (“Mr. Chau”), aged 29, is the head of IT and Business Solutions of the Group. Mr. Chau has been managing and developing the Corporate Solutions business unit since he joined the Group in 2005 and managing the IT department since early 2009. Mr. Chau has over 9 years of experience in IT industry. Mr. Chau attended the Hong Kong Polytechnic University.



Report of the Directors

The Directors submit their report together with the audited financial statements of the Company and the Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 20 to the financial statements. The Group is principally engaged in the development, provision and sale of mobile and internet communication telecommunications and other related services in Hong Kong and other Asia Pacific countries.

An analysis of the Group's performance for the year by business segments is set out in note 8 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2012 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 40 to 117.

The Directors do not recommend the payment of a dividend (2011: HK\$Nil).

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in note 32 to the financial statements.

DONATIONS

The donations made by the Group during the year amounted to HK\$11,760 (2011: HK\$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

CONVERTIBLE BONDS

Particulars of convertible bonds of the Group and the Company as at 31 March 2012 are set out in notes 27 and 34(a) to the financial statements.



Report of the Directors

WARRANTS

Particulars of warrants of the Group and the Company as at 31 March 2012 are set out in notes 32(c)(vi) and 34(a) to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties held for development and for investment purposes are set out on page 4 of the annual report.

DISTRIBUTION RESERVES

Distribution reserves of the Company at 31 March 2012 amounted to HK\$Nil. Under section 34 of the Companies Law (Revised) of the Cayman Islands, the share premium is available for distribution to shareholders subject to the provisions of the Articles of Association of the Company, and no distribution may be paid to shareholders out of the Company's share premium unless the company shall be able to pay its debts as they fall due in the ordinary course of business.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 31 to the financial statements.

PRE-EMPTIVE RIGHTS

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the five financial years ended to 31 March 2012 is set out on page 118 of the annual report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares since the date of listing. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares since the date of listing.

Report of the Directors

SHARE OPTIONS RULES

The Company adopted a share option scheme (the “Share Option Scheme”) and the Pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 27 March 2003. Details of the share options are set out below:

(i) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO Share Option Scheme, certain Directors and participants have been granted options to subscribe for shares.

As at 31 March 2012, options to subscribe for a total of 414,647 option shares were still outstanding under the Pre-IPO Share Option Scheme which represents approximately 0.035% of the issued ordinary shares of the Company.

The Pre-IPO Share Option Scheme has remaining unexpired period of 1 year.

Details of the share options granted under the Pre-IPO Share Option Scheme outstanding as at 31 March 2012 are set out below:

Name	Date of grant	Number of Share Options				Outstanding as at 31 March 2012	Approximate percentage of issued share capital	Option period	Consi-deration for the grant of the option HK\$	Exer-cise price per share HK\$
		Outstanding as at 1 April 2011	Granted during the year	Exercised during the year	Lapsed during the year					
Other Participants										
Employees in aggregate <i>(Note 1)</i>	9 February 2007	10,000	2,565 <i>(Note 2)</i>	–	–	12,565	0.001%	9 February 2007 – 8 February 2017	1.00	0.078 <i>(Adjusted)</i>
	12 February 2008	20,000	5,130 <i>(Note 2)</i>	–	–	25,130	0.002%	12 February 2008 – 11 February 2018	1.00	0.152 <i>(Adjusted)</i>
Business Consultant										
Young Antony, Michael	27 March 2003	300,000	76,952 <i>(Note 2)</i>	–	–	376,952	0.032%	9 May 2003 – 8 May 2013	1.00	0.091 <i>(Adjusted)</i>
		330,000	84,647	–	–	414,647	0.035%			

Notes:

- Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).
- As a result of completion of the open offer, the number of outstanding share options and exercise price per share have been adjusted.

Save as disclosed above, no options pursuant to the Pre-IPO Share Option Scheme have been exercised and cancelled during the period under review.

Report of the Directors

SHARE OPTIONS RULES (Continued)

(ii) Share Option Scheme

The Company operates the Share Option Scheme for the purpose of granting options to any full-time employees, executive or officers, directors of the Company or any of the subsidiaries and any suppliers, consultants, agents and/or advisers who have contributed to the Company and/or of its subsidiaries as incentives and rewards for their contribution to the Company and/or its subsidiaries (the “Eligible Participants”).

As at 31 March 2012, options to subscribe for a total of 18,814,126 option shares were still outstanding under the Share Option Scheme which represents approximately 1.598% of the issued ordinary shares of the Company.

The Share Option Scheme has remaining unexpired period of 1 year.

Details of the movement of the share options granted under the Share Option Scheme during the year are set out below:

Name	Date of grant	Number of Share Options				Outstanding as at 31 March 2012	Approximate percentage of issued share capital	Option period	Consi-deration for the grant of the option HK\$	Exercise price per share HK\$
		Outstanding as at 1 April 2011	Granted during the year	Exercised during the year	Lapsed during the year					
Executive Director										
Dr. Chan Chung	29 June 2011	–	3,000,000 (Note 3)	–	–	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Chan Wai Kwong, Peter	29 June 2011	–	3,000,000 (Note 3)	–	–	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Siu King Nin, Peter	29 June 2011	–	3,000,000 (Note 3)	–	–	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Choi Ho Yan	29 June 2011	–	3,000,000 (Note 3)	–	–	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. So Haw, Herman	29 June 2011	–	1,000,000 (Note 3)	–	–	1,000,000	0.085%	29 June 2011 – 28 June 2021	1.00	0.140
Independent non-executive Director										
Mr. Chiu Wai Piu	29 June 2011	–	500,000 (Note 3)	–	–	500,000	0.042%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Cheung Kwan Hung, Anthony	29 June 2011	–	500,000 (Note 3)	–	–	500,000	0.042%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Heung Chee Hang, Eric	29 June 2011	–	500,000 (Note 3)	–	–	500,000	0.042%	29 June 2011 – 28 June 2021	1.00	0.140
Other Participants										
Employees in aggregate (Note 1)	17 February 2010	250,000	64,126 (Note 2)	–	–	314,126	0.027%	17 February 2010 – 16 February 2020	1.00	0.107 (adjusted)
	29 June 2011	–	5,000,000 (Note 3)	(1,000,000) (Note 4)	–	4,000,000	0.340%	29 June 2011 – 28 June 2021	1.00	0.14
		250,000	19,564,126	(1,000,000)	–	18,814,126	1.598%			



Report of the Directors

SHARE OPTIONS RULES *(Continued)*

(ii) Share Option Scheme *(Continued)*

Notes:

1. Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).
2. As a result of completion of the open offer on 20 June 2011, the number of outstanding share options and the exercise price per share have been adjusted.
3. At 28 June 2011, the date before the options were granted, the market value per share was HK\$0.132.
4. Exercise date was 9 September 2011. At the date before the options were exercised, the market value per share was HK\$0.160.

The value of the options granted during the year is approximately HK\$1,267,000, based on the Binomial option pricing model. The significant inputs into the model were share price of HK\$0.14 at the grant date, exercise price shown above, expected volatility of 100%, expected life of 10 years, expected dividend paid out rate of nil and annual risk-free interest rate of 2.29%. The Binomial option pricing model is developed to estimate the fair value of the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

Save as disclosed above, no options pursuant to the Share Option Scheme have been exercised and cancelled during the period under review.



Report of the Directors

SHARE OPTIONS RULES *(Continued)*

(ii) **Share Option Scheme** *(Continued)*

The following is a summary of the principal terms of the Share Option Scheme:

(a) Maximum number of Shares

Pursuant to the terms of the Share Option Scheme, the maximum number of ordinary shares (the “Shares”) of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and Pre-IPO Share Option Scheme must not in aggregate exceed 44,000,000 Shares, representing 10% of the Shares in issue as at the date of commencement of dealings of the Shares on the GEM of the Stock Exchange. Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share options scheme(s) will not be counted for the purpose of the 10% limit.

(b) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(c) Price of Shares

The subscription price for a Share in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the higher of (a) the closing price of one Share as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day; (b) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.



Report of the Directors

SHARE OPTIONS RULES *(Continued)*

(ii) Share Option Scheme *(Continued)*

(d) Granting options to connected persons

Any grant of options to a Director, chief executive, management shareholder or substantial shareholder of the Company or any of their respective associates as defined in the GEM Listing Rules is required to be approved by the independent non-executive Directors (excluding an independent non-executive Director who is the grantee of the options).

If the Board proposes to grant options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or any independent non-executive Director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue on the date of the offer; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares at the date of each offer,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons (as defined in the GEM Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the GEM Listing Rules from time to time. A connected person (as defined in the GEM Listing Rules) of the Company will be permitted to vote against the grant only if this intention to do so has been stated in the circular.

Details of the principal terms of the Share Option Scheme are set out in the IPO Prospectus.



Report of the Directors

SHARE OPTIONS RULES *(Continued)*

(ii) Share Option Scheme *(Continued)*

(e) Time of exercise of option

The date of grant and acceptance of any particular option is the date when the duplicated offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted and accepted.

DIRECTORS

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

Executive Directors

Dr. Chan Chung (*Chairman*)

Mr. Chan Wai Kwong, Peter

Mr. Siu King Nin, Peter

Mr. Choi Ho Yan

Mr. So Haw, Herman (appointed on 7 June 2011)

Independent non-executive Directors

Mr. Chiu Wai Piu

Mr. Cheung Kwan Hung, Anthony

Mr. Heung Chee Hang, Eric

In accordance with Article 87 of the Company's Articles of Association, Mr. Chan Wai Kwong, Peter, and Mr. Chiu Wai Piu will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric are independent non-executive Directors and were appointed for a two-year term expiring on 29 July 2012, 17 August 2012 and 17 August 2012, respectively.



Report of the Directors

DIRECTORS *(Continued)*

Emoluments of the Directors and the five highest paid individuals

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in note 12 to the financial statements.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management (including the professional qualification of the Company Secretary) are set out on pages 14 to 16.



Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2012, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as notified to the Company and the Stock Exchange, were as follows:

Long positions in shares – interests in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of issued share capital
Dr. Chan Chung	Beneficial owner	38,448,904	3.26%
Mr. Chan Wai Kwong, Peter	Beneficial owner	216,072	0.02%
		38,664,976	3.28%

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

Long positions in underlying shares of equity derivatives – interests in options of the Company

Name of Director	Capacity	Date of grant	Number of underlying shares	Approximate percentage of issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
Dr. Chan Chung (Note)	Beneficial owner	29 June 2011	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Chan Wai Kwong, Peter (Note)	Beneficial owner	29 June 2011	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Siu King Nin, Peter (Note)	Beneficial owner	29 June 2011	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Choi Ho Yan (Note)	Beneficial owner	29 June 2011	3,000,000	0.255%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. So Haw, Herman (Note)	Beneficial owner	29 June 2011	1,000,000	0.085%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Chiu Wai Piu (Note)	Beneficial owner	29 June 2011	500,000	0.042%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Cheung Kwan Hung, Anthony (Note)	Beneficial owner	29 June 2011	500,000	0.042%	29 June 2011 – 28 June 2021	1.00	0.140
Mr. Heung Chee Hang, Eric (Note)	Beneficial owner	29 June 2011	500,000	0.042%	29 June 2011 – 28 June 2021	1.00	0.140
			14,500,000	1.231%			

Note: All of the above share options to Directors were granted under the Share Option Scheme and are physically settled equity derivatives.

Save as disclosed above, as at the date of this report, none of the Directors and chief executives of the Company has or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2012, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the issued share capital of the Company.

Long positions in shares – interests in the Shares

Name of substantial shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital
China Oil Resources Group Limited	Beneficial owner	355,571,722	30.18%
PetroAsian Energy Holdings Limited ("PetroAsian Energy")	(Note 1)	355,571,722	30.18%
Vodatel Information Limited	Beneficial owner	155,419,392	13.19%
Vodatel Networks Holdings Limited ("Vodatel")	(Note 2)	155,419,392	13.19%
			43.37%

Long position in underlying shares of equity derivatives

Name of substantial shareholder	Capacity	Number of Shares held	Approximate percentage of the issued share capital
Mr. Poon Sum	Beneficial owner	175,226,994 (Note 3)	14.87%
Mr. Poon Sau Tin	Beneficial owner	175,226,993 (Note 3)	14.87%
Mr. Ke Lizhi	Beneficial owner	68,965,517 (Note 4)	5.85%
			35.59%



Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(Continued)*

Long positions in shares – interests in the Shares *(Continued)*

Notes:

1. PetroAsian Energy is deemed, by virtue of the SFO, to be interested in the 355,571,722 shares held by China Oil Resources Group Limited as China Oil Resources Group Limited is a direct wholly-owned subsidiary of PetroAsian Energy. PetroAsian Energy is a company incorporated in the Cayman Islands whose shares are listed on the Main Board (Stock code: 850). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of PetroAsian Energy or in accordance with whose directions or instructions PetroAsian Energy or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which PetroAsian Energy is interested under the SFO will be deemed to be interested in the 355,571,722 shares which PetroAsian is deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in PetroAsian Energy can be found in the information published by PetroAsian Energy from time to time and from the website of the Stock Exchange at www.hkex.com.hk. According to the latest interim report of PetroAsian Energy, as at 30 September 2011, no person was interested or deemed to be interested in more than one-third of the then issued share capital of PetroAsian Energy.
2. Vodatel is deemed, by virtue of the SFO, to be interested in the 155,419,392 shares held by Vodatel Information Limited as Vodatel Information Limited is a direct and wholly owned subsidiary of VDT Mobile Holdings Limited which is a direct and wholly owned subsidiary of Vodatel Holdings Limited, a direct and wholly owned subsidiary of Vodatel. Vodatel is a company incorporated in Bermuda whose shares are listed on GEM (Stock code: 8033). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Vodatel or in accordance with whose directions or instructions Vodatel or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Vodatel is interested under the SFO will be deemed to be interested in the 155,419,392 shares which Vodatel is deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Vodatel can be found in the information published by Vodatel from time to time and from the GEM website at www.hkgem.com. According to the annual report of Vodatel, as at 31 December 2011, Mr. Jose Manuel Dos Santos, Miss Lei Hon Kin, Eve Resources Limited, Ocean Hope Holdings Limited and HSBC International Trustee Limited were interested or deemed to be interested in more than one-third of the then issued share capital of Vodatel.
3. These underlying shares represent the new ordinary shares to be allotted and issued upon the conversion of convertible bonds by Mr. Poon Sum and Mr. Poon Sau Tin with aggregate principal amount of HK\$33,000,000 at adjusted conversion price of HK\$0.163 per conversion share and the exercise of warrants by Mr. Poon Sum and Mr. Poon Sau Tin to subscribe for up to HK\$22,200,000 in cash at adjusted exercise price of HK\$0.150 per share.
4. These underlying shares represent the new ordinary shares to be issued upon the conversion of convertible bonds with principal amount of HK\$10,000,000 at conversion price of HK\$0.145 per conversion shares.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 March 2012.



Report of the Directors

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

– the largest supplier	23.5%
– five largest suppliers in aggregate	38.7%

Sales

– the largest customer	22.8%
– five largest customers in aggregate	32.6%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

CONNECTED TRANSACTIONS

On 3 June 2011, the Group acquired the entire issued share capital of Best Team International Investment Limited from Mr. Poon Sum and Mr. Poon Sau Tin. Mr. Poon Sum and Mr. Poon Sau Tin are substantial shareholders of PetroAsian Energy Holdings Limited which is a substantial shareholder of the Company.

Save as disclosed above, there were no other transactions to be disclosed as connected transactions and certain related party transactions as disclosed in note 37 to the financial statements also did not constitute connected transactions in accordance with the requirements of Chapter 20 of the GEM Listing Rules.



Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares at 26 June 2012.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on page 32 of the annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members comprising all independent non-executive Directors namely Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric. The Company's annual results for the year ended 31 March 2012 have been reviewed by the audit committee of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

AUDITORS

The financial statements for the year ended 31 March 2012 have been audited by RSM Nelson Wheeler. A resolution for re-appointment of RSM Nelson Wheeler as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Ting Ho Kwan & Chan resigned as auditors of the Company on 30 April 2012, and RSM Nelson Wheeler was appointed as auditor of the Company to fill the casual vacancy created by the resignation of Ting Ho Kwan & Chan at the extraordinary general meeting of the Company held on 30 April 2012. Save as disclosed above, there was no change in auditor during the past three years.

On behalf of the Board

Chan Chung
Chairman

Hong Kong, 26 June 2012



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieve high standard of corporate governance practices enhancing greater transparency and quality of disclosure as well as more effective internal control.

The Company has complied with the code provisions set out in the Corporate Governance Code (the “Code Provisions”) except Code Provision A.2.1 and A.4.2, as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2012. Details of the deviations are set out in the relevant sections below.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in GEM Listing Rules 5.48 to 5.67 as the code of conduct regarding Directors’ securities transactions of the Company. The Company has made specific enquiry of all Directors, all Directors confirmed that they have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 March 2012.

BOARD OF DIRECTORS AND BOARD MEETING

The board of Directors (the “Board”) of the Company comprises eight Directors, including the chairman who is an executive Director, additional four executive Directors and three independent non-executive Directors. One of the independent non-executive Directors is a qualified accountant who has appropriate accounting or related financial management expertise. The Company complies at all times during the year under review with the minimum requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors and one of which should have appropriate professional qualifications or accounting or related financial management expertise. Their biographies are set out in the Biographical Details of Directors and Senior Management section on pages 14 to 16 of the annual report.

The Board is responsible for formulating the strategic business development, reviewing and monitoring the business performance of the Group. Key and important decisions shall be fully discussed at the board meetings. All Directors have been fully consulted about any matters proposed for inclusion in the notice of board meeting. Matters requiring the Board’s approval include review of overall policies, corporate plan of the Company, investment plans which would involve significant risks for the Company, major organisation changes, significant sales, transfers, or other dispositions of property or assets, approval of the annual report, interim report, quarterly report and approval of interim dividend and recommendation of the final dividend, other matters relating to the Company’s business which in the judgment of the executive Directors are of such significance as to merit the Board’s consideration.



Corporate Governance Report

The Company confirmed that it has received from each of the independent non-executive Directors the annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 5.09 of the GEM listing Rules and are independent in accordance with terms of the guidelines. No independent non-executive Director has served the Company for more than nine years.

Code Provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire each year. The Company is a small company with five executive Directors playing key management role. The Chairman of the Board and executive Director, Dr. Chan Chung, is the founder of the Company, and his continuing leadership on the Board is important for the stable operation of the Company. The Management considers that there is no imminent need to amend the Articles of Association of the Company and concurs that the Chairman needs not be subjected to retirement by rotation.

Sixteen meetings were held during the year ended 31 March 2012. The attendance record of each Director is as follows:

Executive Directors

Dr. Chan Chung (<i>Chairman</i>)	16/16
Mr. Chan Wai Kwong, Peter	16/16
Mr. Siu King Nin, Peter	16/16
Mr. Choi Ho Yan	16/16
Mr. So Haw, Herman (<i>Note</i>)	11/11

Independent non-executive Directors

Mr. Chiu Wai Piu	15/16
Mr. Cheung Kwan Hung, Anthony	16/16
Mr. Heung Chee Hang, Eric	14/16

Note:

Mr. So Haw, Herman was appointed as an executive Director on 7 June 2011 and there were totally eleven board meetings held for the period from 7 June 2011 to 31 March 2012.



Corporate Governance Report

The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Articles of Association of the Company. The company secretary of the Company ensures that the procedure and all applicable rules and regulations are strictly and fully complied with. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are available for inspection at any reasonable time on reasonable notice by any Directors.

CHAIRMAN AND CHIEF EXECUTIVE

The chairman is responsible for management of the Board and strategic planning of the Group, ensures that the Board works effectively and discharges its responsibilities, encourages all directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Company and the Group. The role of chief executive officer is responsible to undertake the day-to-day management of the Company's business.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. With the relatively small size of the Group, the executive Directors and the senior management staff can adequately undertake all the day-to-day business decisions without the official appointment of a chief executive for the Group. Instead, the Board has appointed two senior executives from the Group as President of the Asia Pacific Operation and President of China Operation, respectively. The Board believes that the balance of power and authority is adequately ensured under the existing arrangement.

ACCOUNTABILITY AND AUDIT

The Board acknowledged its responsibility for preparing the financial statements of the Group. The Directors ensured in preparing of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.



Corporate Governance Report

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the financial period under review is presented as follows:

	Fee paid/payable <i>HK\$'000</i>
Statutory Audit Services	580
Non-statutory Audit Services	410
	<hr/>
	990

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules 5.28. The audit committee has three members comprising all independent non-executive Directors namely Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric. The chairman is Mr. Cheung Kwan Hung, Anthony. The primary duties of the audit committee are to oversee that management (i) has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company; (ii) has established and maintained processes to assure that an adequate system of internal control is functioning within the Company; and (iii) has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy. During the year ended 31 March 2012, four meetings of the audit committee have been held to review the annual, first quarterly, interim and third quarterly financial reports with the following attendances:

Committee members:

Mr. Chiu Wai Piu	4/4
Mr. Cheung Kwan Hung, Anthony	4/4
Mr. Heung Chee Hang, Eric	2/4



Corporate Governance Report

NOMINATION COMMITTEE

The Company has established the nomination committee on 30 March 2012 with written terms of reference. The nomination committee has four members consists of Dr. Chan Chung, Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony, Mr. Heung Chee Hang, Eric. The chairman is Dr. Chan Chung.

The principal responsibilities of the nomination committee are to review the structure, the size and composition of the Board on regular basis and make recommendations to the Board regarding any proposed changes; identify individuals suitably qualified to become Board members and make recommendations to the Board in this regard; and assess the independence of independent non-executive directors. During the year ended 31 March 2012, no meeting was held.

Prior to the date of establishment, the Board is responsible for considering the suitability of a candidate to act as Director, and approving and termination the appointment of a Director. The Board is mainly responsible for identifying suitable candidates for the Board when there is a vacancy or an additional Director is considered necessary. The chairman of the Board will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability of the Group on the basis of his/her qualifications, experience and background. The decision of appointing a Director must be approved by the Board. Any newly appointed Director by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established in May 2005. It comprises the chairman and all independent non-executive Directors. The chairman is Mr. Cheung Kwan Hung, Anthony. The remuneration committee performs its function, which is to assist the Board in the overall management of the remuneration practice of the Group to ensure that effective policies, processes and practices are implemented in respect of the incentives for the Directors and senior management. During the year ended 31 March 2012, three meetings of the remuneration committee have been held to review and discuss the remuneration of executive Directors with the following attendances:

Committee members:

Dr. Chan Chung	3/3
Mr. Chiu Wai Piu	3/3
Mr. Cheung Kwan Hung, Anthony	3/3
Mr. Heung Chee Hang, Eric	3/3



Corporate Governance Report

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a proper and effective system of internal control of the Group. The internal control system includes safeguard of assets against unauthorised use, defined management structure with specified limits of authority, ensure maintenance of proper accounting records for internal use or for publication and ensure compliance with relevant legislation and regulations.

INVESTORS RELATIONS

The Company's website offers communication channel between the Company and its shareholders and investors. Apart from disclosure of all necessary information to the shareholders in compliance with the GEM Listing Rules, news update of Company's business development and operation are available on the Company's website.



Independent Auditor's Report

RSM! Nelson Wheeler

中瑞岳華（香港）會計師事務所

Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

TO THE SHAREHOLDERS OF MOBILE TELECOM NETWORK (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Mobile Telecom Network (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 117, which comprise the consolidated and Company statements of financial position as at 31 March 2012, and the consolidated income statement, 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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



Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 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.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong, 26 June 2012

Consolidated Income Statement

For the year ended 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
Turnover	6	31,602	24,425
Other income	7	3,224	713
Telecom operators and content providers costs		(9,465)	(10,483)
Employment costs		(23,183)	(11,190)
Research and development expenses		(1,633)	(2,806)
Depreciation and amortisation		(544)	(271)
Other operating expenses		(14,237)	(6,048)
Loss from operations		(14,236)	(5,660)
Finance costs	9	(1,860)	–
Impairment loss on investments in an associate and amount due from an associate		(5,556)	–
Share of (losses)/profits of associates		(5,210)	570
Loss before tax		(26,862)	(5,090)
Income tax expense	10	–	(69)
Loss for the year	11	(26,862)	(5,159)
Loss for the year attributable to:			
Owners of the Company		(26,662)	(5,193)
Non-controlling interests		(200)	34
		(26,862)	(5,159)
Loss per share (HK cents)	15		(restated)
Basic		(2.50)	(0.89)
Diluted		N/A	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
Loss for the year	11	(26,862)	(5,159)
Other comprehensive income, net of tax			
Exchange differences on translating foreign operations		518	9
Reclassification adjustments relating to deregistration of foreign operations		34	–
	16	552	9
Total comprehensive loss for the year		(26,310)	(5,150)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(26,112)	(5,184)
Non-controlling interests		(198)	34
Total comprehensive loss for the year		(26,310)	(5,150)

Consolidated Statement of Financial Position

As at 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Property, plant and equipment	17	2,080	755
Investment property	18	30,000	–
Intangible assets	19	194	–
Investments in associates	21	45,749	8,391
Investment deposit		–	9,500
		78,023	18,646
Current assets			
Trade and other receivables	22	8,569	4,438
Due from associates	21	2,204	968
Properties under development	23	59,986	–
Derivative financial assets	24	1,210	–
Put Options of convertible bonds	27	12,032	–
Bank and cash balances	25	8,797	24,883
		92,798	30,289
Current liabilities			
Trade and other payables	26	11,541	6,568
Due to an associate	21	4,297	–
Call Option of convertible bonds	27	466	–
Liability component of convertible bonds	27	28,494	–
Finance lease payables	28	269	–
Current tax liabilities		13	13
		45,080	6,581
Net current assets		47,718	23,708
Total assets less current liabilities		125,741	42,354
Non-current liabilities			
Liability component of convertible bonds	27	8,090	–
Finance lease payables	28	756	–
		8,846	–
NET ASSETS		116,895	42,354
Capital and reserves			
Share capital	31	91,946	45,959
Reserves	32	6,643	(3,643)
Equity attributable to owners of the Company		98,589	42,316
Non-controlling interests		18,306	38
TOTAL EQUITY		116,895	42,354

Approved by the Board of Directors on 26 June 2012.

Chan Chung
Chairman

Siu King Nin, Peter
Director

Statement of Financial Position

As at 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Interests in subsidiaries	20	134,067	12,431
Current assets			
Prepayments and other receivables		247	166
Put Options of convertible bonds	27	12,032	–
Bank and cash balances	25	17	20,563
		12,296	20,729
Current liabilities			
Other payables	26	1,281	197
Call Option of convertible bonds	27	466	–
Liability component of convertible bonds	27	28,494	–
		30,241	197
Net current (liabilities)/assets		(17,945)	20,532
Total assets less current liabilities		116,122	32,963
Non-current liabilities			
Liability component of convertible bonds	27	8,090	–
NET ASSETS		108,032	32,963
Capital and reserves			
Share capital	31	91,946	45,959
Reserves	32	16,086	(12,996)
TOTAL EQUITY		108,032	32,963

Approved by the Board of Directors on 26 June 2012.

Chan Chung
Chairman

Siu King Nin, Peter
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share-based payments reserve HK\$'000	Warrant reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2010	36,977	35,582	16,375	2,943	572	556	-	-	(66,120)	26,885	-	26,885
Total comprehensive loss for the year	-	-	-	-	9	-	-	-	(5,193)	(5,184)	34	(5,150)
Shares issued upon exercise of share options	1,962	1,052	-	-	-	-	-	-	-	3,014	-	3,014
Shares issued upon placement	7,020	10,980	-	-	-	-	-	-	-	18,000	-	18,000
Transaction costs attributable to issue of new shares	-	(532)	-	-	-	-	-	-	-	(532)	-	(532)
Recognition of share option benefits at fair value	-	-	-	-	-	133	-	-	-	133	-	133
Share options forfeited	-	-	-	-	-	(1)	-	-	1	-	-	-
Transfer to share premium upon exercise of share options	-	677	-	-	-	(677)	-	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	4	4
Changes in equity for the year	8,982	12,177	-	-	9	(545)	-	-	(5,192)	15,431	38	15,469
At 31 March 2011	45,959	47,759	16,375	2,943	581	11	-	-	(71,312)	42,316	38	42,354
At 1 April 2011	45,959	47,759	16,375	2,943	581	11	-	-	(71,312)	42,316	38	42,354
Total comprehensive loss for the year	-	-	-	-	550	-	-	-	(26,662)	(26,112)	(198)	(26,310)
Issue of warrants on acquisition of subsidiaries	-	-	-	-	-	-	7,400	-	-	7,400	-	7,400
Issue of convertible bonds on acquisition of subsidiaries and associates	-	-	-	-	-	-	-	17,056	-	17,056	-	17,056
Shares issued upon open offer	45,909	12,948	-	-	-	-	-	-	-	58,857	-	58,857
Shares issued upon exercise of share options	78	62	-	-	-	-	-	-	-	140	-	140
Transactions costs attributable to issue of new shares	-	(2,335)	-	-	-	-	-	-	-	(2,335)	-	(2,335)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	17,976	17,976
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	490	490
Recognition of share option benefits at fair value	-	-	-	-	-	1,267	-	-	-	1,267	-	1,267
Transfer to share premium upon exercise of share options	-	65	-	-	-	(65)	-	-	-	-	-	-
Changes in equity for the year	45,987	10,740	-	-	550	1,202	7,400	17,056	(26,662)	56,273	18,268	74,541
At 31 March 2012	91,946	58,499	16,375	2,943	1,131	1,213	7,400	17,056	(97,974)	98,589	18,306	116,895

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK\$'000	2011 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(26,862)	(5,090)
Adjustments for:		
Allowance for impairment of bad and doubtful debts	250	356
Amortisation of intangible asset	6	–
Depreciation of property, plant and equipment	538	271
Fair value loss on investment property	143	–
Fair value gains on Put Options and Call Option of convertible bonds	(2,839)	–
Fair value losses on derivative financial assets	300	–
Finance costs	1,860	–
Impairment loss on investment in an associate and amount due from an associate	5,556	–
Interest income	(56)	(46)
Loss on deregistration of a subsidiary	34	–
Net realised loss on financial assets designated as at fair value through profit or loss	–	90
Property, plant and equipment written off	8	–
Reversal of allowance for impairment of bad and doubtful debts	(316)	–
Share-based payments	1,267	133
Share of losses/(profits) of associates	5,210	(570)
Operating loss before working capital changes	(14,901)	(4,856)
Increase in trade and other receivables	(2,411)	(1,037)
Increase in trade and other payables	1,628	2,302
Cash used in operations	(15,684)	(3,591)
Income taxes paid	–	(56)
Net cash used in operating activities	(15,684)	(3,647)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase/(decrease) in amounts due from/to associates	4,951	(58)
Purchases of property, plant and equipment	(758)	(725)
Purchases of investment property	(30,143)	–
Purchases of intangible assets	(200)	–
Payment of an investment deposit	–	(9,500)
Acquisition of subsidiaries and associates	(30,410)	–
Loan granted to an associate	(1,071)	–
Loan repaid by an associate	250	–
Proceeds from disposal of financial assets designated as at fair value through profit or loss	–	8,094
Decrease in bank deposits with maturity greater than three months	–	7,748
Interest received	15	46
Net cash (used in)/generated from investing activities	(57,366)	5,605

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK\$'000	2011 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling interests	490	4
Net proceeds from issue of shares	56,662	20,482
Repayment of finance lease payables	(88)	—
Finance lease charge paid	(9)	—
Net cash generated from financing activities	57,055	20,486
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(15,995)	22,444
Effect of foreign exchange rate changes	(91)	9
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,883	2,430
CASH AND CASH EQUIVALENTS AT END OF YEAR	8,797	24,883
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	8,797	24,883



Notes to the Financial Statements

For the year ended 31 March 2012

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 2516, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 20 to the financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2011. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

During the year, the Group decided to early adopt the amendments to HKAS 12 Income taxes titled "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred tax unless the presumption is rebutted. The Group measures its investment property using the fair value model. The directors reviewed and concluded that the Group's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, the directors have determined that the presumption set out in the amendments to HKAS 12 is not rebutted.

The early application of the amendments to HKAS 12 Income taxes has resulted in the Group not recognising any deferred tax on changes in fair value of the investment property as the Group is not subject to any income taxes on disposal of its investment property.

The Group has not applied the other new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, derivative financial instruments which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (aa) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially, measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation *(Continued)*

(iii) Translation on consolidation (Continued)

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

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

(e) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Computer hardware and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	2-5 years (lease term)
Office equipment	5 years
Motor vehicle	4 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment properties are recognised in profit or loss for the period in which they arise.

(g) Leases

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Leases *(Continued)*

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the shorter of the lease term and their estimated useful lives.

(h) Research and development expenditure

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

(i) Intangible assets – website

Website is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over its estimated useful life of three years.

(j) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the carrying amount.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in 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 is recognised in profit or loss.

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

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Derivative financial instruments

Derivatives are initially recognised and subsequently measured at fair value.

Changes in the fair value of derivatives are recognised in profit or loss as they arise.

(n) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instruments under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out in accounting policies (q) to (t) below.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(r) Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consisting of a liability and an equity components. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and the fair value of the embedded option for the holder to convert the bonds into equity of the Company is estimated using valuation technique. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned among the liability, equity and any derivative financial instrument components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

(s) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Equity instruments

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

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Services fees from provision of mobile data solutions and related services are recognised when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to employees in Hong Kong. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Subsidiaries incorporated in the People's Republic of China ("PRC") participate in the retirement schemes operated by the local authorities for the Group's employees in the PRC. Contributions to these schemes are charged to profit or loss when incurred.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits 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 taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Taxation *(Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(z) Related parties

A related party is a person or entity that is related to the Group.

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

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

- (i) The entity and the Company 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.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Related parties *(Continued)*

(B) *(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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(aa) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investment property, investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



Notes to the Financial Statements

For the year ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(aa) Impairment of assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(bb) Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow 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 is remote.

(cc) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.



Notes to the Financial Statements

For the year ended 31 March 2012

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) *Income taxes and deferred tax*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets recognised to the extent that it is probable that future taxable profit will be available against the temporary differences or tax losses can be utilised. In the current year, deferred tax assets relating to certain temporary differences and tax losses are not recognised in the financial statements.

(c) *Impairment for bad and doubtful debts*

The Group makes impairment for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.



Notes to the Financial Statements

For the year ended 31 March 2012

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(d) Impairment of investments in associates and amounts due from associates

Management determines whether investments in associates and amounts due from associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

(e) Fair values of investment property

The Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(f) Fair value of derivative financial instruments

As disclosed in note 24 and 27 to the financial statements, the fair values of the derivative financial instruments at the date of issue and the end of the reporting period were determined using option pricing models. Application of option pricing models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the derivative financial instruments, the expected volatility of the share prices of the Company and the potential dilution in the share prices of the Company. Where the estimation on these factors is different from those previously estimated, such differences will impact the fair value gain or loss of the derivative financial instrument in the period in which such determination is made.

Notes to the Financial Statements

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars ("HK\$"), Renminbi ("RMB"), United States dollars ("USD"), Pound Sterling ("GBP") and Euro ("EUR"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table indicates that the instantaneous change in the group's loss after tax (and accumulated losses) that would arise if the foreign exchange rates to which the group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. Other components of equity would not be affected by changes in foreign exchange rates. For presentation purposes, the amounts are shown in HK\$, translated using the spot rate at the end of the reporting period.

	2012		2011	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK\$'000
USD	10%	(46)	10%	–
	(10%)	46	(10%)	–
RMB	10%	(880)	10%	(116)
	(10%)	880	(10%)	116
GBP	10%	–	10%	(845)
	(10%)	–	(10%)	845
EUR	10%	(14)	10%	(106)
	(10%)	14	(10%)	106



Notes to the Financial Statements

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

Sensitivity analysis (Continued)

HK\$ is currently pegged with USD, the directors consider that the group's and the company's exposure to fluctuation in USD and HK\$ is limited. The Group is therefore mainly exposed to the currency fluctuation of RMB, GBP and EUR.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period.

(b) Price risk

The Group's derivative financial instruments are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk.

As at 31 March 2012, if the expected volatility had increased by 1% with all other variables held constant, the consolidated loss after tax for the year would decrease by approximately HK\$183,000 (2011: HK\$Nil) arising from changes in fair value of the derivative financial instruments.

If the expected volatility had decreased by 1% with all other variables held constant, the consolidated loss after tax for the year would increase by approximately HK\$183,000 (2011: HK\$Nil), arising from changes in fair value of the derivative financial instruments.

(c) Credit risk

The carrying amounts of the bank and cash balances, trade and other receivables, amounts due from associates and derivative financial assets included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has certain concentration of credit risk as the Group's largest five debtors accounts for 41% of trade receivables as at 31 March 2012 (2011: 65%).

Notes to the Financial Statements

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

The Group has policies in place to ensure that services are provided to customers with an appropriate credit history.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2012 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year and on demand <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>
At 31 March 2012				
Trade and other payables	10,228	–	–	–
Due to an associate	4,297	–	–	–
Finance lease payable	294	294	491	–
Liability component of convertible bonds	16,500	16,500	10,000	–
At 31 March 2011				
Trade and other payables	6,108	–	–	–

Notes to the Financial Statements

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the prevailing market condition.

(f) Categories of financial instruments as at 31 March

	2012 HK\$'000	2011 HK\$'000
Financial assets:		
Derivative financial assets	1,210	—
Put Options of convertible bonds	12,032	—
Loans and receivables (including cash and cash equivalents)	19,406	29,413
Financial liabilities:		
Call Option of convertible bonds	466	—
Financial liabilities at amortised cost	51,042	6,108

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values (Continued)

Disclosures of level in fair value hierarchy at 31 March 2012:

Description	Fair value measurement using:			Total HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Assets				
Financial assets at fair value through profit or loss				
Derivative financial assets	–	–	1,210	1,210
Put Options of convertible bonds	–	12,032	–	12,032
Total	–	12,032	1,210	13,242
Liabilities				
Financial liabilities at fair value through profit or loss				
Call Option of convertible bonds	–	466	–	466

Notes to the Financial Statements

For the year ended 31 March 2012

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values (Continued)

Description	Financial assets at fair value through profit or loss Derivative financial assets HK\$'000
Assets	
Addition	1,510
Total losses recognised in profit or loss ^(#)	(300)
At end of year	1,210
^(#) Include losses for assets held at end of reporting period	(300)

The total losses recognised in profit or loss including those for assets held at the end of the reporting period are presented in the income statement.

6. TURNOVER

The Group's turnover represents the amounts received and receivable for services provided to customers during the year.

	2012 HK\$'000	2011 HK\$'000
Service fees from provision of mobile data solutions and related services	31,602	24,425

Notes to the Financial Statements

For the year ended 31 March 2012

7. OTHER INCOME

	2012 HK\$'000	2011 HK\$'000
Interest income	56	46
Net foreign exchange gains	–	724
Net realised loss in financial assets designated as at fair value through profit or loss	–	(90)
Fair value gains on Put Options and Call Option of convertible bond	2,839	–
Reversal of allowance for impairment of bad and doubtful debts	316	–
Sundry income	13	33
	3,224	713

8. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Mobile data solution business	–	provision of mobile data solution and related services
Property development	–	sale of developed properties
Property investment	–	rental income

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profit or loss do not include unallocated corporate results. Segment assets do not include derivative financial assets, Put Options of convertible bonds and unallocated corporate assets. Segment liabilities do not include Call Option of convertible bonds, liability component of convertible bonds and unallocated corporate liabilities.

Notes to the Financial Statements

For the year ended 31 March 2012

8. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities:

	Mobile data solution business HK\$'000	Property development HK\$'000	Property investment HK\$'000	Total HK\$'000
Year ended 31 March 2012				
Revenue from external customers	31,602	–	–	31,602
Segment loss	5,685	6,775	261	12,721
Interest income	51	4	–	55
Finance costs	–	9	–	9
Depreciation and amortisation	368	103	–	471
Staff costs	15,911	1,620	–	17,531
Other material non-cash items: Impairment loss on investment in an associate and amount due from an associate	5,556	–	–	5,556
Additions to segment non-current assets	821	1,237	30,143	32,201
As at 31 March 2012				
Segment assets	13,428	93,139	30,020	136,587
Segment liabilities	7,773	6,790	16	14,579
Interests in associates	3,921	19,761	–	23,682

The Group operated one operating segment, which is “mobile data solution business” for the year ended 31 March 2011. No separate segment information was prepared according to HKFRS 8 “operating segment”.

Notes to the Financial Statements

For the year ended 31 March 2012

8. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment, profit or loss, assets and liabilities:

	2012 HK\$'000	2011 HK\$'000
Revenue		
Total revenue of reportable segments	31,602	24,425
Profit or loss		
Total (loss)/profit of reportable segments	(12,721)	304
Unallocated corporate results	(14,141)	(5,463)
Consolidated loss for the year	(26,862)	(5,159)
Assets		
Total assets of reportable segments	136,587	8,401
Derivative financial assets	1,210	—
Put Options of convertible bonds	12,032	—
Unallocated corporate assets	20,992	40,534
Consolidated total assets	170,821	48,935
Liabilities		
Total liabilities of reportable segments	14,579	6,377
Call Option of convertible bonds	466	—
Liability component of convertible bonds	36,584	—
Unallocated corporate liabilities	2,297	204
Consolidated total liabilities	53,926	6,581

Notes to the Financial Statements

For the year ended 31 March 2012

8. SEGMENT INFORMATION (Continued)

Geographical information

Majority of the revenue generated by the Group for the years ended 31 March 2012 and 2011 were attributable to customers based in Hong Kong. In addition, majority of the Group's segment non-current assets are located in Hong Kong. Accordingly, no geographical analysis is presented.

Turnover from major customers

	2012 HK\$'000	2011 HK\$'000
Mobile data solution business		
Customer a	7,200	6,800
Customer b	1,000	1,800
Customer c	700	1,700

No turnover has been generated for property development and property investment for the year.

9. FINANCE COSTS

	2012 HK\$'000	2011 HK\$'000
Effective interest expenses on liability component of convertible bonds	1,851	—
Finance leases charges	9	—
	1,860	—

Notes to the Financial Statements

For the year ended 31 March 2012

10. INCOME TAX EXPENSE

	2012 HK\$'000	2011 HK\$'000
Current tax – Hong Kong Profits Tax Provision for the year	–	13
Current tax – PRC Enterprise Income Tax Provision for the year	–	56
	–	69

Hong Kong Profits Tax is provided at 16.5% based on the assessable profit for the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2012 HK\$'000	2011 HK\$'000
Loss before tax	(26,862)	(5,090)
Tax at the domestic income tax rate of 16.5%	(4,432)	(840)
Tax effect of income that is not taxable	(525)	(88)
Tax effect of expenses that are not deductible	5,406	876
Tax effect of temporary differences not recognised	(36)	(49)
Tax effect of tax losses not recognised	529	151
Tax effect of utilisation of tax losses not previously recognised	(211)	–
Effect of different tax rates of subsidiaries	(731)	19
Income tax expense	–	69

Notes to the Financial Statements

For the year ended 31 March 2012

11. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2012 HK\$'000	2011 HK\$'000
Acquisition-related costs (included in other operating expenses)	2,880	–
Amortisation of intangible assets (included in other operating expenses)	6	–
Auditor's remuneration		
Current	498	220
Under-provision in prior year	82	25
	580	245
Depreciation of property, plant and equipment	538	271
Directors' emoluments		
– As directors	459	328
– For management	5,605	5,011
	6,064	5,339
Fair value loss on investment property	143	–
Fair value losses on derivative financial assets		
– Call option	170	–
– Profit guarantee	130	–
Loss on deregistration of a subsidiary	34	–
Operating lease charges of premises and facilities	2,530	1,489
Research and development expenses	1,633	2,806
Allowance for impairment of bad and doubtful debts	250	356
Impairment loss on investment in an associate and amount due from an associate	5,556	–
Staff costs including directors' emoluments and amount classified as research and development expenses		
Salaries and allowances	22,726	13,560
Share-based payments	1,267	133
Retirement benefit scheme contributions	756	303
Termination benefits	67	–
	24,816	13,996

Notes to the Financial Statements

For the year ended 31 March 2012

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

For the year ended 31 March 2012

Name of director	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Share-based payments HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors</i>						
Dr. Chan Chung	-	1,840	-	195	12	2,047
Mr. Chan Wai Kwong, Peter	-	695	-	195	12	902
Mr. Siu King Nin, Peter	-	960	-	195	-	1,155
Mr. Choi Ho Yan	-	840	-	195	19	1,054
Mr. So Haw, Herman (Note (a))	-	372	-	65	10	447
<i>Independent non-executive directors</i>						
Mr. Chiu Wai Piu	120	-	-	33	-	153
Mr. Cheung Kwan Hung, Anthony	120	-	-	33	-	153
Mr. Heung Chee Hang, Eric	120	-	-	33	-	153
	360	4,707	-	944	53	6,064

Notes to the Financial Statements

For the year ended 31 March 2012

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

For the year ended 31 March 2011

Name of director	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Share-based payments HK\$'000	Retirement benefit scheme contributions HK\$'000	Other emoluments HK\$'000	Total HK\$'000
<i>Executive directors</i>							
Dr. Chan Chung	–	1,274	1,231	126	12	522	3,165
Mr. Chan Wai Kwong, Peter	–	297	120	–	11	–	428
Mr. Siu King Nin, Peter	–	776	–	–	–	–	776
Mr. Choi Ho Yan	–	627	–	–	15	–	642
<i>Independent non-executive directors</i>							
Mr. Chiu Wai Piu	81	–	–	–	–	–	81
Mr. Cheung Kwan Hung, Anthony	75	–	–	–	–	–	75
Mr. Heung Chee Hang, Eric	75	–	–	–	–	–	75
Mr. Jeffery Matthew Bistrong (Note (b))	33	–	–	–	–	–	33
Mr. Chu Chin Tai, Eric (Note (c))	32	–	–	–	–	–	32
Mr. Chen Kwok Wang, Kester (Note (c))	32	–	–	–	–	–	32
	328	2,974	1,351	126	38	522	5,339

Notes: (a) Appointed on 7 June 2011

(b) Resigned on 30 July 2010

(c) Resigned on 18 August 2010

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2011: HK\$Nil).

Notes to the Financial Statements

For the year ended 31 March 2012

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals in the Group during the year included four (2011: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one (2011: two) individuals are set out below:

	2012 HK\$'000	2011 HK\$'000
Salaries and allowances	947	1,393
Retirement benefit scheme contributions	12	24
Share-based payments	–	3
	959	1,420

The emoluments fell within the following bands:

	Number of individuals	
	2012	2011
HK\$Nil to HK\$1,000,000	1	2

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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

The loss for the year attributable to owners of the Company included a loss of approximately HK\$7,316,000 (2011: loss of approximately HK\$3,535,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

The Directors have not declared nor proposed any dividends in respect of the year ended 31 March 2012 (2011: HK\$Nil).

Notes to the Financial Statements

For the year ended 31 March 2012

15. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$26,662,000 (2011: approximately HK\$5,193,000) and the weighted average number of ordinary shares of 1,068,193,118 (2011: 586,409,406, as adjusted to reflect the open offer on 20 June 2011) in issue during the year.

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds, warrants and outstanding options for the years ended 31 March 2012 and 2011 would be anti-dilutive, no diluted loss per share was presented for the years ended 31 March 2012 and 31 March 2011.

16. OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income for the year:

	2012			2011		
	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000
Exchange differences on translating foreign operations	518	–	518	9	–	9
Reclassification adjustments relating to deregistration of foreign operations	34	–	34	–	–	–
Other comprehensive income	552	–	552	9	–	9

Notes to the Financial Statements

For the year ended 31 March 2012

17. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Computer hardware and software <i>HK\$'000</i>	Leasehold improvements, furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 April 2010	5,498	257	141	–	5,896
Additions	500	221	4	–	725
Exchange differences	66	–	–	–	66
At 31 March 2011 and at 1 April 2011	6,064	478	145	–	6,687
Additions	540	69	25	1,237	1,871
Written off	(21)	–	–	–	(21)
Exchange differences	(7)	–	–	–	(7)
At 31 March 2012	6,576	547	170	1,237	8,530
Accumulated depreciation					
At 1 April 2010	5,224	230	141	–	5,595
Charge for the year	238	33	–	–	271
Exchange differences	66	–	–	–	66
At 31 March 2011 and at 1 April 2011	5,528	263	141	–	5,932
Charge for the year	332	93	10	103	538
Written off	(13)	–	–	–	(13)
Exchange differences	(7)	–	–	–	(7)
At 31 March 2012	5,840	356	151	103	6,450
Carrying amount					
At 31 March 2012	736	191	19	1,134	2,080
At 31 March 2011	536	215	4	–	755

At 31 March 2012, the carrying amount of motor vehicle held by the Group under finance leases amounted to approximately HK\$1,134,000 (2011: HK\$Nil).

Notes to the Financial Statements

For the year ended 31 March 2012

18. INVESTMENT PROPERTY – GROUP

	2012 HK\$'000	2011 HK\$'000
At beginning of year	–	–
Addition	30,143	–
Fair value loss	(143)	–
At end of year	30,000	–

Investment property was revalued at 31 March 2012 on the open market value basis by reference to market evidence of recent transactions for similar properties by Savills Valuation and Professional Services Limited, an independent firm of valuers.

The Group's investment property is situated in Hong Kong and held under medium-leases between ten to fifty years.

The Company's total future minimum lease payment under non-cancellable operating leases are receivable as follows:

	2012 HK\$'000	2011 HK\$'000
Within one year	750	–
In the second to fifth years inclusive	63	–
	813	–

Notes to the Financial Statements

For the year ended 31 March 2012

19. INTANGIBLE ASSETS – GROUP

	Website <i>HK\$'000</i>
Cost	
At 1 April 2010, at 31 March 2011 and at 1 April 2011	–
Additions	200
At 31 March 2012	200
Accumulated amortisation	
At 1 April 2010, at 31 March 2011 and at 1 April 2011	–
Amortisation for the year	6
At 31 March 2012	6
Carrying amount	
At 31 March 2012	194
At 31 March 2011	–

Notes to the Financial Statements

For the year ended 31 March 2012

20. INTERESTS IN SUBSIDIARIES – COMPANY

	2012 HK\$'000	2011 HK\$'000
Unlisted shares, at cost	117,851	24,462
Impairment losses	(24,460)	(24,460)
Carrying value	93,391	2
Amounts due from subsidiaries (note (a))	68,770	40,661
Allowance	(28,088)	(28,232)
	40,682	12,429
Amounts due to subsidiaries (note (a))	(6)	–
	134,067	12,431

Notes to the Financial Statements

For the year ended 31 March 2012

20. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Details of the subsidiaries at 31 March 2012 are as follows:

Name	Place of incorporation/ registration	Principal activities	Share capital/ registered capital	Interest held
Directly held:				
Mobile Telecom (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US\$1 each	100%
Full Rich Human Resources Limited	Hong Kong	Human resources management in Hong Kong	100 ordinary shares of HK\$1 each	100%
Gold Continental Investments Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US\$1 each	100%
Golden Kingtex Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US\$1 each	100%
Gold Basin Capital Limited	British Virgin Islands	Investment holding in Hong Kong	100 ordinary shares of US\$1 each	100%
Indirectly held:				
MTel (Taiwan) Limited	British Virgin Islands	Provision of mobile data solutions and related services in Taiwan	100 ordinary shares of US\$1 each	100%
MTel Limited	Hong Kong	Development and provision of mobile data solutions and related services in Hong Kong	100 ordinary shares of HK\$0.01 each 100,000,000 non-voting deferred shares of HK\$0.01 each (note (b))	100%

Notes to the Financial Statements

For the year ended 31 March 2012

20. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Name	Place of incorporation/ registration	Principal activities	Share capital/ registered capital	Interest held
Indirectly held:				
MTel (Hong Kong) Limited	Hong Kong	Not yet commenced business	10,000 ordinary shares of HK\$1 each	100%
MTel Solutions Limited	Hong Kong	Information technology solution services in Hong Kong	10,000 ordinary shares of HK\$1 each	60%
MTel (Asia) Limited (formerly known as “M Telecom Limited”)	Hong Kong	Not yet commenced business	100 ordinary shares of HK\$1 each	100%
Star Global Industries Limited	Hong Kong	Property investment	1 ordinary shares of HK\$1 each	100%
Best Team International Investment Limited	Hong Kong	Investment holding in the PRC	2,000 ordinary shares of HK\$1 each	100%
廣州市八達網科技 有限公司	PRC	Provision of mobile data solutions and related services in Guangzhou	HK\$900,000	100%
深圳市鑫泰溢投資發展 有限公司	PRC	Investment holding in the PRC	RMB5,025,365	100%

Notes to the Financial Statements

For the year ended 31 March 2012

20. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Name	Place of incorporation/ registration	Principal activities	Share capital/ registered capital	Interest held
Indirectly held:				
陽江市永聯房地產開發有限公司	PRC	Property development	RMB1,000,000	66.66%
Mooff Games Limited	Hong Kong	Development and provision of mobile data solutions and related services in Hong Kong	10,000 ordinary shares of HK\$1 each	60%
Topworld Technology Development Limited	Hong Kong	Not yet commenced business	1,000,000 ordinary shares of HK\$1 each	51%

Notes:

- (a) The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.
- (b) Holders of non-voting deferred shares have no voting rights, are not entitled to dividends and are not entitled to any distribution upon winding up unless a sum of HK\$100,000,000,000,000,000 has been distributed by the Company to the holders of its ordinary shares.

Notes to the Financial Statements

For the year ended 31 March 2012

21. INVESTMENTS IN ASSOCIATES – GROUP

	2012 HK\$'000	2011 HK\$'000
Unlisted investments:		
Share of net assets	33,640	2,878
Goodwill	17,622	5,513
	51,262	8,391
Impairment loss on interest in an associate (note (c))	(5,513)	–
	45,749	8,391

Notes:

- (a) As at 31 March 2012, the amounts due from associates include loans to an associate with carrying amounts of approximately HK\$1,071,000 which are unsecured and interest-bearing at the rates ranging from 5% to 10% per annum. A loan of approximately HK\$623,000 is repayable on 5 July 2012 whereas the other loan of approximately HK\$448,000 is repayable on demand.

The remaining amounts due from/(to) associates are unsecured, interest-free and have no fixed terms of repayment.

As at 31 March 2011, other than the interest-bearing portion of HK\$250,000 at 5% per annum, the remaining balance due from an associate was unsecured, interest-free and had no fixed terms of repayment.

- (b) As at 31 March 2012, an amount due from an associate of approximately HK\$43,000 was impaired. The impaired amount related to the long outstanding disagreed balance with an associate. Movement on the impairment loss is as follows:

	2012 HK\$'000	2011 HK\$'000
At beginning of the year	–	–
Allowance	43	–
At end of the year	43	–

In the opinion of the directors, the remaining balance of the amounts due from associates are neither past due nor impaired. The Group does not hold any collateral over the amounts due from associates.

Notes to the Financial Statements

For the year ended 31 March 2012

21. INVESTMENTS IN ASSOCIATES – GROUP (Continued)

Note: (Continued)

- (c) The recoverable amount of the investment in an associate is determined from the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rate and budgeted turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the investment in the associate. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the investment in the associate operates. Budgeted turnover are based on expectations on market development of mobile data solutions and related services.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors covering a five-year period using a constant growth rate of 3%.

The rate used to discount the forecast cash flows is 15%.

In the opinion of the directors, due to the decline in the operating results of the associate of the year, an impairment loss of approximately HK\$5,513,000 (2011: HK\$Nil) was made on the investment in the associate with reference to the Group's share of the present value of the estimated future cash flows expected to be generated by the associate as compared with its carrying amount.

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

Name	Place of incorporation/ registration	Share capital/ registered capital	Percentage of ownership interest	Principal activities
廣州流之動資訊技術有限公司	PRC	RMB1,000,000	43.3%	Mobile data solutions
陽東富力房地產發展有限公司	PRC	RMB1,000,000	25%	Property development
Jun Feng Enterprise (HK) Limited	Hong Kong	60,000,000 ordinary share of HK\$1 each	33.33%	Investment holding
郴州駿峰微電子有限公司	PRC	US \$ 9,540,000	33.33%	Sales and production of liquid crystal display and touchscreen panels
郴州駿峰科技有限公司	PRC	RMB100,000	33.33%	Sales of liquid crystal display and touchscreen panels

Notes to the Financial Statements

For the year ended 31 March 2012

21. INVESTMENTS IN ASSOCIATES – GROUP (Continued)

Summarised financial information in respect of the Group's associates is set out below:

	2012 HK\$'000	2011 HK\$'000
At 31 March		
Total assets	260,541	7,851
Total liabilities	(147,237)	(1,205)
Net assets	113,304	6,646
Group's share of associates' net assets	33,640	2,878
Year ended 31 March		
Total revenue	50,267	11,884
Total (loss)/profit for the year	(18,950)	855
Group's share of associates' (loss)/profit for the year	(5,210)	570

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For the year ended 31 March 2012

22. TRADE AND OTHER RECEIVABLES – GROUP

	2012 HK\$'000	2011 HK\$'000
Trade receivables (<i>notes (a), (b) and (d)</i>)	3,580	3,566
Less: Allowance for impairment of bad and doubtful debts (<i>note (c)</i>)	(290)	(356)
Other debtors, deposits and prepayments	5,279	1,228
	8,569	4,438

Notes:

- (a) The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2012 HK\$'000	2011 HK\$'000
0 to 30 days	2,392	2,241
31 to 60 days	522	969
61 to 90 days	114	–
Over 90 days	262	–
	3,290	3,210

The credit terms granted by the Group to its customers are generally 30 days.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by directors.

- (b) The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	HKD HK\$'000	TWD HK\$'000	Total HK\$'000
2012	3,568	12	3,580
2011	3,566	–	3,566

Notes to the Financial Statements

For the year ended 31 March 2012

22. TRADE AND OTHER RECEIVABLES – GROUP (Continued)

Notes: (Continued)

- (c) As at 31 March 2012, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$290,000 (2011: HK\$356,000).

Reconciliation of allowance for trade receivables:

	2012 HK\$'000	2011 HK\$'000
At 1 April	356	–
Allowance	250	356
Amounts written off	(316)	–
At 31 March	290	356

- (d) Trade receivables were past due but not impaired

As at 31 March 2012, trade debtors of approximately HK\$898,000 (2011: approximately HK\$1,091,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2012 HK\$'000	2011 HK\$'000
Up to 30 days	522	789
31 to 60 days	114	302
Over 60 days	262	–
	898	1,091

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

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For the year ended 31 March 2012

23. PROPERTIES UNDER DEVELOPMENT – GROUP

	2012 HK\$'000	2011 HK\$'000
Properties under development	59,986	–

The properties under development include costs of acquiring rights to use certain lands, which are located in Yangjiang City, Guangdong Province, the PRC. Land use rights are held on leases of 37 years.

24. DERIVATIVE FINANCIAL ASSETS – GROUP

	2012 HK\$'000	2011 HK\$'000
At fair value		
Call options (<i>note a</i>)	40	–
Profit guarantee (<i>note b</i>)	1,170	–
	1,210	–

Notes:

- (a) On 24 October 2011, the Group acquired 33.33% of the issued share capital of Jun Feng Enterprise (HK) Limited ("Jun Feng"). Details of the acquisition are set out in note 34(b) to the financial statements. Pursuant to the Option Deed For The Grant Of Call Option Over Shares In Jun Feng Enterprise (HK) Limited dated 24 October 2011 ("Option Deed"), the vendors of Jun Feng granted a right to the Group to call upon the acquisition of additional 10,600,000 shares of Jun Feng. The exercise price per Jun Feng's share shall be the audited consolidated net asset value per Jun Feng's share as at 30 September 2012. The call options are exercisable within one month commencing on 1 January 2013. Details of the Option Deed are set out in the Company's announcement dated 28 September 2011.

Notes to the Financial Statements

For the year ended 31 March 2012

24. DERIVATIVE FINANCIAL ASSETS (Continued)

Notes: (Continued)

(a) (Continued)

The fair value of call options of Jun Feng was calculated using the binomial option pricing model. The inputs into the model are as follows:

	31.3.2012	24.10.2011
Share price of Jun Feng	HK\$0.35	HK\$0.39
Expected exercise price*	HK\$0.86	HK\$0.86
Expected volatility of Jun Feng's shares	54%	56%
Risk free rate	2.7%	3.2%
Life of options	0.84 years	1.27 years

* The expected exercise price is based on the projected net asset value of Jun Feng as at 30 September 2012.

- (b) Pursuant to the Shareholders' Agreement Relating To Jun Feng Enterprise (HK) Limited dated 24 October 2011 ("Shareholders' Agreement"), the vendors of Jun Feng provided a profit guarantee to the Group that the audited consolidated net profits after taxation and extraordinary or exceptional items of Jun Feng and its subsidiaries (the "Jun Feng Group") for the year ending 30 September 2012 shall not be less than HK\$10,000,000 (the "Guaranteed Profit"). In the event the actual audited consolidated net profits after tax and any extraordinary or exceptional items of the Jun Feng Group for the year ending 30 September 2012 is less than the Guaranteed Profit, the vendors of Jun Feng shall transfer certain numbers of Jun Feng's shares to the Group in according to the formula stated in the Shareholder's Agreement. Details of the Shareholders' Agreement are set out in the Company's announcement dated 28 September 2011.

Based on the profit and cash flows forecast for the year ending 30 September 2012, it is expected that net loss will be sustained by the Jun Feng Group and the number of Jun Feng's shares which the vendors will transfer to the Group will be 3,333,333. The fair value of the profit guarantee is based on the estimated number of shares to be transferred multiplied by share price of Jun Feng at valuation date.

The fair values of the call options and profits guarantee were valued by Savills Valuation and Professional Services Limited, an independent firm of valuers.

Notes to the Financial Statements

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25. BANK AND CASH BALANCES – GROUP AND COMPANY

The cash and cash equivalents of the Group and Company are as follows:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Cash on hand	191	20	–	–
Cash at bank	8,606	24,863	17	20,563
Cash and cash equivalents in the consolidated statement of cash flows	8,797	24,883	17	20,563

The cash and cash equivalents of the Group and Company are denominated in the following currencies:

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
USD	460	2	2	2
HKD	3,074	14,100	15	11,017
RMB	5,054	1,164	–	–
EUR	142	1,061	–	1,061
GBP	–	8,483	–	8,483
Others	67	73	–	–
	8,797	24,883	17	20,563

As at 31 March 2012, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$5,054,000 (2011: approximately HK\$1,164,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to the Financial Statements

For the year ended 31 March 2012

26. TRADE AND OTHER PAYABLES – GROUP AND COMPANY

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Trade payables (notes (a) and (b))	1,458	1,816	–	–
Other payables (note (c))	10,083	4,752	1,281	197
	11,541	6,568	1,281	197

Notes:

- (a) The ageing analysis of trade payables of the Group, based on the date of receipt of goods, is as follows:

	2012 HK\$'000	2011 HK\$'000
0 to 30 days	295	528
31 to 60 days	269	444
61 to 90 days	8	180
Over 90 days	886	664
	1,458	1,816

- (b) All the carrying amounts of the Group's trade payables are denominated in HK\$.
- (c) The amount of other payables above includes an amount of HK\$848,000 (2011: HK\$Nil) due to a director, Mr. Choi Ho Yan. The amount is unsecured, interest-free and has no fixed terms of repayment.

Notes to the Financial Statements

For the year ended 31 March 2012

27. CONVERTIBLE BONDS – GROUP AND COMPANY

	2012 HK\$'000	2011 HK\$'000
Liability component of convertible bonds		
Convertible bonds 1 (note a)	28,494	–
Convertible bonds 2 (note b)	8,090	–
	36,584	–
The maturity of the liability component of the convertible bonds:		
Within one year	28,494	–
In the second to fifth years inclusive	8,090	–
	36,584	–

Notes:

(a) Convertible bonds 1 (the “CB1”)

On 3 June 2011, as part of the consideration for the acquisition of Best Team International Investment Limited and its subsidiaries (details of the acquisition are set out in note 34(a) to the financial statements), the Company issued the CB1 with a principal amount of HK\$33,000,000. The CB1 bears zero coupon interest and has a maturity period of three years from the issue date to 2 June 2014. Any CB1 not converted will be redeemed on 2 June 2014 at 100% of their principal amount. Other principal terms of the CB1 are set out below:

- (i) The Company may at any time before 2 June 2014 by serving at least ten days' prior written notice on the bondholders with the total amount proposed to be redeemed from the bondholders specified therein, redeem the CB1 (in whole or in part) at 100% of the principal amount of CB1. This option of the Company as the issuer of the convertible bonds is referred to as the Put Option.
- (ii) The bondholders may at any time from 3 June 2012 to 2 June 2013 by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the CB1 in the aggregate principal amount of not more than HK\$16,500,000 (in whole or in part) at 100% of the principal amount of CB1.

Notes to the Financial Statements

For the year ended 31 March 2012

27. CONVERTIBLE BONDS –GROUP AND COMPANY (Continued)

Notes: (Continued)

(a) Convertible bonds 1 (the “CB1”) (Continued)

(ii) (Continued)

The bondholders may at any time after 2 June 2013 by serving at least three months’ prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the CB1 (in whole or in part) at 100% of the principal amount of CB1.

This option of the convertible bondholder is referred to as the Call Option.

The CB1 entitles the bondholders to convert the bonds into new ordinary shares of the Company at an initial conversion price of HK\$0.242, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and other equity or equity derivative issued. The conversion price of CB1 was adjusted to HK\$0.163 per share due to the completion of open offer on 20 June 2011. Details of the CB1 are set out in the Company’s circular dated 29 April 2011.

The CB1 contains four components, a Put Option, a Call Option, a liability component and an equity component. The equity component is presented in equity as part of the “convertible bonds reserve”. The effective interest rate of the liability component for the CB1 is 7% per annum. The Put Option and Call Option are measured at fair value with changes in fair value recognised in the profit or loss.

	Put Option HK\$'000	Call Option HK\$'000	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
(Asset)/liability at issue date	(6,450)	1,123	26,933	9,356	30,962
Fair value gain	(2,849)	(657)	–	–	(3,506)
Effective interest expense recognised	–	–	1,561	–	1,561
(Asset)/liability at 31 March 2012	(9,299)	466	28,494	9,356	29,017

The directors estimate the fair value of the liability component of the CB1 as at 31 March 2012 to be approximately HK\$28,484,000. The fair value has been calculated by discounting the future cash flows at the market rate.

Notes to the Financial Statements

For the year ended 31 March 2012

27. CONVERTIBLE BONDS –GROUP AND COMPANY (Continued)

Notes: (Continued)

(a) Convertible bonds 1 (the “CB1”) (Continued)

The Put Option and Call Option are measured at their fair values at the date of issue and at the end of each reporting period. The fair values are estimated using binomial option pricing model. The key assumptions used are as follows:

	31.3.2012	3.6.2011
Share price of the Company	HK\$0.225	HK\$0.138
Expected volatility	88%	102%
Expected life	2.18 Years	3 Years
Risk free rate	0.26%	0.82%

(b) Convertible bonds 2 (the “CB2”)

As part of the consideration for the acquisition of Jun Feng and its subsidiaries (details of the acquisition are set out in note 34(b) to the financial statements), on 24 October 2011, the Group issued the CB2 with a principal amount of HK\$10,000,000. The CB2 bears zero coupon interest and has a maturity period of three years from the issue date to 23 October 2014. Any CB2 not converted will be redeemed on 23 October 2014 at 100% of their principal amount. The Company may at any time before 23 October 2014 by serving at least ten days' prior written notice on the bondholder with the total amount proposed to be redeemed from the bondholder specified therein, redeem the CB2 (in whole or in part) at 100% of the principal amount of such CB2. This option of the Company as the issuer of the convertible bonds is referred to as the Put Option.

The CB2 entitles the bondholder to convert the bonds into new ordinary shares of the Company at an initial conversion price of HK\$0.145, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and other equity or equity derivative issued.

Details of the CB2 are set out in the Company's announcement dated 28 September 2011.

The CB2 contains three components, a Put Option, a liability component and an equity component. The equity component is presented in equity as part of the “convertible bonds reserve”. The effective interest rate of the liability component for the CB2 is 8.5% per annum. The Put Option is measured at fair value with changes in fair value recognised in the profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2012

27. CONVERTIBLE BONDS –GROUP AND COMPANY (Continued)

Notes: (Continued)

(b) Convertible bonds 2 (the “CB2”) (Continued)

	Put Option HK\$'000	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
(Asset)/liability at issue date	(3,400)	7,800	7,700	12,100
Fair value loss	667	–	–	667
Effective interest expense recognised	–	290	–	290
(Asset)/liability at 31 March 2012	(2,733)	8,090	7,700	13,057

The directors estimate the fair value of the liability component of the CB2 at 31 March 2012 to be approximately HK\$8,365,000. The fair value has been calculated by discounting the future cash flows at the market rate.

The Put Option is measured at its fair value at the date of issue and at the end of each reporting period. The fair value is estimated using binomial option pricing model. The key assumptions used are as follows:

	31.3.2012	24.10.2011
Share price of the Company	HK\$0.225	HK\$0.176
Expected volatility	91%	101%
Expected life	2.57 Years	3 Years
Risk free rate	0.32%	0.48%

Notes to the Financial Statements

For the year ended 31 March 2012

28. FINANCE LEASE PAYABLES – GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Within one year	294	–	269	–
In the second to fifth years, inclusive	785	–	756	–
	1,079	–	1,025	–
Less: Future finance charges	(54)	–	–	–
Present value of lease obligations	1,025	–	1,025	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(269)	–
Amount due for settlement after 12 months			756	–

It is the Group's policy to lease its motor vehicle under finance leases. The average lease term is 4 years. As at 31 March 2012, the average effective borrowing rate was 2.75% (2011: Nil). Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicle at nominal prices.

All finance lease payables are denominated in HKD.

The Group's finance lease payables are secured by the lessor's title to the leased assets.



Notes to the Financial Statements

For the year ended 31 March 2012

29. DEFERRED TAX – GROUP

At the end of the reporting period, the Group has unused tax losses of approximately HK\$33,370,000 (2011: approximately HK\$29,189,000) available for offset against future profits. No deferred tax asset has been recognised in 2012 (2011: HK\$Nil) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$2,286,000 (2011: HK\$Nil) that will expire within 5 years. Other tax losses may be carried forward indefinitely.

Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

No provision for deferred taxation has been made in the financial statements as the tax effect of temporary differences is immaterial to the Group.

30. RETIREMENT BENEFIT SCHEMES – GROUP

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer makes contributions to the scheme at 5% – 10% and employees are required to make 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$20,000 except for certain senior staff. Mandatory contributions to the scheme vest immediately.

Subsidiaries incorporated in the PRC participate in various defined contribution retirement plans (“Plans”) organised by local authorities for the Group’s employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other material obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

Notes to the Financial Statements

For the year ended 31 March 2012

31. SHARE CAPITAL – GROUP AND COMPANY

	2012 HK\$'000	2011 HK\$'000
Authorised:		
2,000,000,000 (2011: 2,000,000,000) ordinary shares of US\$0.01 (2011: US\$0.01) each	156,000	156,000
Issued and fully paid:		
1,178,134,856 (2011: 588,567,428) ordinary shares of US\$0.01 (2011: US\$0.01) each	91,946	45,959
	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of US\$0.01 (2011: US\$0.01) each		
At 1 April 2010, 31 March 2011 and 31 March 2012	2,000,000,000	156,000
Issued and fully paid:		
Ordinary shares of US\$0.01 (2011: US\$0.01) each		
At 1 April 2010	473,411,363	36,977
Shares issued upon placement (<i>note a</i>)	90,000,000	7,020
Shares issued upon exercise of share options (<i>note b</i>)	25,156,065	1,962
At 31 March 2011 and 1 April 2011	588,567,428	45,959
Shares issued upon open offer (<i>note c</i>)	588,567,428	45,909
Shares issued upon exercise of share options (<i>note d</i>)	1,000,000	78
At 31 March 2012	1,178,134,856	91,946



Notes to the Financial Statements

For the year ended 31 March 2012

31. SHARE CAPITAL – GROUP AND COMPANY *(Continued)*

Notes:

- (a) On 4 November 2010, the Company entered into a placing agreement with a placing agent, which the Company agreed to place up to 90,000,000 new ordinary shares of US\$0.01 each at HK\$0.2 per placing share to Ever Champion Trading Limited. The transaction was completed on 24 November 2010, resulting in an issue of 90,000,000 new ordinary shares of US\$0.01 each and new share capital of approximately HK\$7,020,000 and share premium of approximately HK\$10,980,000 before any transactions cost.
- (b) During the year ended 31 March 2011, 25,156,065 share options were exercised at exercise prices ranging from HK\$0.078 to HK\$0.191 per share, resulting in an issue of 25,156,065 new ordinary shares of US\$0.01 each and new share capital of approximately HK\$1,962,000 and share premium of approximately HK\$1,052,000, together with a release of the share options reserve amounting to approximately HK\$677,000 credited to the share premium account. Details of share options outstanding and movements during the year are set out in note 33 to the financial statements.
- (c) On 20 June 2011, the Company completed an open offer by issuing 588,567,428 shares ("Offer Share") on the basis of one Offer Share for every existing share, at a subscription price at HK\$0.1 each per Offer Share, resulting in cash consideration of approximately HK\$58,857,000, of which approximately HK\$45,909,000 was credited to the share capital and the balance of approximately HK\$12,948,000 (before any transaction cost) was credited to the share premium account (note 32).
- (d) During the year ended 31 March 2012, 1,000,000 share options were exercised at exercise price HK\$0.14 per share, resulting in an issue of 1,000,000 new ordinary shares of US\$0.01 each and new share capital of approximately HK\$78,000 and share premium of approximately HK\$62,000, together with a release of the share options reserve amounting to approximately HK\$65,000 credited to the share premium account. Details of share options outstanding and movements during the year are set out in note 33 to the financial statements.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.



Notes to the Financial Statements

For the year ended 31 March 2012

31. SHARE CAPITAL – GROUP AND COMPANY *(Continued)*

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. As at 31 March 2012, the Group did not have any net debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained profits and other reserves).

It is the Group's strategy to keep the net debt-to-adjusted capital ratio as low as feasible.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

32. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

Notes to the Financial Statements

For the year ended 31 March 2012

32. RESERVES (Continued)

(b) Company

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Share based payments reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Convertible bonds reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2010	35,582	16,375	2,943	556	–	–	(76,550)	(21,094)
Loss for the year	–	–	–	–	–	–	(3,535)	(3,535)
Shares issued upon exercise of share options	1,052	–	–	–	–	–	–	1,052
Shares issued upon placement	10,980	–	–	–	–	–	–	10,980
Transaction costs attributable to issue of new shares	(532)	–	–	–	–	–	–	(532)
Recognition of share option benefits at fair value	–	–	–	133	–	–	–	133
Share options forfeited	–	–	–	(1)	–	–	1	–
Transfer to share premium upon exercise of share options	677	–	–	(677)	–	–	–	–
Changes in equity for the year	12,177	–	–	(545)	–	–	(3,534)	8,098
At 31 March 2011	47,759	16,375	2,943	11	–	–	(80,084)	(12,996)
At 1 April 2011	47,759	16,375	2,943	11	–	–	(80,084)	(12,996)
Loss for the year	–	–	–	–	–	–	(7,316)	(7,316)
Issue of warrants on acquisition of subsidiaries	–	–	–	–	7,400	–	–	7,400
Issue of convertible bonds on acquisitions of subsidiaries and associates	–	–	–	–	–	17,056	–	17,056
Shares issued upon open offer	12,948	–	–	–	–	–	–	12,948
Shares issued upon exercise of share options	62	–	–	–	–	–	–	62
Transactions costs attributable to issue of new shares	(2,335)	–	–	–	–	–	–	(2,335)
Recognition of share option benefits at fair value	–	–	–	1,267	–	–	–	1,267
Transfer to share premium upon exercise of share options	65	–	–	(65)	–	–	–	–
Changes in equity for the year	10,740	–	–	1,202	7,400	17,056	(7,316)	29,082
At 31 March 2012	58,499	16,375	2,943	1,213	7,400	17,056	(87,400)	16,086



Notes to the Financial Statements

For the year ended 31 March 2012

32. RESERVES (Continued)

(c) Nature and purpose of reserves

(i) *Share premium account*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Contributed surplus*

The contributed surplus represents the difference between the net asset value of a subsidiary acquired and the nominal value of the ordinary shares issued by the Company in connection with an acquisition.

(iii) *Capital redemption reserve*

The capital redemption reserve arose when the Company repurchased 37,742,300 ordinary shares of US\$0.01 each from a former director of the Company on 4 September 2001.

(iv) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(d) to the financial statements.

(v) *Share-based payments reserve*

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to eligible participants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(w) to the financial statements.



Notes to the Financial Statements

For the year ended 31 March 2012

32. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(vi) Warrant reserve

The warrant reserve represents the fair value of warrants with issued amount of HK\$2,000,000 issued by the Company as part of the purchase consideration for the acquisition of subsidiaries on 3 June 2011, further details of which are set out in note 34(a) to the financial statements. Each warrant entitles the holder thereof to subscribe for one ordinary share at a subscription price of HK\$0.222 per share on or after one year after issue date until three years after the issue date. The subscription price was adjusted to HK\$0.150 per share due to the completion of open offer on 20 June 2011. At the end of the reporting period, the Company had 148,000,000 warrants outstanding not exercised.

(vii) Convertible bonds reserve

The convertible bonds reserve represents the value of the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds set out in note 3(r) to the financial statements.

33. SHARE-BASED PAYMENTS

The Company operates a Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) and a Share Option Scheme (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company’s subsidiaries. The Pre-IPO Share Option Scheme and the Share Option Scheme became effective on 27 March 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Pre-IPO Share Option Scheme is 3,000,000 shares and the Share Option Scheme is a number equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under the share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting.

Notes to the Financial Statements

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33. SHARE-BASED PAYMENTS (Continued)

The share options granted to director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

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

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

(a) Pre-IPO Share Option Scheme

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$
2003A	27.3.2003	9.5.2003 to 8.5.2004	9.5.2004 to 8.5.2013	0.091
2007A	9.2.2007	9.2.2007 to 8.2.2008	9.2.2008 to 8.2.2017	0.078
2008A	12.2.2008	12.2.2008 to 11.2.2009	12.2.2009 to 11.2.2018	0.152

Notes to the Financial Statements

For the year ended 31 March 2012

33. SHARE-BASED PAYMENTS (Continued)

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

Details of the share options outstanding during the year are as follows:

	2012		2011	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	330,000	0.118	1,327,500	0.106
Adjustment upon completion of open offer	84,647	–	–	–
Exercised	–	–	(997,500)	0.102
Outstanding at end of year	414,647	0.094	330,000	0.118
Exercisable at end of year	414,647	0.094	330,000	0.118

The weighted average share price at the date of exercise for share options exercised during the year was HK\$Nil (2011: HK\$0.295). The options outstanding at the end of the year have a weighted average remaining contractual life of 1.51 years (2011: 2.40 years) and the exercise prices range from HK\$0.078 to HK\$0.152 (2011: HK\$0.090 to HK\$0.191).

Notes to the Financial Statements

For the year ended 31 March 2012

33. SHARE-BASED PAYMENTS (Continued)

(b) Share Option Scheme

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$
2010A	17.2.2010	17.2.2010 to 16.2.2011	17.2.2011 to 16.2.2020	0.107
2012A	29.6.2011	29.6.2011	29.6.2011 to 28.6.2021	0.140

Details of the share options outstanding during the year are as follows:

	2012		2011	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	250,000	0.134	24,458,565	0.121
Adjustment upon completion of open offer	64,126	—	—	—
Granted	19,500,000	0.140	—	—
Forfeited	—	—	(50,000)	0.134
Exercised	(1,000,000)	0.140	(24,158,565)	0.121
Outstanding at end of year	18,814,126	0.139	250,000	0.134
Exercisable at end of year	18,814,126	0.139	250,000	0.134

Notes to the Financial Statements

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33. SHARE-BASED PAYMENTS (Continued)

(b) Share Option Scheme (Continued)

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.160 (2011: HK\$0.262). The options outstanding at the end of the year have a weighted average remaining contractual life of 9.22 years (2011: 8.88 years) and the exercise prices range from HK\$0.107 to HK\$0.140 (2011: HK\$0.134). During the year, 19,500,000 options were granted on 29 June 2011. The estimated fair value of the options on that date is approximately HK\$1,267,000.

The fair value was calculated using the binomial option pricing model (at 17 February 2010: Black-Scholes pricing model). The inputs into the model are as follows:

	29.6.2011	17.2.2010
Share price of the Company	HK\$0.14	HK\$0.134
Exercise price	HK\$0.14	HK\$0.134
Expected volatility	100%	32.60%
Expected life	10 Years	3 Years
Risk free rate	2.29%	0.96%
Expected dividend yield	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3.85 years.

Share options granted to consultants were incentives for helping the Group to expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

(c) Other Options

On 4 September 2001, options were granted to a former director of the Company to subscribe for 3,000,000 shares in the Company at an exercise price of HK\$0.078 (equivalent to US\$0.01) per share. These options are exercisable upon the listing of the Company's shares on the Stock Exchange. These options are outstanding as at 31 March 2012.

Notes to the Financial Statements

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34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

On 3 June 2011, the Group acquired the entire issued share capital of Best Team International Investment Limited ("Best Team") and its subsidiaries. Best Team is an investment holding company and its subsidiaries respectively have investment in an associate and 66.66% equity interest in two parcels of land located in the PRC. The associate is principally engaged in properties development in the PRC. The consideration for the acquisition was satisfied by cash of HK\$30,000,000, convertible bonds with principal amount of HK\$33,000,000 and warrants with issued amount of HK\$2,000,000. The acquisition was considered as an acquisitions of land use rights and an associate.

The fair value of identifiable assets and liabilities of Best Team and its subsidiaries and an associate acquired as at the date of acquisition is as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Other receivables	2
Land use rights	59,825
Bank and cash balances	90
Accruals and other payables	(620)
Non-controlling interests	(17,976)
Interest in an associate	27,041
	<u>68,362</u>
Satisfied by:	
Cash	30,000
Convertible bonds at fair value	30,962
Warrants at fair value	7,400
	<u>68,362</u>
Fair value of consideration	<u>68,362</u>
Net cash outflow arising on acquisition:	
Cash paid	30,000
Cash and cash equivalents acquired	(90)
Investment deposit paid	(9,500)
	<u>20,410</u>

Notes to the Financial Statements

For the year ended 31 March 2012

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisition of associates

On 24 October 2011, the Group acquired 33.33% of the issued share capital of Jun Feng and its subsidiaries. The consideration was satisfied by cash of HK\$10,000,000 and convertible bonds with principal amounts of HK\$10,000,000. The fair value of convertible bonds was HK\$12,100,000 as at 24 October 2011. Jun Feng and its subsidiaries was principally engaged in the sales and production of liquid crystal display and touchscreen panels.

(c) Major non-cash transaction

During the year, the purchase of motor vehicle of approximately HK\$1,113,000 (2011: HK\$Nil) was financed by a finance lease.

35. CONTINGENT LIABILITIES

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

36. LEASE COMMITMENTS

As at 31 March 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Within one year	1,835	1,993
In the second to fifth years inclusive	–	1,448
	1,835	3,441

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of three years and rentals are fixed over the lease terms and do not include contingent rentals.

Notes to the Financial Statements

For the year ended 31 March 2012

37. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2012 HK\$'000	2011 HK\$'000
Interest received from an associate	—	13
Subcontracting charges paid to an associate	—	12

38. EVENTS AFTER THE REPORTING PERIOD

- (a) On 22 February 2012, the Group entered into an agreement to acquire 75% of the issued share capital of ETC Technology Limited for a consideration of HK\$39,000,000. ETC Technology Limited was principally engaged in trading of electronic parts and components. As the acquisition has not yet been completed as at the date of the approval of the financial statements, it is impracticable at this moment to disclose further information about the acquisition.
- (b) On 23 April 2012, the Group obtained a bank loan of HK\$14,400,000. The bank loan is secured by the Group's investment property located in Hong Kong and personal guarantee from a director, interest-bearing at 3% below Prime Lending Rate per annum and repayable by 360 monthly installments commencing on 23 May 2012.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2012.

Five Fiscal Years Financial Summary

RESULTS

	For the year ended 31 March				
	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000
Turnover	31,602	24,425	18,134	20,321	19,742
(Loss)/profit before tax	(26,862)	(5,090)	(671)	754	381
Income tax expenses	–	(69)	(8)	(6)	(8)
(Loss)/profit for the year	(26,862)	(5,159)	(679)	748	373
Non-controlling interests	(200)	34	–	–	(9)
(Loss)/profit attributable to owners of the Company	(26,662)	(5,193)	(679)	748	382

ASSETS AND LIABILITIES

	At 31 March				
	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000
Total assets	170,821	48,935	31,151	31,855	30,614
Total liabilities and Non-controlling interests	(72,232)	(6,619)	(4,266)	(4,558)	(4,154)
Total equity	98,589	42,316	26,885	27,297	26,460