ZHI CHENG HOLDINGS LIMITED

智城控股有限公司*

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

(Stock Code: 8130)

ANNUAL REPORT 2012

* For identification only

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Corporate Information

Executive Directors

Mr. Lien Wai Hung *Chairman*
Mr. Lui Wing Fong, Alexander *Chief Executive Officer*

Independent Non-executive Directors

Mr. Ho Chun Ki, Frederick
Mr. Lai Miao Yuan
Mr. Chong Yiu Kan, Sherman
Mr. Tam Kin Yip

Company Secretary

Mr. Lo Chi Hung

Compliance Officer

Mr. Lien Wai Hung

Authorised Representatives

Mr. Lien Wai Hung
Mr. Lo Chi Hung

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 25, Three Pacific Place
1 Queen's Road East
Hong Kong

Audit Committee

Mr. Chong Yiu Kan, Sherman
Mr. Ho Chun Ki, Frederick
Mr. Lai Miao Yuan
Mr. Tam Kin Yip

Remuneration Committee

Mr. Tam Kin Yip
Mr. Chong Yiu Kan, Sherman
Mr. Lai Miao Yuan
Mr. Lien Wai Hung
Mr. Lui Wing Fong, Alexander

Nomination Committee

Mr. Chong Yiu Kan, Sherman
Mr. Lai Miao Yuan
Mr. Lien Wai Hung
Mr. Lui Wing Fong, Alexander
Mr. Tam Kin Yip

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Legal Advisers to the Company

As to Hong Kong Law
Michael Li & Co

As to Bermuda Law
Conyers Dill and Pearman

Head Office and Principal Place of Business in Hong Kong

Suite 2012, 20th Floor
Tower One
Times Square, 1 Matheson Street
Causeway Bay
Hong Kong

Principal Bankers

Hang Seng Bank Limited
Wing Lung Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Corporate Website

http://www.zhicheng-holdings.com

GEM Stock Code

8130

Chairman's Statement

Dear shareholders,

On behalf of the board of Directors (the "Board") of Zhi Cheng Holdings Limited (the "Company"), I herein present the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012.

While the uncertainties and contagion fear surrounding the eurozone debt sustainability overcast the global markets for most parts of 2011, in contrast the Chinese economy appears set to remain on a strong growth trajectory, lending credibility to the stimulus policies regime rolled out during the global financial crisis. The Chinese government expressly adopted the 12th Five-Year Plan in March 2011 to continue reforming the economy and emphasize the need to increase domestic consumption in order to make the economy less dependent on exports for GDP growth in the future. Since PRC will continue the policy of boosting domestic demand to maintain stable and rapid economic development which is unleashing spending power, along with the growth in consumption, the spending on advertising and promotion of consumer products is still expected to increase and PRC is expected to become one of the world's largest advertising markets.

During the year under review, the Group recorded an increase in turnover of approximately 7.5% to HK$21.4 million (2011: HK$20.0 million). The revenue was derived from the business of provision of medical information digitalisation system and property investment, provision of consultancy services, advertisement and media related services and provision of project management services. The Group recorded a loss attributable to owners of the Company of approximately HK$484.3 million (2011: HK$650.4 million). The improvement in results was mainly attributed to the combined effect of the full repayment of promissory note, the decrease in finance costs to approximately HK$46.2 million and the impairment loss recognised in respect of intangible assets of approximately HK$350.2 million.

Future Plans and Appreciation

In the past couple of years, tourism has been integrated into the global industrial structure as well as peoples' production and consumption pattern, and visiting foreign places is the modern lifestyle where everyone can enjoy. Tourism has also become one of China's most active, effective and least controversial foreign economic and cultural activities. Surrounded by international trade friction, increased protectionism and instability in the world's economy, China's tourism development continues to contribute to the global economy in a large way, and the State Council have included the tourism industry as one of the strategic pillar industry. Products with PRC's outbound tourists as target demographic represent positive business opportunities.

Chairman's Statement

On 3 May 2012, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party for the acquisition of Joint Vision Investments Limited which will control a PRC company 上海思璇廣告有限公司 (Shanghai Si Xuan Advertisement Company Limited#) through a set of control agreements. The PRC company has signed several cooperation and advertising memorandum of understandings with several travel agents in the PRC pursuant to which the travel agents will recommend the travel books to individual and corporate customers in the PRC and will subscribe the travel books as promotional items and gifts for their respective customers. The travel books will be a series of travel guide books aimed to provide destination data on sightseeing attractions, restaurants, shopping locations, accommodation and transportation information and also recommended travel routes. The cooperation period between the PRC company and the travel agents will be for a term for 3 years and the travel books are planned to launch in areas with concentration of potential outbound tourists and higher spending power. Advertisement placement is also planned within the travel books, thus providing advertising income, expands the available advertising media and creating synergy effect for the Company's existing advertising and media business.

Planning forward, the Group will continue to develop its existing business segments for stable incomes and at the same time seek potential business opportunities to produce good economic results and better return to the shareholders.

Finally, I would like to thank our Board, management and staff for their contributions to the Group. I would also like to extend my sincere gratitude to our shareholders, business partners, customers and suppliers for their continued supports.

Lien Wai Hung
Chairman

Management Discussion and Analysis

General

During the year under review, the Group is principally engaged in the provision of medical information digitalisation system, property investment, provision of consultancy services, advertisement and media related services and provision of project management services.

Business Overview

Provision of Medical Information Digitalisation System

In the last several years, the PRC government announced several policies to carry out initiatives under the healthcare reform plan unveiled in 2009. In April 2011, the Management Policy for Medical Equipment for Medical and Healthcare Institutions was issued by the Ministry of Health to promote the effective, efficient and rational allocation of medical equipment. The new management policy covers medical information systems such as MIDS which are subject to commission approval and centralized purchasing by open tender as the preferred way of procurement. The centralized procurement is organized by government from national to provincial and municipal levels, while the provincial government acts as the major organizer to implement the procurement. All non-profit healthcare organizations held by government or state-owned enterprise should participate in these centralized procurement and medical and healthcare institutions have adopted and reinforced the management and procurement process. While open tenders promotes price transparency and healthy competition within the healthcare information technology sector, certain common tenderer criteria such as long establishment history; proven track recording in multiple grade three hospitals; international certification on quality management and qualification certification on system integration, may not be favourable to medium to small companies where the operation model is based on out-sourcing to other technology providers. For healthcare institutions abiding the enhanced management policy, a specialize department is setup to oversees the lifecycle of medical equipment including purchase, acceptance, quality control, maintenance, repair, and disposal. With additional layers of approvals by committee are in place for the procurement and fulfillment process, together with the increased entry requirements for the tendering, the pace of MIDS rollout is affected as the duration of early stages preparations, discussions and negotiations are lengthened, impacting the implementation schedule and resource allocations.

In early 2011, the Ministry of Health completed the work on healthcare information technology construction project planning according to the 12th Five-Year Plan. The initial construction of healthcare information technology roadmap, referred to as the "3521 Project" is short for the 3-tier healthcare information platform, with five business application domains, based on two primary underlying databases, running on a single dedicated network. The roadmap outlines the building of a 3-tier healthcare information platform, covering from national level, provincial level and municipal levels to strengthen the five business application domains including public health, medical services, new rural cooperative, essential drug system and integrated management; development of the two underlying database for electronic health records and electronic medical records; and to construct a dedicated network for healthcare information collaboration.

Management Discussion and Analysis

Under the impetus of the roadmap, individual provinces and cities have also formulated detail policies and plans following the 12th Five-Year Plan direction and made it clear that local authorities will increase the support of regional healthcare information network and the effort on developing electronic medical records. Regional healthcare information network refers to a system within a certain area, where computers and network equipment provides support for medical and healthcare information service for authorized users, including information collection, storage, access, processing, analysis, applications, communications, and sharing capabilities. Cloud computing is one type of emerging technology that is particular suitable for deployment on the regional healthcare information network. Cloud computing's architecture is based on internet-centric software and the web-based services allow users to only pay for the features they need, while eliminating users' investment in hardware, software, professional services, and free from the complexity of implementation and technology hurdles.

Since the goal of the healthcare information technology roadmap is to achieve the 3-tier healthcare information platform, when medical equipment management committee of healthcare institutions determine long term development strategy and annual procurement plans, apart from buying medical equipment that will generate revenue, priority would be given to healthcare information technology projects that are compatible, form part of or migrate towards architecture and standards stipulated by the roadmap. In comparison, localized and tailored technology solutions that require moderate computer hardware and software investments may get lower priority in the planning process and have to give way for projects conforming the upcoming standards on electronic medical records. As such the rate of adopting and implementing MIDS is delayed or priority reshuffled for other projects fitting into the roadmap.

To promote the medical and healthcare information technology development conforming the new requirements under the healthcare reform and also under the backdrop of the "3521 Project" proposed by Ministry of Health, where the model of public-private partnership is employed; in late 2011, the Health Department of Shandong province and a large PRC domestic enterprise which specialize in cloud computing, signed a strategic cooperation framework agreement for the construction of healthcare information platform, where the two parties will engage all-round cooperation in the field of healthcare information technology and marks the first implementation of provincial "health cloud" providing electronic health records to urban and rural residents in the province. As with many of the core strategic technologies such as aerospace, satellite positioning and telecommunications, the PRC is inclined to utilize end-to-end independent domestic research and development; safe and controllable technologies developed by PRC enterprises, fulfilling both domestic economic development and mitigate security concerns. The same set of guiding principles applies to certain areas of healthcare information technology where large PRC domestic enterprises as complete technology and equipment solution service providers have definitive advantage.

Management Discussion and Analysis

With the success of public-private partnership on healthcare information technology likely to replicate in other PRC areas, to overcome the competition barrier against large PRC domestic IT suppliers and equipment manufacturers, the Group is adjusting the implementation strategy of the Medical Information Digitalization System ("MIDS"). For provision of modules such as RFID and PACS that requires local installation in healthcare institutions, the Group is exploring co-operation with private-owned medical institutions and affiliated hospitals of non-medical organizations where the financial budget on healthcare information technology is more flexible and less affected by the policy. The revised approach has been successful in two hospitals in Shandong and additional healthcare institutions are under negotiation. For cloud computing based modules such as the Regional Healthcare Information Collaboration Platform ("RHICP"), the Group is partnering with PRC domestic IT companies which are already participating in the construction of regional healthcare information platform for implementation of RHICP. A proposal for regional healthcare information in an area of Guangdong is under study and review. Since the operating environment of the healthcare information technology industry can be affected by state policies and shifting dynamics of other participants, the Group will review its strategy and approach regularly to compete in the changing and fast-paced market.

During the year under review, the revenue contributed by such segment was HK$13.3 million (2011: HK$18.2 million) and the gross profit margin was 65.4% (2011: 57.9%).

Property Investment

To comply with the latest environmental regulations and standards, a regular renovation is under planning for the investment property and an increase in repair and maintenance cost is expected.

During the year under review, the revenue contributed by such segment was HK$1.8 million (2011: HK$1.7 million) and was mainly derived from the leasing of an investment property located at Canada.

Provision of Consultancy Services

The rechargeable stored value SIM card market continues to be vibrant with promotions from participants and competition has been fierce. With the operational alignment with the telecommunication services provider, the emphasis and technology trend is on providing mobile data services and applications, such as mobile internet services, video streaming, social networking services, video calls and location services. Rather than offering voice minutes and short messages service, mobile subscribers are more interested in mobile data usage where entertainment and information contents are consumed with ease on the smartphones and tablet devices. While retail presence has been launched and the rechargeable stored value SIM card business volume begins to pick up, instead of using price cuts to attract mobile subscribers and to expand market share, new strategies are being devised to explore new areas of the pre-paid SIM market as well as the opportunities brought by the introduction of 4G network with faster speed and increased capacity.

During the year under review, the revenue contributed by such segment was HK$0.3 million (2011: HK$Nil).

Management Discussion and Analysis

Advertisement and Media Related Services

As the PRC is relatively unaffected by the economic and financial issues faced by other parts of the globe and still recorded a high single digit economic growth in 2011 in midst of the uncertainties, the outlook for advertisement and media related business in PRC, backed by state strategic planning and polices, remains positive and represents business and investment opportunities. A subsidiary of the Company have entered into co-operation agreements in late 2011 with a Hong Kong company in relation to the operation of large scale outdoor advertising billboards in a commercial area of Shanghai and multi-format indoor advertisements in retail shops located in Shanghai for a period of 12 months.

On 20 February 2012, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party for the acquisition of 60% of equity interest in Keen Renown Limited which controls a PRC company 上海中騰廣告有限公司 (Shanghai Zhong Teng Advertisement Company Limited#) through a set of control agreements. The PRC company has signed a cooperation agreement with a supermarket chain in Shanghai which can assist the PRC company to build up its extensive advertising media network in numerous supermarkets in the PRC. Under the corporation agreement, the PRC company has been granted an exclusive right to place display advertisements for its customers on various parts of the supermarkets operated by the counterparty. In return the counterparty will share a minority percentage of the advertising revenue of the PRC company. In general the service is exclusive to the PRC company for a term of 38 months. The supermarkets operated by the counterparty are currently located in Shanghai and Beijing.

During the year under review, the revenue contributed by such segment was HK$5.8 million (2011: HK$Nil).

Provision of Project Management Services

On 29 August 2011, a wholly-owned subsidiary of the Company entered into a share acquisition agreement and on 2 September 2011, a supplemental agreement with an independent third party pursuant to which the Company shall purchase the entire issued share capital of Easy Ace Limited ("Easy Ace"). The main asset of Easy Ace is the Services Agreement where Easy Ace would provide project management services in relation to the operation and monitoring of the Educational Institution Internal Security Control System ("EIISCS") in Guangdong Province in the PRC. Easy Ace shall receive 70% of the net profit in respect to the operation of EIISCS as service fee. The EIISCS is based on the radio-frequency identification ("RFID") technology and together with cellular mobile phones as information receivers, the EIISCS forms a communication platform between educational institutions and the parents of the students.

The EIISCS is installed and operational in 34 schools in Guangzhou Nansha area with an average utility rate of approximately 18%. The second batch of 23 schools in various Guangzhou locations have completed installation in the first quarter of 2012, covering over 30,000 students and expected to generate service fee before the end of the school year. The project team is deploying additional resources to boost the utility and subscription rate via promotion and marketing as well as exploring alternative payment mechanism to ease the overall subscription process. It is expected that EIISCS project would produce more satisfactory outcome in the coming school terms through dedicated man-power and stringent project monitoring. The second generation of EIISCS is also under development which employs cloud computing architecture which can offer self-service platforms and at the same time taking advantage of the increasing popularity of smartphones where push notifications and tailored applications can replace the traditional SMS for communicating information.

During the year under review, the revenue contributed by such segment was HK$0.3 million (2011: HK$Nil).

Management Discussion and Analysis

Termination of Joint Venture Agreement

On 18 October 2010, the Company and the PRC partner entered into a joint venture agreement (the "JV Agreement") pursuant to which the Company and the PRC partner agreed to set up a joint venture company. On 30 March 2011, the Company and the PRC partner entered into a supplemental agreement to extend the long stop date of the JV Agreement to 30 September 2011. As certain conditions cannot be fulfilled, on 29 September 2011 the Company entered into a deed of termination with the PRC partner whereby all parties mutually agree to terminate the JV Agreement.

Financial Review

For the year under review, the revenue of the Group was approximately HK$21.4 million (2011: HK$20.0 million), of which HK$13.3 million (2011: HK$18.2 million) was generated from rollout of MIDS, HK$1.8 million (2011: HK$1.7 million) was generated from the leasing of an investment property located at Canada, HK$5.8 million (2011: HK$Nil) was generated from provision of advertising and media related services, HK$0.3 million (2011: HK$Nil) was generated from provision of consultancy services and HK$0.3 million (2011: HK$Nil) was generated from provision of project management services, representing an increase of approximately 7.5% as compared with the year ended 31 March 2011. Other revenue amounted to approximately HK$3.0 million, an increase of 1.4 times over the prior year.

Administration expenses increased by 1.8% to approximately HK$120.4 million from HK$118.3 million in prior year. Such increase was mainly attributed to the combined effect of an increase in staff costs to approximately HK$14.6 million (2011: HK$10.1 million) and overseas travelling expenses to approximately HK$2.5 million (2011: HK$4.1 million).

Finance costs decreased by 48.1% to approximately HK$24.0 million from HK$46.2 million in prior year. The decrease was mainly attributed to the full repayment of promissory note issued by the Company.

Loss attributable to owners of the Company was approximately HK$483.3 million (2011: HK$650.4 million). The improvement in results was mainly attributed to the full repayment of promissory note issued by the Company; the impairment loss recognised in respect of intangible assets of approximately HK$350.2 million (2011: HK$240.2 million); and the amortisation of intangible assets of approximately HK$84.6 million (2011: HK$84.8 million). After discounting these effects, the resultant loss was approximately HK$21.5 million.

	For the year ended 31 March 2012 HK$'000
For description purposes, included in loss for the year are the following items:	(484,340)
Impairment loss recognised in respect of intangible assets	350,243
Amortisation of intangible assets	84,551
Effective interest expenses on convertible bonds	23,915
Fair value changes on investment properties	1,581
Impairment loss recognised in respect of goodwill	1,449
Share-based payments	1,115

Management Discussion and Analysis

Dividend

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

Liquidity and Financial Resources

At 31 March 2012, the Group had total assets of approximately HK$888.6 million (2011: HK$1,332.4 million), including net cash and bank balances of approximately HK$100.5 million (2011: HK$217.0 million). The decrease in cash and bank balances coincide with the increase in capital investment.

During the year under review, the Group financed its operations with internally generated cash flows and the proceeds from the issuance of new shares.

Capital Structure

Save as disclosed below, there was no change in the capital structure of the Group at 31 March 2012 as compared with that at 31 March 2011.

(a) Share consolidation and capital reorganisation

Pursuant to the resolutions passed on 31 May 2011, a capital reorganization (the "Capital Reorganisation") has been effected by way of comprising (i) share consolidation that every twenty shares of HK$0.01 each in the issued share capital of the Company be consolidated into one consolidated share of HK$0.10 each ("Consolidated Share"); and (ii) capital reduction that the par value of all issued Consolidated Shares from HK$0.20 each to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.19 on each issued Consolidated Share ("Adjusted Shares") and the credit arising from the reduction of issued share capital of the Company be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses to the extent as permitted by the laws of Bermuda and the Bye-laws. The board lot size for trading was changed to 20,000 Adjusted Shares after the Capital Reorganisation became effective. The Capital Reorganisation became effective on 1 June 2011.

(b) Issue of shares arising on acquisition of subsidiaries

On 29 August 2011, the Company entered into a share acquisition agreement, and subsequently on 2 September 2011 entered into a supplemental agreement, pursuant to which the Company agreed to acquire from the vendor the sale shares at a consideration of HK$8.6 million. The consideration shall be satisfied by the Company issuing 44,669,177 new ordinary shares at issue price of HK$0.170 per new ordinary share under the general mandate. The new ordinary shares were issued upon completion on 15 September 2011.

Management Discussion and Analysis

(c) Placing of new shares

On 26 October 2011, the Company, Growth Harvest Limited (the "Vendor") and Kingston Securities Limited (the "Placing Agent") entered into a top-up placing and subscription agreement, pursuant to which, the Placing Agent have conditionally agreed, on a best effort basis, to place to not less than six independent placees, up to 30,000,000 top-up placing Shares beneficially owned by the Vendor at a top-up placing price of HK$0.257 per top-up placing share; and the Vendor has conditionally agreed to subscribe for such number of subscription shares as is equal to the number of top-up placing shares successfully placed by the Placing Agent at a subscription price of HK$0.257 per subscription share. On the same day, the Company has also entered into the first tranche placing agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed to place, up to 23,600,000 first tranche placing shares, on a best effort basis, to not less than six independent placees, at a first tranche placing price of HK$0.257 per first tranche placing share. The gross proceeds and the net proceeds from top-up placing and first tranche placing was approximately HK$13.8 million and approximately HK$13.2 million respectively. All new shares issued under top-up placing, the subscription and first tranche placing were pursuant to general mandate granted to the Directors by resolution of the shareholders passed at the Company's annual general meeting held on 26 September 2011. The top-up placing and subscription was completed 7 November 2011 and the first tranche placing was completed on 8 December 2011.

At 31 March 2012, the total borrowings of the Group amounted to HK$201.5 million (2011: HK$178.1 million), comprising:

(a) the liability component of approximately HK$200.6 million in respect of the convertible bonds with an aggregate principal amount of HK$500 million issued to Growth Harvest Limited as part of the consideration of the acquisition of Sunny Chance Limited which is unsecured, non-interest bearing and maturing on 6 October 2019;

(b) mortgage loan of approximately HK$0.9 million secured by investment properties of the Group located in Canada.

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 24.3% (2011: 14.4%). The change in gearing ratio was mainly attributed by a decrease in value of intangible assets in respect of substantial impairment during the year.

Management Discussion and Analysis

Charge on the Group's Assets

At 31 March 2012, the Group has pledged its investment property located in Canada with a fair value of HK$23.4 million to secure a mortgage loan amounted to approximately HK$0.9 million (2011: HK$1.4 million).

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Commitments

At 31 March 2012, the Group, as a lessor, had operating lease commitments of approximately HK$17.8 million (2011: HK$10.8 million) and as a lessee, had operating lease commitment of approximately HK$2.4 million (2011: HK$1.7 million).

Contingent Liabilities

At 31 March 2012, the Group had no contingent liabilities (2011: HK$Nil).

Employee

At 31 March 2012, the Group had 38 employees (2011: 27). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

At 31 March 2012, as long-term investment, the Group held 100,000,000 shares of The Hong Kong Building and Loan Agency Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange of Hong Kong.

Save as disclosed above, the Group did not hold any new significant investment during the year ended 31 March 2012.

Management Discussion and Analysis

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition and disposal as disclosed in the "Business Review" under the "Management Discussion and Analysis" section, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2012.

Future Plan for Material Investments and Capital Assets

Save as the proposed acquisition and disposal as disclosed in the "Future Plans" under the "Chairman's Statement" section, the Group does not have any concrete plan for material investments or capital assets for the coming year.

The English transliteration of Chinese is included for information only, and should not be regarded as the official English names of such Chinese names.

Directors and Senior Management Profile

Executive Directors

Mr. Lien Wai Hung, aged 48, is the chairman of the Company and he is responsible for overall management of the Board and overseeing the corporate governance of the Group. Mr. Lien is a practicing solicitor in Hong Kong since 1997. Mr. Lien was appointed as an executive director and the chairman on 27 April 2010 and 15 September 2010 respectively.

Mr. Lui Wing Fong, Alexander, aged 35, is the chief executive officer of the Company and he is responsible for the overall strategic planning and business development of the Group. Mr. Lui has over 9 years' experience in investments, startups and advertising in Greater China and Hong Kong. Mr. Lui was appointed as an executive director on 30 May 2012.

Independent Non-executive Directors

Mr. Ho Chun Ki, Frederick, aged 54, has extensive experience in project management and bullion, securities and futures business. He is a practicing solicitor in Hong Kong since 2000 and is an assistant solicitor of Ho, Tse, Wai & Partners, a firm of solicitors in Hong Kong. Mr. Ho was appointed as an independent non-executive director on 1 June 2010.

Mr. Lai Miao Yuan, aged 40, has worked with a film production company for a number of years and acquired extensive experience with the area of finance and accounting of film industry. Mr. Lai was appointed as an independent non-executive director on 31 March 2011.

Mr. Chong Yiu Kan, Sherman, aged 49, has over 24 years of working experience in auditing, accounting, taxation and management consultancy. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and is currently an independent non-executive Director of FinTronics Holdings Company Limited which is listed on the main board. Mr. Chong was appointed as an independent non-executive director on 1 December 2011.

Mr. Tam Kin Yip, aged 38, is a practicing Barrister-At-Law in Hong Kong and has over 10 years' experience in litigation. Mr. Tam became an associate of Hong Kong Institute of Arbitrators in 2006 and was a part-time lecturer in Department of Professional Legal Education at the University of Hong Kong in 2010. Mr. Tam was appointed as independent non-executive director on 16 February 2012.

Corporate Governance Report

The Board of Directors ("Board") is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2012.

In November 2004, The Stock Exchange of Hong Kong Limited ("Stock Exchange") issued the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the Rules governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Rules") which sets out corporate governance principles ("Principles") and code provisions ("Code Provisions") with which listed issuers are expected to follow and comply.

The Company has applied the Principles as set out in the CG Code that are considered to be relevant to the Company and has complied with most of the Code Provisions set out in the CG Code save for certain deviations, details of which will be explained in the relevant paragraphs in this report.

Good corporate governance has always been recognised as vital to the Group's success and to sustain development of the Group. The Company acknowledges the important role of its Board in providing effective leadership and direction to company business, and ensuring transparency and accountability of company operations. The Company also endeavors to periodically review its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

The key corporate governance principles and practices of the Company are summarised as follows:

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Composition

The Board currently comprises six Directors: two executive Directors and four independent non-executive Directors that are more than one-third of the Board. Biographical details of the Chairman and other Directors are set out in the section of "Directors and Senior Management Profile" on page 15.

Corporate Governance Report

The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interest of the shareholders and the Company as a whole.

At 31 March 2012, the Board comprised five Directors, including one executive Director, namely Mr. Lien Wai Hung and four independent non-executive Directors, Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip. One of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

In accordance with the Company's bye-laws, newly appointed Directors are required to offer themselves for re-election at the first annual general meeting following their appointment.

The Board as a whole is responsible for the appointment of new Directors and Directors nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Independence

The Company has four independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. The Company considers these directors to be independent under the guidelines set out in Rules 5.09 of the GEM Listing Rules.

Chairman and Chief Executive Officer

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Lien Wai Hung, who is also an executive director. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board reviewed the effectiveness of this arrangement and appointed Mr. Lui Wing Fong, Alexander as the chief executive officer of the Company on 30 May 2012.

Corporate Governance Report

Non-executive Directors

Under the Code provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. 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 less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least seven business days' notice of regular Board meeting are given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors Information on activities and development of the businesses of the Group. The company secretary takes detailed minutes of the meetings and keeps records of matters discussed and decision resolved at the meetings.

During the year ended 31 March 2012, 31 meetings were held. Details of the attendance of the Directors at the meetings of the Board and its respective Committees are as follows:

Name of Director	*Notes*	Board Meeting Attended/Held	Audit Committee Attended/Held	Remuneration Committee Attended/Held	Nomination Committee Attended/Held
Executive Directors					
Mr. Lien Wai Hung		31/31	N/A	2/2	2/2
Mr. Lui Wing Fong, Alexander	*(1)*	0/0	N/A	0/0	0/0
Independent non-executive Directors					
Mr. Leung Wai Man	*(2)*	22/23	3/3	0/1	0/1
Mr. Ho Chun Ki, Frederick		31/31	4/4	N/A	N/A
Mr. Lai Miao Yuan		31/31	4/4	2/2	2/2
Mr. Chong Yiu Kan, Sherman	*(3)*	8/8	1/1	1/1	1/1
Mr. Tam Kin Yip	*(4)*	3/3	0/0	0/0	0/0

Corporate Governance Report

Notes:

(1) Mr. Lui Wing Fong, Alexander has been appointed as an executive Director with effect from 30 May 2012.

(2) Mr. Leung Wai Man resigned from his position as an independent non-executive Director with effect from 1 December 2011.

(3) Mr. Chong Yiu Kan, Sherman has been appointed as an independent non-executive Director with effect from 1 December 2011.

(4) Mr. Tam Kin Yip has been appointed as an independent non-executive Director with effect from 16 February 2012.

Remuneration Committee

A remuneration committee was established with specific written terms of reference which deal clearly with its authority and duties in accordance with the requirements of the new Code. The remuneration committee is responsible for reviewing and developing the remuneration polices of the Directors and senior management. At the date of this annual report, the remuneration committee consists of five members, of which the majority are independent non-executive Directors, namely Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip. The chairman of the remuneration committee is Mr. Tam Kin Yip.

During the year under review, the remuneration committee held 2 meetings.

Nomination Committee

The nomination committee was established with specific written terms of reference which deal clearly with its authority and duties in accordance with the requirements of the new Code. At the date of this annual report, the nomination committee consists of five members, of which the majority are independent non-executive Directors, namely Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip. The chairman of the nomination committee is Mr. Chong Yiu Kan, Sherman.

During the year under review, the nomination committee held 2 meetings.

Auditors' Remuneration

For the year ended 31 March 2012, the remuneration in respect of audit services provided by the auditors, HLB Hodgson Impey Cheng, amounted to HK$850,000. Except for the audit service fee, the Company has paid HK$496,000 to the auditors for non-audit services.

Corporate Governance Report

Audit Committee

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. Rule 5.28 to 5.29 of the GEM Rules requires that the audit committee must comprise a minimum of three members with a majority of independent non-executive Directors and at least one member must have appropriate professional qualifications or accounting or related financial management expertise.

The main duties of the audit committee include the followings:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The audit committee held 4 meetings during the year ended 31 March 2012, to review the financial results and reports, financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

There is no material uncertainty relating to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 March 2012, has been reviewed by the audit committee.

The consolidated financial statements for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in rules 5.48 to 5.67 to the GEM Listing Rules as its own code of conduct for dealings in securities of the Company by Directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the required standard set out in the Code during the financial year ended 31 March 2012.

Corporate Governance Report

Respective Responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The auditors are responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

Shareholder Rights

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's bye-laws. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of 2011 annual general meeting and explained during the proceedings of the meeting.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The chairman of the Board and the chairman of the audit committee attended the annual general meeting in 2011 to answer questions at the meeting.

Separate resolutions were proposed at the annual general meeting in 2011 on each substantial issue, including the election of individual directors.

Conclusion

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The Management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2012.

Principal activities and geographical analysis of operations

The principal activities of the Group are the development and provision of medical information digitalization system ("MIDS"), property investment, provision of consultancy services, advertisement and media related services and provision of project management services. Details of the activities of its subsidiaries are set out in note 22 to the consolidated financial statements.

An analysis of the Group's turnover for the year by geographic segment is set out in note 10 to the consolidated financial statement.

Results

The results of the Group for year ended 31 March 2012 are set out in the consolidated income statement on page 32 of this annual report.

The directors do not recommend the payment of any dividend in respect of the year.

Financial summary

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 124 of this annual report.

Property, plant and equipment

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

Share capital and share options

Details of the movements in the Company's share capital and share options during the year are set out in notes 30 and 39 to the consolidated financial statements respectively.

Reserves

Details of the movement in the reserves of the Group and the Company during the year are set out in note 31 to the consolidated financial statements.

Directors' Report

Purchase, sale or redemption of shares

During the year ended 31 March 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive rights

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

Convertible bonds

Details of the movements in convertible bonds during the year are set out in note 32 to the consolidated financial statements.

Distributable reserves

The Company's reserves available for distribution to shareholders at 31 March 2012 amounting to approximately HK$Nil (2011: HK$Nil).

Charitable donations

Charitable donations made by the Group during the year amounted to HK$Nil (2011: HK$Nil).

Events after the reporting period

Details of significant events occurring after the reporting period date are set out in note 40 to the consolidated financial statements.

Connected transactions

Details of connected transactions are set out in note 37 to the financial statements.

Sufficiency of public float

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

Directors' Report

Directors

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

Executive Directors

Mr. Lien Wai Hung	
Mr. Lui Wing Fong, Alexander	(appointed on 30 May 2012)

Independent non-executive Directors

Mr. Leung Wai Man	(resigned on 1 December 2011)
Mr. Ho Chun Ki, Frederick	
Mr. Lai Miao Yuan	
Mr. Chong Yiu Kan, Sherman	(appointed on 1 December 2011)
Mr. Tam Kin Yip	(appointed on 16 February 2012)

In accordance with article 84(1) of the Company's bye-laws, Mr. Lai Miao Yuan and Mr. Tam Kin Yip would retire from office by rotation at the annual general meeting. In accordance with article 83(2) of the Company's bye-laws, Mr. Lui Wing Fong, Alexander shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. As such, Mr. Lai Miao Yuan, Mr. Tam Kin Yip and Mr. Lui Wing Fong, Alexander would retire and, being eligible, offer themselves for re-election.

Directors' service contracts

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

Directors' Report

Directors' and chief executives' interest and short positions in shares, underlying shares and debentures of the Company and its associated corporations

At 31 March 2012, none of the directors, or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")), which would have to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

Share option schemes

Particulars of the Company's share option schemes are set out in note 39 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above and in note 39 to the consolidated financial statements respectively, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in contracts

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

Competing interests

At 31 March 2012, none of the directors, the substantial shareholders nor their respective associates had an interest in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Directors' Report

Substantial shareholders

At 31 March 2012, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Percentage of the Company's issued share capital
Growth Harvest Limited	Beneficial owner *(Note 1)*	64,640,710	67,567,567	132,208,277	41.11%
Treasure Bonus Limited	Interest of controlled corporation *(Note 1)*	64,640,710	67,567,567	132,208,277	41.11%
Ms. Tan Ting Ting	Interest of controlled corporation *(Note 1)*	64,640,710	67,567,567	132,208,277	41.11%
Gold Train Limited	Beneficial owner *(Note 2)*	44,669,177	–	44,669,177	13.89%
Ms. Xie Shi Yan	Interest of controlled corporation *(Note 2)*	44,669,177	–	44,669,177	13.89%

Notes:

(1) Growth Harvest Limited ("Growth Harvest") is deemed to be interested in 67,567,567 shares through its interest in the Convertible Bonds in the principal amount of HK$500,000,000. Adding the 64,640,710 shares held by Growth Harvest, Growth Harvest is deemed to be interested in 132,208,277 shares of the Company. Treasure Bonus Limited ("Treasure Bonus") owns 72% of the issued share capital of Growth Harvest and Treasure Bonus are wholly and beneficially owned by Ms. Tan Ting Ting. Each of Treasure Bonus and Ms. Tan Ting Ting is deemed to be interested in the 132,208,277 shares.

(2) Gold Train Limited ("Gold Train") is wholly and beneficially owned by Ms. Xie Shi Yan. Ms. Xie Shi Yan is deemed to be interested in the 44,669,177 shares.

Directors' Report

Save as disclosed above, at 31 March 2012, the Company has not been notified by any persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 38 to the consolidated financial statements.

Major customers and suppliers

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

Sales	
– the largest customer	34.6%
– five largest customers combined	89.1%
Purchases	
– the largest supplier	36.1%
– five largest supplier combined	96.1%

At no time during the year did the directors, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises the four independent non-executive directors namely, Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip. During the year, the audit committee held 4 meetings to review the Group's annual report, half-year report and quarterly reports.

Directors' Report

Remuneration committee

A remuneration committee has been established with written terms of reference in accordance with the requirements of the Corporate Governance Code Provisions. The remuneration committee comprises three independent non-executive directors, namely Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip who is the chairman of the remuneration committee and two executive directors, Mr. Lien Wai Hung and Mr. Lui Wing Fong, Alexander. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management, the determination of specific remuneration packages of all executive directors and senior management, and to review and approve performance-based remuneration.

Nomination committee

A nomination committee has been established with written terms of reference in accordance with the requirements of the Corporate Governance Code Provisions. The nomination committee comprises three independent non-executive directors, namely Mr. Lai Miao Yuan, Mr. Tam Kin Yip and Mr. Chong Yiu Kan, Sherman who is the chairman of the nomination committee and two executive directors, Mr. Lien Wai Hung and Mr. Lui Wing Fong, Alexander. The roles and functions of the nomination committee include nomination of potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

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

Confirmation of independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

Directors' Report

Auditors

The consolidated financial statements for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lien Wai Hung
Chairman

Hong Kong, 27 June 2012

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

To the Shareholders of Zhi Cheng Holdings Limited
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Zhi Cheng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 123, which comprise the consolidated statement 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 the 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 of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 Auditors' Report

Auditors' Responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 the Group as at 31 March 2012, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 27 June 2012

Consolidated Income Statement

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	8	**21,445**	19,953
Cost of sales		**(11,605)**	(7,657)
Gross profit		**9,840**	12,296
Other income	9	**3,011**	1,234
Administrative expenses		**(120,389)**	(118,283)
Fair value changes on investment properties	19	**(1,581)**	1,564
Gain on disposal of investment properties		**–**	1,330
Loss on written off of property, plant and equipment		**(19)**	–
Impairment loss recognised in respect of goodwill	20	**(1,449)**	–
Impairment loss recognised in respect of intangible assets	21	**(350,243)**	(240,205)
Loss on redemption of promissory note		**–**	(262,061)
Loss from operations	11	**(460,830)**	(604,125)
Finance costs	12	**(23,968)**	(46,151)
Loss before taxation		**(484,798)**	(650,276)
Income tax	15	**458**	(109)
Loss for the year		**(484,340)**	(650,385)
Loss for the year attributable to:			
Owners of the Company		**(484,340)**	(650,385)
Loss per share	17		
Basic and diluted		**(HK$1.81)**	(HK$6.81)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Loss for the year	**(484,340)**	(650,385)
Other comprehensive (expense)/income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**2,776**	1,709
Fair value changes on available-for-sale investments	**(10,000)**	–
Other comprehensive (expense)/income for the year (net of tax)	**(7,224)**	1,709
Total comprehensive expense for the year	**(491,564)**	(648,676)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(491,564)**	(648,676)

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	18	**2,950**	1,835
Investment properties	19	**23,373**	25,665
Goodwill	20	**–**	1,449
Intangible assets	21	**667,773**	1,053,920
Deferred tax assets	29	**884**	851
Deposit for investments	23	**30,000**	–
Available-for-sale investments	24	**6,000**	1,000
		730,980	1,084,720
Current assets			
Trade and other receivables	25	**57,178**	30,650
Bank balances and cash	26	**100,480**	217,007
		157,658	247,657
Current liabilities			
Trade and other payables	27	**10,685**	9,047
Bank loan	28	**513**	504
Tax payable		**441**	56
		11,639	9,607
Net current assets		**146,019**	238,050
Total assets less current liabilities		**876,999**	1,322,770
Capital and reserves			
Share capital	30	**3,216**	44,669
Reserves	31	**669,703**	1,096,451
		672,919	1,141,120
Non-current liabilities			
Convertible bonds	32	**200,635**	176,720
Bank loan	28	**380**	920
Deferred tax liabilities	29	**3,065**	4,010
		204,080	181,650
		876,999	1,322,770

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2012 and signed on its behalf by:

Lien Wai Hung
Director

Lui Wing Fong, Alexander
Director

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**55**	35
Investments in subsidiaries	22	**556,100**	1,340,384
		556,155	1,340,419
Current assets			
Amounts due from subsidiaries	22	**340,362**	131,888
Other receivables	25	**196**	213
Bank balances and cash	26	**4,956**	201,554
		345,514	333,655
Current liability			
Other payables	27	**1,489**	1,267
Net current assets		**344,025**	332,388
Total assets less current liabilities		**900,180**	1,672,807
Capital and reserves			
Share capital	30	**3,216**	44,669
Reserves	31	**696,329**	1,451,418
		699,545	1,496,087
Non-current liability			
Convertible bonds	32	**200,635**	176,720
		900,180	1,672,807

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

Lien Wai Hung
Director

Lui Wing Fong, Alexander
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Available-for-sale investments revaluation reserve HK$'000	Share-based compensation reserve HK$'000	Convertible bonds reserve HK$'000	Statutory reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2010	73,247	641,041	197,928	–	4,293	374,195	394	911	(84,190)	1,207,819
Loss for the year	–	–	–	–	–	–	–	–	(650,385)	(650,385)
Other comprehensive income for the year:										
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	1,709	–	1,709
Total comprehensive income/(expense) for the year	–	–	–	–	–	–	–	1,709	(650,385)	(648,676)
Issue of shares on open offer	18,312	164,806	–	–	–	–	–	–	–	183,118
Capital reduction	(85,434)	–	85,434	–	–	–	–	–	–	–
Placing of new shares	20,176	219,975	–	–	–	–	–	–	–	240,151
Share issue expenses	–	(4,696)	–	–	–	–	–	–	–	(4,696)
Recognition of equity-settled share-based payments	–	–	–	–	2,627	–	–	–	–	2,627
Lapsed of share options	–	–	–	–	(795)	–	–	–	795	–
Issue of convertible bonds	–	–	–	–	–	50,498	–	–	–	50,498
Conversion of convertible bonds	18,368	164,917	–	–	–	(73,006)	–	–	–	110,279
At 31 March 2011 and 1 April 2011	44,669	1,186,043	283,362	–	6,125	351,687	394	2,620	(733,780)	1,141,120
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(484,340)**	**(484,340)**
Other comprehensive income/(expense) for the year:										
Exchange differences on translation of financial statements of overseas subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,776**	**–**	**2,776**
Fair value changes on available-for-sale investments	**–**	**–**	**–**	**(10,000)**	**–**	**–**	**–**	**–**	**–**	**(10,000)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(10,000)**	**–**	**–**	**–**	**2,776**	**(484,340)**	**(491,564)**
Transfer of statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**8**	**–**	**(8)**	**–**
Capital reduction	**(42,436)**	**–**	**42,436**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of shares arising on acquisition of a subsidiary	**447**	**8,487**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,934**
Placing of new shares	**536**	**13,239**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13,775**
Share issue expenses	**–**	**(461)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(461)**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**1,115**	**–**	**–**	**–**	**–**	**1,115**
Cancellation of share options	**–**	**–**	**–**	**–**	**(1,995)**	**–**	**–**	**–**	**1,995**	**–**
Lapsed of share options	**–**	**–**	**–**	**–**	**(4,254)**	**–**	**–**	**–**	**4,254**	**–**
At 31 March 2012	**3,216**	**1,207,308**	**325,798**	**(10,000)**	**991**	**351,687**	**402**	**5,396**	**(1,211,879)**	**672,919**

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Loss before taxation	**(484,798)**	(650,276)
Adjustments for:		
Interest income	**(1,099)**	(202)
Interest expenses	**53**	71
Effective interest expenses on convertible bonds	**23,915**	19,859
Effective interest expenses on promissory note	**–**	19,499
Interest on late payment of promissory note	**–**	6,722
Fair value changes on investment properties	**1,581**	(1,564)
Depreciation of property, plant and equipment	**1,114**	603
Loss on written off of property, plant and equipment	**19**	599
Amortisation of intangible assets	**84,551**	84,750
Gain on disposal of investment properties	**–**	(1,330)
Impairment loss recognised in respect of goodwill	**1,449**	–
Impairment loss recognised in respect of intangible assets	**350,243**	240,205
Loss on redemption of promissory note	**–**	262,061
Share-based payments	**1,115**	2,627
Operating cash flow before movements in working capital	**(21,857)**	(16,376)
Increase in trade and other receivables	**(25,828)**	(6,188)
Increase/(decrease) in trade and other payables	**1,871**	(13,680)
Net cash used in operating activities	**(45,814)**	(36,244)
Investing activities		
Interest received	**1,115**	124
Acquisition of subsidiaries	**(34,000)**	(211,806)
Payment for deposit for investments	**(30,000)**	–
Release from deposit for investments	**–**	145,000
Purchase of available-for-sale investments	**(15,000)**	–
Purchase of property, plant and equipment	**(2,208)**	(1,323)
Proceeds on disposal of investment properties	**–**	35,730
Purchase of intangible assets	**(5,238)**	(3,216)
Net cash used in investing activities	**(85,331)**	(35,491)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Financing activities		
Repayment of bank loan	**(497)**	(461)
Proceeds from open offer	**–**	183,118
Proceeds from placing of new shares	**13,775**	240,151
Share issue expenses	**(461)**	(4,696)
Payment for redemption of promissory note	**–**	(458,722)
Net cash generated from/(used in) financing activities	**12,817**	(40,610)
Net decrease in cash and cash equivalents	**(118,328)**	(112,345)
Cash and cash equivalents at beginning of the year	**217,007**	328,766
Effect of foreign exchange rate changes	**1,801**	586
Cash and cash equivalents at end of the year	**100,480**	217,007
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**100,480**	217,007

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

1. General Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Suite 2012, 20th Floor, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 22.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 April 2011. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

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

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in Improvements to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

The principal effects of adopting these HKFRSs are as follows:

HKAS 24 (Revised) "Related Party Disclosures"

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transaction with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definition of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

Improvements to HKFRSs 2010

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 "Business Combinations": The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 "Presentation of Financial Statements": The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 "Consolidated and Separate Financial Statements": The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Issued but not Yet Effective Hong Kong Financial Reporting Standards

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

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

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

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Issued but not Yet Effective Hong Kong Financial Reporting Standards
(Continued)

HKFRS 9 "Financial Instruments" *(Continued)*

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The application of HKFRS 9 might affect the classification, measurement and presentation of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

HKFRS 10 "Consolidated Financial Statements" replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 "Disclosure of Interests in Other Entities" is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

3. Issued but not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The application of the HKFRS 13 might affect the amounts reported and result in more extensive disclosures in the consolidated financial statements of the Group.

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

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HKAS 12 (Amendments) "Deferred tax – Recovery of Underlying Assets"

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. Issued but not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

HKAS 12 (Amendments) "Deferred tax – Recovery of Underlying Assets" *(Continued)*

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors of the Company anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties.

The directors of the Company have commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

4. Summary of Significant Accounting Policies

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

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, as modified for the revaluation of certain financial instruments and investment properties which are stated at their fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 7.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the Group made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

(c) Business combination

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(d) Goodwill

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

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the acquisition.

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

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

(e) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

4. Summary of Significant Accounting Policies *(Continued)*

(e) Intangible assets *(Continued)*

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination and are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss, except that when an item of property, plant and equipment is classified as held for sale, which it is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

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

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Showroom equipment	33%
Office equipment	20% – 33%
Furniture and fixtures	20% – 33%
Motor vehicles	20% – 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the asset.

(g) Investment properties

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

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

4. Summary of Significant Accounting Policies *(Continued)*

(h) Leases

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

The Group as lessee

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments

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

Financial assets

The Group's financial assets are classified into one of two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit for investments, trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss of financial assets below).

Impairment loss of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss of financial assets (Continued)

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

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

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

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

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Convertible bonds

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the notes into equity, is included in equity (convertible bonds – equity reserve). Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds – equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds – equity reserve will be released to retained profits. No gain or loss is recognised in the consolidated income statement upon conversion or expiration of the option.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the consolidated income statement.

Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Derecognition

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

(j) Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(k) Revenue recognition *(Continued)*

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

Lease incentives granted are recognised in the consolidated income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Provision of medical information digitalisation system ("MIDS")

Revenue from provision of MIDS is recognised on the transfer of risks and rewards of ownership which generally coincide when the time where the systems are delivered, installed and title has passed.

(iii) Provision of advertising and media related services

Revenue from provision of advertising and media related services is recognised when the services are provided.

(iv) Provision of project management services

Revenue from provision of project management services is recognised when the services are provided.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

4. Summary of Significant Accounting Policies *(Continued)*

(l) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share-based compensation reserve with equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated income statement for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(m) Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(n) Provisions and contingent liabilities

(i) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided that the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 4(n)(ii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 4(n)(ii).

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure 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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for (i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; (ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and (iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(o) Foreign currencies *(Continued)*

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

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

(p) Borrowing costs

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

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.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. Summary of Significant Accounting Policies *(Continued)*

(q) Related parties

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

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

(2) has significant influence over the Group; or

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

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

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

(2) 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).

(3) both entities are joint ventures of the same third party.

(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(6) the entity is controlled or jointly controlled by a person identified in (i) above.

(7) a person identified in (i)(1) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

5. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes from prior year.

The capital structure of the Group consists of total assets and total liabilities. Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio. The gearing ratio is determined as the proportion of total liabilities to total assets.

The debt-to-assets ratio at 31 March 2012 and 2011 were as follows:

	The Group		**The Company**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities				
Trade and other payables	**10,685**	9,047	**1,489**	1,267
Bank loan	**513**	504	**–**	–
	11,198	9,551	**1,489**	1,267
Non-current liabilities				
Convertible bonds	**200,635**	176,720	**200,635**	176,720
Bank loan	**380**	920	**–**	–
	201,015	177,640	**200,635**	176,720
Total debt	**212,213**	187,191	**202,124**	177,987

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

5. Capital Management *(Continued)*

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current assets				
Property, plant and equipment	**2,950**	1,835	**55**	35
Investment properties	**23,373**	25,665	**–**	–
Goodwill	**–**	1,449	**–**	–
Intangible assets	**667,773**	1,053,920	**–**	–
Interests in subsidiaries	**–**	–	**556,100**	1,340,384
Deposit for investments	**30,000**	–	**–**	–
Available-for-sale investments	**6,000**	1,000	**–**	–
	730,096	1,083,869	**556,155**	1,340,419
Current assets				
Trade and other receivables	**57,178**	30,650	**340,558**	132,101
Bank balances and cash	**100,480**	217,007	**4,956**	201,554
	157,658	247,657	**345,514**	333,655
Total assets	**887,754**	1,331,526	**901,669**	1,674,074
Debt-to-assets ratio	**23.90%**	14.06%	**22.42%**	10.63%

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments

(a) Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**132,504**	246,985
Available-for-sale investments	**6,000**	1,000
Financial liabilities		
Financial liabilities at amortised cost	**218,796**	185,077

(b) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;

(ii) the fair values of derivative instruments are determined based on the quoted prices provided by the securities' broker; and

(iii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the estimated future cash flows and the current market rate of return.

Except for the liability component of convertible bonds which recorded amortised cost as below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(b) Fair value of financial instruments *(Continued)*

	2012		2011	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Convertible bonds	**200,635**	**312,201**	176,720	256,940

The fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the interest applied at that time by the market to instruments of comparable credit status and providing substantiality the same cash flows, on the same terms, but without conversion option.

(c) Fair value estimation

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification of repackaging);

Level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input are not based on observable market data.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(c) Fair value estimation *(Continued)*

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Available-for-sale investments				
– Listed equity securities	**5,000**	**–**	**–**	**5,000**

There were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

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

(d) Financial risk management objectives and policies

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

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

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(i) Credit risk

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

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables arising from properties investment segment are due within 90 days from the date of billing. For the MIDS segment, the Group allows the customer to settle the trade receivables by instalments with credit terms ranging from 5 to 360 days. For advertising and media related service and project management services segments, the Group allows the customer to settle the trade receivables with a credit term of 90 days. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has certain concentration of credit risk as 43.12% (2011: 53.73%) and 99.46% (2011: 99.99%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

In respect of bank balances, the Group has diversified its exposure into different financial institutions. Substantially all of the Group's bank balances are held in major financial institutions located in Hong Kong and the People's Republic of China (the "PRC"), which management believes are of high credit ratings and expose no high credit risk in this aspect.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 25.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loan to an independent third party and convertible bonds issued, and cash flow interest rate risk in relation to variable-rate bank loan and bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rate profile

The following table details the interest rate profile of the Group's and the Company's borrowings and bank balances and deposits at the end of the reporting period:

	The Group				The Company			
	2012		2011		**2012**		2011	
	Weighted average effective interest rate		Weighted average effective interest rate		**Weighted average effective interest rate**		Weighted average effective interest rate	
	%	**HK$'000**	%	HK$'000	**%**	**HK$'000**	%	HK$'000
Fixed rate:								
Convertible bonds	**12.92**	**200,635**	12.92	176,720	**12.92**	**200,635**	12.92	176,720
Other receivables – loan to an independent third party	**4.00**	**3,000**	–	–	**–**	**–**	–	–
Variable rate:								
Bank loan	**4.65**	**893**	4.65	1,424	**–**	**–**	–	–
Bank balances	**0.68**	**100,371**	0.09	216,983	**0.48**	**4,946**	0.09	201,545

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(ii) Interest rate risk *(Continued)*

Sensitivity analysis

The loan to an independent third party and convertible bonds of the Group which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss.

At 31 March 2012, it is estimated that a general increase or decrease of 100 basis points in interest rates for variable-rate bank balances and bank loan, with all other variables held constant, would decrease or increase the Group's loss after taxation and accumulated losses by approximately HK$995,000 (2011: HK$2,156,000). Other components of consolidated equity would not change in response to the general increase or decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2011.

(iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$100,480,000 at 31 March 2012 (2011: HK$217,007,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity at the end of the reporting period of the Group's and the Company's financial liabilities based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group and the Company required to pay. The analysis is performed on the same basis for 2011.

The Group

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2012							
Trade and other payables	**–**	**9,017**	**–**	**–**	**–**	**9,017**	**9,017**
Bank loan	**4.65**	**544**	**408**	**–**	**–**	**952**	**893**
Convertible bonds	**12.92**	**–**	**–**	**–**	**500,000**	**500,000**	**200,635**
		9,561	**408**	**–**	**500,000**	**509,969**	**210,545**
2011							
Trade and other payables	–	6,933	–	–	–	6,933	6,933
Bank loan	4.65	560	560	399	–	1,519	1,424
Convertible bonds	12.92	–	–	–	500,000	500,000	176,720
		7,493	560	399	500,000	508,452	185,077

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk *(Continued)*

The Company

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2012							
Other payables	**–**	**1,489**	**–**	**–**	**–**	**1,489**	**1,489**
Convertible bonds	**12.92**	**–**	**–**	**–**	**500,000**	**500,000**	**200,635**
		1,489	**–**	**–**	**500,000**	**501,489**	**202,124**
2011							
Other payables	–	1,267	–	–	–	1,267	1,267
Convertible bonds	12.92	–	–	–	500,000	500,000	176,720
		1,267	–	–	500,000	501,267	177,987

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iv) Foreign currency risk

The majority of the Group's monetary assets, monetary liabilities, sales and purchases are denominated in HK$, Renminbi ("RMB"), United States Dollar ("USD") and Canadian Dollar ("CAD"). Certain cash and bank balances are denominated in RMB, USD and CAD. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB, USD and CAD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Exposure to foreign currency risk

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

	2012	2011
	HK$'000	HK$'000
Assets		
RMB	**95,668**	120,715
USD	**11,236**	5
CAD	**679**	797
Liabilities		
RMB	**7,342**	5,277
CAD	**1,017**	1,703

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. Financial Instruments *(Continued)*

(d) Financial risk management objectives and policies *(Continued)*

(iv) Foreign currency risk *(Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the HK$ against the relevant foreign currencies. As HK$ are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies and therefore is excluded from the analysis below. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against HK$. For a 5% weakening of the relevant currencies against HK$, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2012	2011
	HK$'000	HK$'000
Impact of RMB		
Profit or loss	**4,416**	5,772
Impact of USD		
Profit or loss	**562**	–
Impact of CAD		
Profit or loss	**(17)**	(45)

The Group's sensitivity to foreign currency has increased during the current year mainly due to the increase in foreign currency denominated monetary net assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

7. Critical Accounting Estimates and Judgments

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

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

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and in the future period.

(b) Impairment of property, plant and equipment

The recoverable amount of an asset is the greater of its net selling price 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 risk specific to the asset, which requires significant judgment relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(c) Investment properties

As described in note 19, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value of the investment properties, the valuers have based on method of valuation which involves certain assumptions and estimates that reflect comparable market transactions assuming that the Group sells the properties on the market in their existing state by making reference to comparable sales evidences as available in the relevant market. In relying on the valuation report, the management has exercised their judgment and is satisfied that the method valuation is reflective of the current market conditions. Should there be any changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

7. Critical Accounting Estimates and Judgments *(Continued)*

(d) Fair value and impairment of available-for-sale investments

As described in note 24, the management of the Company use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The Group's unlisted equity instruments with carrying amount of approximately HK$1,000,000 (2011: HK$1,000,000) are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of these equity instruments also includes some assumptions not supported by observable market prices or rates.

(e) Impairment of trade and other receivables

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

(f) Impairment of goodwill and intangible assets

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

(g) Income tax

Certain treatments adopted by the Company in its tax returns in the past years are yet to be finalised with the Hong Kong Inland Revenue Department and other jurisdiction. In assessing the Company's income tax and deferred taxation in the 2012 accounts, the Company has followed the tax treatments it has adopted in those tax returns, which may be different from the final outcome in due course.

(h) Recoverability of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the recognised temporary differences (including tax losses) can be utilised. The assessment on the probability of whether the recognised deferred tax assets can be fully recovered involves the uses of judgment and estimates. At 31 March 2012, the Group has recognised deferred tax assets of approximately HK$884,000 (2011: HK$851,000). The management of the Company considers that the Group is capable to generate sufficient taxable profit from its future business operations for utilising the recognised temporary differences.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

7. Critical Accounting Estimates and Judgments *(Continued)*

(i) Provisions and contingent liabilities

The Group recognised provisions for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. 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 contingent liability. At 31 March 2012 and 2011, the Group considered that it had no disclosable contingent liabilities as there were neither pending litigations nor events with potential obligation which were probable to result in material outflow of economic benefits to the Group.

8. Turnover

Turnover represents the net amounts received and receivables from goods sold and rendering of services by the Group to customers, after allowances for returns and trade discounts where applicable.

	2012	2011
	HK$'000	HK$'000
Gross rental income from investment properties	**1,760**	1,749
Provision of MIDS	**13,264**	18,204
Provision of consultancy services	**277**	–
Provision of advertising and media related services	**5,848**	–
Provision of project management services	**296**	–
Total	**21,445**	19,953

9. Other Income

	2012	2011
	HK$'000	HK$'000
Bank interest income	**1,074**	202
Interest income on loan to an independent third party *(note 25(d))*	**25**	–
Net foreign exchange gain	**1,246**	292
Other income	**666**	740
Total	**3,011**	1,234

10. Segment Information

The Group manages its businesses by business line. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i)	Properties investments:	Leasing of properties to generate rental income. Currently, the Group's properties investments portfolio is located in Canada.
(ii)	MIDS:	Provision of radio-frequency identification system ("RFID" system), hospital information system ("HIS") and picture archiving and communication system ("PACS"). Currently, the Group's MIDS portfolio is located in the PRC.
(iii)	Consultancy services:	Provision of consultancy and advisory services to entities in relation to the rechargeable stored value subscriber identity module ("SIM") card business. Currently, the Group's prepaid SIM cards consultancy and advisory services is provided in Hong Kong.
(iv)	Advertisement and media related services:	Provision of advertisement and media related services to entities. Currently, the Group's advertisement and media related services are provided in Hong Kong and the PRC.
(v)	Project management services:	Provision of project management services to entities in relation to the operation and monitoring of RFID card system. Currently, the Group's project management services are provided in the PRC.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

10. Segment Information *(Continued)*

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Properties investments		MIDS		Consultancy services		Advertisement and media related services		Project management services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover:												
Sales to external customers	**1,760**	1,749	**13,264**	18,204	**277**	–	**5,848**	–	**296**	–	**21,445**	19,953
Segment results	**(2,430)**	2,448	**(431,638)**	(324,742)	**(6,178)**	(990)	**(926)**	–	**(3,345)**	–	**(444,517)**	(323,284)
Unallocated other revenue and income											**2,476**	964
Unallocated expenses											**(18,789)**	(281,805)
Loss from operations											**(460,830)**	(604,125)
Finance costs											**(23,968)**	(46,151)
Loss before taxation											**(484,798)**	(650,276)
Income tax											**458**	(109)
Loss for the year											**(484,340)**	(650,385)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 4. Segment results represent the profit or (loss) earned or (suffered) by each segment without allocation of central administration cost including directors' remuneration, other gains or losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

10. Segment Information *(Continued)*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Properties investments		MIDS		Consultancy services		Advertisement and media related services		Project management services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**24,642**	28,251	**650,553**	1,065,938	**29,684**	31,010	**42,394**	–	**14,287**	–	**761,560**	1,125,199
Unallocated assets											**127,078**	207,178
Total assets											**888,638**	1,332,377
Segment liabilities	**3,265**	628	**8,764**	7,040	**51**	–	**480**	–	**22**	–	**12,582**	7,668
Unallocated liabilities											**203,137**	183,589
Total liabilities											**215,719**	191,257

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than available-for-sale investments, other financial assets and current and deferred tax assets. Goodwill is allocated to reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segment; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities, borrowing and convertible bonds. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

10. Segment Information *(Continued)*

(c) Other segment information

	Properties investments		MIDS		Consultancy services		Advertisement and media related services		Project management services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expense	**(53)**	(71)	**–**	–	**–**	–	**–**	–	**–**	–	**(53)**	(71)
Depreciation of property, plant and equipment	**–**	–	**(562)**	(603)	**–**	–	**–**	–	**(22)**	–	**(584)**	(603)
Amortisation of intangible assets	**–**	–	**(74,634)**	(83,760)	**(6,478)**	(990)	**(2,621)**	–	**(818)**	–	**(84,551)**	(84,750)
Fair value changes on investment properties	**(1,581)**	1,564	**–**	–	**–**	–	**–**	–	**–**	–	**(1,581)**	1,564

(d) Geographical information

The Group operates in three principal geographical areas – Hong Kong, the PRC (excluding Hong Kong) and Canada.

The Group's revenue from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**277**	–	**128,739**	159,191
The PRC (excluding Hong Kong)	**19,408**	18,204	**571,984**	898,013
Canada	**1,760**	1,749	**23,373**	25,665
Total	**21,445**	19,953	**724,096**	1,082,869

* Non-current assets excluded financial instruments and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

10. Segment Information *(Continued)*

(e) Information about major customer

For the year ended 31 March 2012, revenue from three customers of the Group of approximately HK$7,425,000, HK$3,660,000 and HK$2,179,000 reported in MIDS segment and one customer of the Group of approximately HK$4,552,000 reported in advertisement and media related services segment had individually accounted for over 10% of the Group's total revenue. For the year ended 31 March 2011, revenue from three customers of the Group of approximately HK$8,881,000, HK$6,411,000 and HK$2,912,000 reported in MIDS segment had individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for both 2012 and 2011.

11. Loss from Operations

The Group's loss from operations is arrived from after charging/(crediting):

	2012	2011
	HK$'000	HK$'000
Auditors' remuneration	**850**	680
Amortisation of intangible assets	**84,551**	84,750
Cost of sales	**11,605**	7,657
Depreciation of property, plant and equipment	**1,114**	603
Net foreign exchange gain	**(1,246)**	(292)
Gross rental income from investment properties	**(1,760)**	(1,749)
Less: Direct operating expenses from investment properties that generate rental income during the year	**2,245**	1,810
	485	61
Operating lease payment in respect of rental premises	**2,376**	1,141
Staff costs (include directors' remuneration *(note 13)*)		
Salaries and allowances	**12,877**	8,192
Share-based payments	**1,115**	1,497
Retirement scheme contribution	**582**	413
	14,574	10,102

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

12. Finance Costs

	2012 HK$'000	2011 HK$'000
Interest on bank loans wholly repayable within five years	**53**	71
Interest on late payment of promissory note	**–**	6,722
Effective interest expenses on convertible bonds wholly repayable over five years *(note 32)*	**23,915**	19,859
Effective interest expenses on promissory note wholly repayable over five years	**–**	19,499
Total	**23,968**	46,151

13. Directors' Remuneration

The emoluments of each director, on a named basis for the years ended 31 March 2012 and 2011 are set out below:

For the year ended 31 March 2012

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Share-based payments HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive director					
Mr. Lien Wai Hung *(Note (c))*	960	–	–	–	960
Independent non-executive directors					
Mr. Leung Wai Man *(Note (d))*	80	–	–	–	80
Mr. Ho Chun Ki, Frederick *(Note (g))*	120	–	–	–	120
Mr. Lai Miao Yuan *(Note (h))*	120	–	–	–	120
Mr. Chong Yiu Kan, Sherman *(Note (i))*	40	–	–	–	40
Mr. Tam Kin Yip *(Note (j))*	15	–	–	–	15
Total	1,335	–	–	–	1,335

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

13. Directors' Remuneration *(Continued)*

For the year ended 31 March 2011

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Share-based payments HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive directors					
Mr. Ho Ka Wai *(Note (a))*	–	199	–	1	200
Mr. Au Ho Chuen, Bonny *(Note (b))*	–	435	–	5	440
Mr. Lien Wai Hung *(Note (c))*	789	–	756	–	1,545
Independent non-executive directors					
Mr. Leung Wai Man *(Note (d))*	120	–	–	–	120
Mr. Man Kong Yui *(Note (e))*	43	–	–	–	43
Mr. Kwok Chuen Hung, Dominic *(Note (f))*	120	–	–	–	120
Mr. Ho Chun Ki, Frederick *(Note (g))*	90	–	–	–	90
Mr. Lai Miao Yuan *(Note (h))*	–	–	–	–	–
Total	1,162	634	756	6	2,558

Notes:

(a) Mr. Ho Ka Wai was appointed as executive director on 24 June 2009 and resigned on 27 April 2010
(b) Mr. Au Ho Chuen, Bonny was appointed as executive director on 1 November 2009 and resigned on 15 September 2010
(c) Mr. Lien Wai Hung was appointed as executive director on 27 April 2010
(d) Mr. Leung Wai Man was appointed as independent non-executive director on 10 July 2007 and resigned on 1 December 2011
(e) Mr. Man Kong Yui was appointed as independent non-executive director on 18 September 2007 and retired on 6 August 2010
(f) Mr. Kwok Chuen Hung, Dominic was appointed as independent non-executive director on 10 November 2008 and resigned on 31 March 2011
(g) Mr. Ho Chun Ki, Frederick was appointed as independent non-executive director on 1 July 2010
(h) Mr. Lai Miao Yuan was appointed as independent non-executive director on 31 March 2011
(i) Mr. Chong Yiu Kan, Sherman was appointed as independent non-executive director on 1 December 2011
(j) Mr. Tam Kin Yip was appointed as independent non-executive director on 16 February 2012

The share-based payment represents the estimated value of share options granted to the directors of the Company under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 4(l)(ii).

At 31 March 2011, the directors of the Company held share options under the Company's share option scheme. Details of the share options are disclosed under the paragraph "Share option schemes" in the director's report and note 39.

During the years ended 31 March 2012 and 2011, no emoluments or incentive payments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

14. Individuals with Highest Emoluments

Of the five individuals with the highest emoluments in the Group, one (2011: three) was director of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining four (2011: two) individuals for the years ended 31 March 2012 and 2011 were as follows:

	2012 HK$'000	2011 HK$'000
Salaries and allowances	3,525	1,133
Share-based payments	248	–
Retirement scheme contribution	36	18
Total	3,809	1,151

At 31 March 2012, the individuals with the highest emoluments in the Group held share options under the Company's share option scheme. Details of the share options are disclosed under the paragraph "Share option schemes" in note 39.

The number of non-director, highest paid individuals whose remuneration fell within the following bands is as follows:

	Number of employees	
	2012	2011
Nil to HK$1,000,000	2	2
HK$1,000,000 to HK$1,500,000	2	–

15. Income Tax

	2012 HK$'000	2011 HK$'000
Current tax charged:		
Hong Kong Profits Tax	335	–
PRC Enterprise Income Tax	63	–
	398	–
Deferred tax *(note 29)*:		
Current year	(360)	387
Attributable to change in tax rate	(496)	(278)
	(856)	109
Total tax (credit)/charge	(458)	109

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

15. Income Tax *(Continued)*

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2011: 25%).

Canada subsidiaries are subject to Canada Corporate Tax comprising Federal Tax and Provincial Corporation Tax. With effect from 1 January 2012, the Canada Federal Tax has been reduced from 16.5% to 15% (at 1 January 2011: reduced from 18% to 16.5%) while the Provincial Corporation Tax remains at 2.5%. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective years when the asset is realised or the liability is settled.

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

	2012 **HK$'000**	2011 HK$'000
Loss before taxation	**(484,798)**	(650,276)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(81,137)**	(108,178)
Tax effect of expenses not deductible for tax purpose	**77,874**	106,220
Tax effect of income not taxable for tax purpose	**(770)**	(1,923)
Tax effect of tax losses not recognised	**4,277**	4,427
Utilisation of tax losses previously not recognised	**(206)**	(159)
Tax effect resulting from change of applicable tax rate	**(496)**	(278)
Tax (credit)/charge for the year	**(458)**	109

16. Dividend

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

17. Loss per Share

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year as adjusted for the effect of share consolidation.

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2012	2011
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(484,340)**	(650,385)

	2012	2011
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**267,015,742**	95,455,462*

* The weighted average number of ordinary shares for the year ended 31 March 2011 was adjusted retrospectively to reflect the effect of share consolidation on 1 June 2011.

For the years ended 31 March 2012 and 2011, diluted loss per share was not presented because the exercise of share option and conversion of all outstanding convertible bonds would have anti-dilutive effects.

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18. Property, Plant and Equipment

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Showroom equipment HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:						
At 1 April 2010	1,037	439	731	144	–	2,351
Acquisition of a subsidiary	–	–	–	5	–	5
Additions	184	68	–	202	869	1,323
Written off for the year	(1,037)	(321)	–	(24)	–	(1,382)
Exchange adjustments	3	3	29	8	7	50
At 31 March 2011 and 1 April 2011	187	189	760	335	876	2,347
Additions	**100**	**45**	**–**	**53**	**2,010**	**2,208**
Written off for the year	**(190)**	**(3)**	**–**	**–**	**–**	**(193)**
Exchange adjustments	**5**	**5**	**29**	**12**	**11**	**62**
At 31 March 2012	**102**	**236**	**789**	**400**	**2,897**	**4,424**
Accumulated depreciation and impairment:						
At 1 April 2010	482	142	–	60	–	684
Depreciation for the year	177	89	186	26	125	603
Written off for the year	(588)	(181)	–	(14)	–	(783)
Exchange adjustments	1	1	4	1	1	8
At 31 March 2011 and 1 April 2011	72	51	190	73	126	512
Depreciation for the year	**143**	**41**	**258**	**102**	**570**	**1,114**
Written off for the year	**(173)**	**(1)**	**–**	**–**	**–**	**(174)**
Exchange adjustments	**2**	**–**	**12**	**5**	**3**	**22**
At 31 March 2012	**44**	**91**	**460**	**180**	**699**	**1,474**
Net book value:						
At 31 March 2012	**58**	**145**	**329**	**220**	**2,198**	**2,950**
At 31 March 2011	115	138	570	262	750	1,835

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For the year ended 31 March 2012

19. Investment Properties

	2012 HK$'000	2011 HK$'000
Fair value:		
At 1 April	**25,665**	57,254
(Decrease)/increase in fair value recognised in the consolidated income statement	**(1,581)**	1,564
Disposal	**–**	(34,400)
Exchange adjustments	**(711)**	1,247
At 31 March	**23,373**	25,665

The fair values of the Group's investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out on that date by Ample Appraisal Limited (2011: Grant Sherman Appraisal Limited), independent qualified professional valuers not connected to the Group. Ample Appraisal Limited is a member of The Hong Kong Institute of Surveyors which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

At 31 March 2012, investment properties of the Group with a fair value of approximately HK$23,373,000 (2011: HK$25,665,000) were pledged to secure banking facilities granted to the Group.

The carrying amount of investment properties shown above comprises:

	2012 HK$'000	2011 HK$'000
Outside Hong Kong, held under freehold	**23,373**	25,665

20. Goodwill

The amounts of the goodwill capitalised by the Group as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of a subsidiary, are as follows:

	2012	2011
	HK$'000	HK$'000
Cost:		
At 1 April and 31 March	**1,449**	1,449
Accumulated impairment losses:		
At 1 April	**1,449**	–
Impairment loss recognised for the year	**(1,449)**	–
At 31 March	**–**	–
Carrying amount:		
At 31 March	**–**	1,449

Impairment test of goodwill

For the purpose of impairment testing, the carrying amount of goodwill (before recognition of impairment losses) has been allocated to the following cash generating units identified according to operating segment.

	2012	2011
	HK$'000	HK$'000
Properties investments	**1,449**	1,449

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

20. Goodwill *(Continued)*

Impairment test of goodwill *(Continued)*

Properties investments

The goodwill was recognised on the acquisition of the active interests in Grandeur Concord Limited and its subsidiary, Vincent Investment Limited, whose principal activities were investment holding and properties investment respectively.

To comply with the latest environmental regulations and standards in Canada, a regular renovation is under planning for the investment properties and an increase in repair and maintenance cost is expected. The directors of the Company have re-assessed the recoverable amount of goodwill allocated to properties investments business and an impairment loss of approximately HK$1,449,000 (2011: HK$Nil) was recognised.

The recoverable amount of the goodwill allocated to properties investments business was assessed by reference to value-in-use model which based on a five-year cash flow projection approved by the directors of the Company. A discount rate of 9.2% (2011: 15%) per annum was applied in the discounted cash flow method when assessing the recoverability of the goodwill.

Cash flow projections during the budget period are based on the same expected gross margins and inflation throughout the budget period. The cash flows beyond that five-years period have been extrapolated using an average growth rate of 1.9% (2011: 3%) per annum which is the projected long term average growth rate for the properties investments market. The directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed the aggregate recoverable amount of the cash generating unit.

There are a number of assumptions and estimations involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is pre-tax and reflect specific risks relating to the industry.

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21. Intangible Assets

	Master services agreement HK$'000	Co-operation agreement and strategic co-operation agreement HK$'000	Licensing agreement HK$'000	Consultancy agreement HK$'000	Advertising and media related services agreement HK$'000	Project management agreement HK$'000	Computer software HK$'000	Total HK$'000
Cost:								
At 1 April 2010	1,194,655	–	–	–	–	–	–	1,194,655
Acquired through acquisition of subsidiaries *(note 33)*	–	51,602	134,000	32,000	–	–	–	217,602
Additions	–	–	–	–	–	–	3,216	3,216
At 31 March 2011 and 1 April 2011	1,194,655	51,602	134,000	32,000	–	–	3,216	1,415,473
Acquired through acquisition of subsidiaries *(note 33)*	**–**	**–**	**–**	**–**	**33,000**	**9,934**	**–**	**42,934**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**5,238**	**5,238**
Exchange adjustments	**–**	**297**	**–**	**–**	**–**	**–**	**218**	**515**
At 31 March 2012	**1,194,655**	**51,899**	**134,000**	**32,000**	**33,000**	**9,934**	**8,672**	**1,464,160**
Accumulated amortisation and impairment:								
At 1 April 2010	36,598	–	–	–	–	–	–	36,598
Amortised for the year	75,899	–	7,861	990	–	–	–	84,750
Impairment loss recognised for the year	240,205	–	–	–	–	–	–	240,205
At 31 March 2011 and 1 April 2011	352,702	–	7,861	990	–	–	–	361,553
Amortised for the year	**59,054**	**5,374**	**9,036**	**6,477**	**2,621**	**634**	**1,355**	**84,551**
Impairment loss recognised for the year	**265,577**	**–**	**84,666**	**–**	**–**	**–**	**–**	**350,243**
Exchange adjustments	**–**	**15**	**–**	**–**	**–**	**–**	**25**	**40**
At 31 March 2012	**677,333**	**5,389**	**101,563**	**7,467**	**2,621**	**634**	**1,380**	**796,387**
Carrying amount:								
At 31 March 2012	**517,322**	**46,510**	**32,437**	**24,533**	**30,379**	**9,300**	**7,292**	**667,773**
At 31 March 2011	841,953	51,602	126,139	31,010	–	–	3,216	1,053,920

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For the year ended 31 March 2012

21. Intangible Assets *(Continued)*

The master services agreement, co-operation agreement and strategic co-operation agreement, licensing agreement, consultancy agreement, advertising and media related services agreement and project management services agreement were purchased through acquisition of subsidiaries with finite useful life. Details of the acquisition are disclosed in note 33.

The following estimated useful lives are used in the calculation of amortisation:

Master services agreement	15 years
Co-operation agreement and strategic co-operation agreement	10 years
Licensing agreement	15 years
Consultancy agreement	5 years
Advertising and media related services agreement	4 years
Project management services agreement	8 years
Computer software	5 years

The intangible assets will be tested for impairment whenever is an indication that they may be impaired. The particulars of impairment testing are disclosed as follows:

Impairment test of master services agreement

The master services agreement refers to the provision of MIDS which includes healthcare information system and custom built Wi-Fi/RFID identification application system to healthcare sector in the PRC.

The management of the Company considers that the operating performance of the master service agreement for the financial year ended 31 March 2012 is affected by the implementation and enforcement of the new Management Policy for Medical Equipment for Medical and Healthcare Institutions issued by the Ministry of Health of the People's Republic of China. The provision of RFID module of MIDS experienced lengthened duration in numerous implementation stages and for healthcare institutions, priority is given to projects conforming the healthcare information technology roadmap, and the rate of adopting and rollout of RFID module of MIDS is delayed or priority reshuffled.

The recoverable amount of the master services agreement was assessed by the directors of the Company with reference to the valuation carried out by an independent firm of valuers, Ample Appraisal Limited (2011: Grant Sherman Appraisal Limited) at the end of the reporting period. The valuation was appraised on the value-in-use basis. The key assumptions for the value-in-use calculation are those regarding the discount rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using the rate that reflects current market assessments of the time value of money and the risks specific to the master services agreement associated with the MIDS business. Budgeted gross margin and turnover are based on past practices and expectations in the master services agreement associated with the MIDS industry.

At 31 March 2012, the Group has prepared 13 years (2011: 14 years) cash flow forecast derived from the most recent financial budget of the master services agreement approved by the directors of the Company using a discount rate of 26.95% (2011: 25.84%) per annum.

The result of the review undertaken indicated that an impairment loss of approximately HK$265,577,000 (2011: HK$240,205,000) with reference to the valuation report was necessary for the master services agreement associated with the MIDS business.

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21. Intangible Assets *(Continued)*

Impairment test of licensing agreement

The licensing agreement refers to the exclusive license for the Group to use and sub-license certain hospital information system software in the PRC in particular to PACS.

The management of the Company considers that the operating performance of the licensing agreement for the financial year ended 31 March 2012 is affected by increased competition from large PRC domestic enterprise and entry barrier on technological requirements. The provision of the PACS module of MIDS is behind schedule where provincial implementation of healthcare information platform is becoming the de facto standard and cloud computing based strategic technologies developed by PRC enterprises have definitive advantage. The Group continues to explore co-operation opportunities with healthcare institutions for the implementation of PACS module of MIDS to cater for the shifting dynamics.

The recoverable amount of the licensing agreement was assessed by the directors of the Company with reference to the valuation carried out by an independent firm of valuers, Ample Appraisal Limited at the end of the reporting period. The valuation was appraised on the value-in-use basis. The key assumptions for the value-in-use calculation are those regarding the discount rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using the rate that reflects current market assessments of the time value of money and the risks specific to the licensing agreement associated with the MIDS business. Budgeted gross margin and turnover are based on past practices and expectations in the licensing agreement associated with the MIDS industry.

At 31 March 2012, the Group has prepared 8-years cash flow forecast derived from the most recent financial budget of the licensing agreement approved by the directors of the Company using a discount rate of 26.38% per annum.

The result of the review undertaken indicated that an impairment loss of approximately HK$84,666,000 (2011: HK$Nil) with reference to the valuation report was necessary for the licensing agreement associated with the MIDS business.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

22. Interests in Subsidiaries

The Company

	2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**1,340,384**	1,340,384
Impairment loss recognised	**(784,284)**	–
	556,100	1,340,384
Amounts due from subsidiaries	**340,362**	131,888
	896,462	1,472,272

Notes:

(a) At 31 March 2012 and 2011, the amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

(b) The directors of the Company performed impairment tests on the carrying amounts of its investments and advances to subsidiaries in accordance with the accounting policy as stated in note 4(j). As at 31 March 2012, impairment loss on investment in subsidiaries of approximately HK$784,284,000 (2011: HK$Nil) was recognised in the Company's financial statements.

(c) Details of the subsidiaries of the Company at 31 March 2012 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Interest held	Principal activities
Direct subsidiaries:				
Activemix Investments Limited*	British Virgin Islands/ Hong Kong	US$1	100%	Securities investment
Cheer Union Limited	Hong Kong/Hong Kong	HK$1	100%	Investment holding
Classic Grace Enterprises Limited	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Dynamic Success Holdings Ltd	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

22. Interests in Subsidiaries *(Continued)*

Notes: (Continued)

(c) *(Continued)*

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Interest held	Principal activities
Fortune Mark International Limited	British Virgin Islands/ Hong Kong	US$100	100%	Provision of PACS system
Grandeur Concord Limited	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Hugo Silver Limited*	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Innovate International Group Limited	British Virgin Islands/ Hong Kong	US$1	100%	Investment holding
Pacific Tech Investments Limited	Hong Kong/Hong Kong	HK$1	100%	Investment holding
Sunny Chance Limited	British Virgin Islands/ Hong Kong	US$100	100%	Investment holding
Indirect subsidiaries:				
Activepart Limited	British Virgin Islands/ Hong Kong	US$1	100%	Provision of consultancy services
Easy Ace Limited***	British Virgin Islands/ Hong Kong	US$1	100%	Provision of project management services
Gold Asia Technology Limited	Hong Kong/Hong Kong	HK$6,000,000	100%	Investment holding
Grand Billion Investments Limited	Hong Kong/Hong Kong	HK$1	100%	Properties investment
Unique Smart Group Limited**	British Virgin Islands/ Hong Kong	US$1	100%	Provision of advertisement and media related services

Notes to the Consolidated Financial Statements

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22. Interests in Subsidiaries *(Continued)*

Notes: (Continued)

(c) *(Continued)*

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Interest held	Principal activities
Vincent Investment Limited	Canada/Canada	CAD360	100%	Properties investment
嘉鈦華數碼科技（天津）有限公司	PRC wholly foreign owned enterprise/PRC	US$4,500,000	100%	Provision of RFID system and HIS system
天津市逸晨電子科技有限公司	PRC wholly foreign owned enterprise/PRC	RMB7,114,872	100%	Provision of MIDS
廣州迅置通信息科技有限公司*	PRC wholly foreign owned enterprise/PRC	US$2,500,000	100%	Provision of project management services

* The subsidiaries were newly set up during the year

** The subsidiary was acquired on 19 April 2011

*** The subsidiary was acquired on 15 September 2011

23. Deposit for Investments

On 20 February 2012, the Company, through its wholly owned subsidiary, entered into a conditional agreement with Mr. Lui Wing Fong Alexander ("Mr. Lui"), an independent third party, pursuant to which the Company shall purchase 20 shares of US$1.00 each in the issued share capital of Keen Renown Limited ("Keen Renown") (being 20% issued share capital of Keen Renown) and subscribe for 100 new shares of US$1.00 each in the issued share capital of Keen Renown at a consideration of HK$30,000,000, the details of which are set out in the Company's announcements dated 20 February 2012 and 6 March 2012.

On 21 February 2012, HK$30,000,000 has been paid to Mr. Lui as deposit and payment of the consideration. The acquisition was completed on 20 April 2012.

On 30 May 2012, Mr. Lui has been appointed as an executive director and a member of the nomination committee and remuneration committee of the Company. Details are set out in the Company's announcement dated 30 May 2012.

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24. Available-for-sale Investments

	2012	2011
	HK$'000	HK$'000
Unlisted shares		
– Equity securities incorporated in Hong Kong *(Note (a))*	**1,000**	1,000
Listed shares		
– Equity securities listed in Hong Kong *(Note (b))*	**5,000**	–
	6,000	1,000

Notes:

(a) Unlisted equity securities issued by a private entity classified as available-for-sale investments are stated at cost less impairment loss at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company consider that their fair values cannot be measured reliably. During the year ended 31 March 2012, the Group identified no impairment loss related to the unlisted equity securities.

(b) The market values of the Group's listed equity securities at the date of approval of these financial statements were approximately HK$2,100,000.

25. Trade and Other Receivables

	The Group		**The Company**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables *(Note (a))*	**28,064**	25,054	**–**	–
Deposits *(Note (b))*	**12,619**	937	**–**	–
Prepayments *(Note (c))*	**13,154**	592	**196**	135
Other receivables *(Note (d))*	**3,341**	502	**–**	78
Loan to key officer *(Note (e))*	**–**	3,565	**–**	–
	57,178	30,650	**196**	213

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For the year ended 31 March 2012

25. Trade and Other Receivables *(Continued)*

Notes:

(a) An aged analysis of the Group's trade receivables at the end of the reporting period is as follows:

	2012 HK$'000	2011 HK$'000
0 – 30 days	**15,474**	19,421
31 – 60 days	**418**	14
61 – 90 days	**233**	11
Over 90 days	**11,939**	5,608
	28,064	25,054

Details on the Group's credit policy are set out in note 6(d)(i).

The management of the Company closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired are of good credit quality. The trade receivables is unsecured and non-interest bearing.

There were no trade receivables that are past due or impaired for the two years ended 31 March 2012 and 2011.

(b) Deposits:

The deposits paid mainly consist of the followings:

(i) On 23 December 2011, Hugo Silver Limited ("HSL"), a wholly owned subsidiary of the Group, entered into an agreement with a Hong Kong travel agent company ("HKTAC"), an independent third party, of which agreed to grant an exclusive negotiation right to HSL for exclusive distribution of a series of 30 travelling guide books in the PRC up to 31 March 2012. HSL deposited a sum of HK$5,000,000 (the "HKTAC Deposit") to HKTAC as a security deposit. The HKTAC Deposit is interest free and guaranteed by a shareholder of HKTAC.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

25. Trade and Other Receivables *(Continued)*

Notes: (Continued)

(b) Deposits: *(Continued)*

(ii) On 21 February 2012, HSL, a wholly owned subsidiary of the Group, entered into a memorandum with a vendor, who is an independent third party, of which agreed to grant a priority right to HSL up to 31 August 2012 for acquiring his legal and beneficially owned 80% issued share capital of a Hong Kong company ("HKC"). HKC is engaging major business in Hong Kong and the PRC including travel agent, customer relationship management and call centers. HSL deposited a sum of HK$5,000,000 (the "HKC Deposit") to the vendor as a security deposit and the priority right will be expired on 31 August 2012. The HKC Deposit is interest free and guaranteed by the vendor.

(c) Prepayments:

Included in the prepayment amounts of approximately HK$9,410,000 paid to an advertising agent for its advertising spaces located in Shanghai. The Group was committed to rent the various advertising spaces with lease term of one year and paid all rent in advance. The rentals will be expired on 31 December 2012 successively.

(d) Other receivables:

At 31 March 2012, the Group had lent HK$3,000,000 to a Hong Kong telecommunications company ("HKTC"), an independent third party, with interest charged at fixed rate of 4% per annum (the "HKTC Loan") and guaranteed by shareholder of HKTC. The HKTC Loan shall be repayable in full with interest by HKTC on 17 July 2012.

(e) Loan to key officer:

Particulars of loan to key officer, being key personnel of the Group, are disclosed as follows:

Name of officer	Balance at 31 March 2012 HK$'000	Balance at 31 March 2011 and 1 April 2011 HK$'000	Balance at 1 April 2010 HK$'000	Maximum balance outstanding during 2012 HK$'000	Maximum balance outstanding during 2011 HK$'000
Mr. Cheung Hon Wa, Dicto	–	–	3,020	–	3,020
Mr. Cheung Hon Chung	–	3,565	–	8,325	7,190

The loan to key officer is unsecured, non-interest bearing and fully recovered.

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26. Bank Balances and Cash

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in hand and at bank:				
HK$	**18,782**	44,462	**4,931**	41,673
RMB	**36,148**	91,821	**25**	79,881
USD	**7,336**	5	**–**	–
CAD	**571**	719	**–**	–
Time deposits	**37,643**	80,000	**–**	80,000
	100,480	217,007	**4,956**	201,554

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term time deposits are denominated in HK$, RMB and USD which made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

27. Trade and Other Payables

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables *(Note (a))*	**6,767**	5,267	**–**	–
Accruals and other payables	**2,206**	1,528	**1,489**	1,177
Tenant deposits	**47**	48	**–**	–
Amounts due to directors *(Note (b))*	**–**	90	**–**	90
Other non-income tax payable	**1,665**	2,114	**–**	–
	10,685	9,047	**1,489**	1,267

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27. Trade and Other Payables *(Continued)*

Notes:

(a) An aged analysis of the Group's trade payables at the end of the reporting period is as follows:

	2012 HK$'000	2011 HK$'000
0 – 30 days	**5,828**	46
31 – 60 days	**–**	–
61 – 90 days	**–**	1,479
Over 90 days	**939**	3,742
	6,767	5,267

The trade payables are non-interest bearing.

(b) Amounts due to directors are interest free, unsecured and repayable on demand.

28. Bank Loan

At 31 March 2012, the bank loan was secured and repayable as follows:

	2012 HK$'000	2011 HK$'000
On demand or within one year	**513**	504
After one year but within two years	**380**	528
After two years but within five years	**–**	392
	893	1,424
Less: current portion	**(513)**	(504)
Non-current portion	**380**	920

At 31 March 2012 and 2011, the bank loan was charged at variable interest rate of Prime rate at relevant jurisdiction plus 0.9% per annum. The bank loan was secured by investment properties of the Group with a fair value of approximately HK$23,373,000 (2011: HK$25,665,000) as disclosed in note 19.

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29. Deferred Taxation

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

	Accelerated tax depreciation	Revaluation of investment properties	Fair value adjustments arising from acquisition of subsidiaries	Temporary differences	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010	1,205	2,324	173	(818)	2,884
Effective change in tax rate	(90)	(175)	(13)	–	(278)
Exchange adjustments	63	127	9	(33)	166
Charged to the consolidated income statement	90	297	–	–	387
At 31 March 2011 and 1 April 2011	1,268	2,573	169	(851)	3,159
Effective change in tax rate	**(155)**	**(320)**	**(21)**	**–**	**(496)**
Exchange adjustments	**(46)**	**(41)**	**(2)**	**(33)**	**(122)**
Charged/(credited) to the consolidated income statement	**63**	**(277)**	**(146)**	**–**	**(360)**
At 31 March 2012	**1,130**	**1,935**	**–**	**(884)**	**2,181**

At 31 March 2012, the Group did not recognise deferred tax assets in respect of the tax losses of approximately HK$57,148,000 (2011: HK$38,502,000). As it is not probable that taxable profits will be available against which the unused tax losses and other deductible temporary difference of the Group can be utilised, deferred tax assets have not been recognised in respect of the unused tax losses and other deductible temporary difference. Tax losses are available indefinitely for offsetting future taxable profit of the companies in which the losses arose except for the tax losses arising in the PRC of approximately HK$22,721,000 (2011: HK$10,819,000) that will expire in one to five years for offsetting against future taxable profits.

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29. Deferred Taxation *(Continued)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2012	2011
	HK$'000	HK$'000
Deferred tax assets	**(884)**	(851)
Deferred tax liabilities	**3,065**	4,010
	2,181	3,159

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately HK$531,000 (2011: HK$Nil) as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

30. Share Capital

	2012 Number of shares	**2012** Amount	2011 Number of shares	2011 Amount
		HK$'000		HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000,000**	**200,000**	20,000,000,000	200,000
Issued and fully paid:				
At 1 April, ordinary shares of HK$0.01 each	**4,466,917,767**	**44,669**	7,324,668,455	73,247
Issue of shares on open offer *(Note (a))*	**–**	**–**	1,831,167,113	18,312
Consolidation of shares *(Note (e)(i) & (b)(i))*	**(4,243,571,891)**	**–**	(8,543,409,906)	–
Capital reduction *(Note (e)(ii), (e)(iii), (b)(ii) & (b)(iii))*	**–**	**(42,436)**	–	(85,434)
Issue of shares arising on acquisition of a subsidiary *(Note (f))*	**44,669,177**	**447**	–	–
Placing of new shares *(Note (g) & (c))*	**53,600,000**	**536**	2,017,650,000	20,176
Exercise of share options *(Note (h))*	**13**	**–**	–	–
Conversion of shares from convertible bonds *(Note (d))*	**–**	**–**	1,836,842,105	18,368
At 31 March, ordinary shares of HK$0.01 each	**321,615,066**	**3,216**	4,466,917,767	44,669

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

30. Share Capital *(Continued)*

Notes:

For the year ended 31 March 2011:

(a) On 29 April 2010, the Company has entered into an underwriting agreement with the underwriter, Kingston Securities Limited ("Kingston"), for underwriting of the open offer of not less than 1,831,167,113 offer shares and not more than 1,831,710,077 offer shares at a price of HK$0.10 per offer share on the basis of one offer shares for every four existing share. The arrangement of open offer was completed on 18 June 2010 and a total of 1,831,167,113 have been issued.

(b) A special resolution was passed at an extraordinary general meeting on 6 August 2010 and an approval was obtained from the shareholders for approving the capital reorganisation of the Company. The effects of the capital reorganisation were as follow:

(i) the capital consolidation pursuant to which every ten shares of HK$0.01 each in the issued share capital of the Company is consolidated into one issued share of HK$0.10 each in the issued share capital of the Company. The capital consolidation is completed on 9 August 2010, and complied with all the provisions of Sections 46 of the Companies Act 1981 of Bermuda (as amended) (the "Companies Act");

(ii) the capital reduction pursuant to which the par value of each of the issued consolidated shares is reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 each. The capital reduction is completed on 9 August 2010, and complied with all the provisions of Sections 46 of the Companies Act; and

(iii) a credit of approximately HK$85,434,000 arising from the reduction of issued share capital will be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses to the extent as permitted by the laws of Bermuda and the Bye-laws.

(c) (i) On 20 August 2010, the Company entered into a placing agreement with Kingston Securities Limited (the "Placing Agent"), an independent third party, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 189,850,000 ordinary shares at HK$0.205 per placing share to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. On 30 August 2010, the Company issued and allotted 189,850,000 shares with the gross proceeds of approximately HK$38,919,250 before expense.

(ii) On 24 September 2010, the Company entered into a placing agreement with the Placing Agent, an independent third party, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 227,800,000 ordinary shares at HK$0.181 per placing share to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. On 5 October 2010, the Company issued and allotted 227,800,000 shares with the gross proceeds of approximately HK$41,231,800 before expense.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

30. Share Capital *(Continued)*

Notes: (Continued)

(c) *(Continued)*

(iii) On 8 October 2010, the Company entered into a placing agreement with the Placing Agent, an independent third party, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 1,600,000,000 ordinary shares at HK$0.10 per placing share to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. On 28 December 2010, the Company issued and allotted 1,600,000,000 shares with the gross proceeds of approximately HK$160,000,000 before expense. The arrangement of shares placing was passed by a special resolution at a special general meeting on 16 December 2010.

(d) During the year ended 31 March 2011, (1) convertible bonds with nominal value HK$32,000,000 were converted into 336,842,105 shares of the Company of HK$0.01 each at a conversion price of HK$0.095 per share; and (2) convertible bonds with nominal value HK$150,000,000 were converted into 1,500,000,000 shares of the Company of HK$0.01 each at a conversion price of HK$0.10 per share.

For the year ended 31 March 2012:

(e) A special resolution was passed at an extraordinary general meeting on 31 May 2011 and an approval was obtained from the shareholders for approving the capital reorganisation of the Company. The effects of the capital reorganisation were as follow:

(i) the capital consolidation pursuant to which every twenty shares of HK$0.01 each in the issued share capital of the Company is consolidated into one issued share of HK$0.20 each in the issued share capital of the Company. The capital consolidation is completed on 1 June 2011, and complied with all the provisions of Sections 46 of the Companies Act;

(ii) the capital reduction pursuant to which the par value of each of the issued consolidated shares is reduced from HK$0.20 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.19 each. The capital reduction is completed on 1 June 2011, and complied with all the provisions of Sections 46 of the Companies Act; and

(iii) a credit of approximately HK$42,436,000 arising from the reduction of issued share capital will be transferred to the contributed surplus account of the Company and be applied to offset against the accumulated losses to the extent as permitted by the laws of Bermuda and the Bye-laws.

(f) On 15 September 2011, 44,669,177 ordinary shares of the Company with par value of HK$0.01 each at a price of HK$0.2 were issued as part of consideration on acquisition of a project management services agreement. Details of acquisition were set out in note 33(b).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

30. Share Capital *(Continued)*

Notes: (Continued)

(g) (i) On 26 October 2011, the Company entered into a conditional top-up placing and subscription agreement (the "Top-up Placing and Subscription Agreement") with the Placing Agent whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 30,000,000 ordinary shares at HK$0.257 per placing share to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. On 7 November 2011, the Company issued and allotted 30,000,000 shares with the gross proceeds of approximately HK$7,710,000 before expense.

(ii) Simultaneously upon signing of the Top-up Placing and Subscription Agreement, the Company also entered into a conditional placing agreement (the "First Tranche Placing Agreement") with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, on a best effort basis to place or procure the placing of up to 23,600,000 new shares of the Company to not less than six independent placees who are the independent third parties, at HK$0.257 per placing share, for and on behalf of the Company. On 8 December 2011, the Company issued and allotted 23,600,000 shares with the gross proceeds of approximately HK$6,065,000 before expense.

(h) During the year ended 31 March 2012, certain option holders exercised their option rights to subscribe for an aggregate of 13 shares at an exercise price of HK$0.114.

31. Reserves

The Group

The amounts of the Group's reserves and the movements therein for the current and prior reporting years are presented in the consolidated statement of changes in equity on page 36 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

31. Reserves *(Continued)*

The Company

	Share premium *(Note (iii))* HK$'000	Contributed surplus *(Note (i), (ii))* HK$'000	Share-based compensation reserve *(Note (iv))* HK$'000	Convertible bonds reserve *(Note (v))* HK$'000	Accumulates losses *(Note (i))* HK$'000	Total HK$'000
At 1 April 2010	641,041	197,996	4,293	374,195	(52,198)	1,165,327
Total comprehensive expense for the year	–	–	–	–	(324,464)	(324,464)
Issue of shares on open offer	164,806	–	–	–	–	164,806
Capital reduction	–	85,434	–	–	–	85,434
Placing of new shares	219,975	–	–	–	–	219,975
Share issue expenses	(4,696)	–	–	–	–	(4,696)
Recognition of equity-settled share-based payments	–	–	2,627	–	–	2,627
Lapsed of share options	–	–	(795)	–	795	–
Issue of convertible bonds	–	–	–	50,498	–	50,498
Conversion of convertible bonds	164,917	–	–	(73,006)	–	91,911
At 31 March 2011 and 1 April 2011	1,186,043	283,430	6,125	351,687	(375,867)	1,451,418
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(819,905)**	**(819,905)**
Capital reduction	**–**	**42,436**	**–**	**–**	**–**	**42,436**
Issue of shares arising on acquisition of a subsidiary	**8,487**	**–**	**–**	**–**	**–**	**8,487**
Placing of new shares	**13,239**	**–**	**–**	**–**	**–**	**13,239**
Share issue expenses	**(461)**	**–**	**–**	**–**	**–**	**(461)**
Recognition of equity-settled share-based payments	**–**	**–**	**1,115**	**–**	**–**	**1,115**
Cancellation of share options	**–**	**–**	**(1,995)**	**–**	**1,995**	**–**
Lapsed of share options	**–**	**–**	**(4,254)**	**–**	**4,254**	**–**
At 31 March 2012	**1,207,308**	**325,866**	**991**	**351,687**	**(1,189,523)**	**696,329**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

31. Reserves *(Continued)*

The Company *(Continued)*

Notes:

(i) *Distributable reserve*

The contributed surplus account of the Company is available for distribution in accordance with the Companies Act. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company has no reserves available for distribution to shareholders as at 31 March 2012 and 2011.

(ii) *Contributed surplus*

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

The contributed surplus of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange pursuant to the reorganisation of the Group.

During the year ended 31 March 2011, approximately HK$85,434,000 arose from the capital reorganisation scheme of the Company completed on 9 August 2010. Pursuant to the scheme, the issued share capital was reduced from approximately HK$94,927,000 of 9,492,677,673 share of HK$0.01 each to approximately HK$9,493,000 of 9,492,677,673 shares of HK$0.001 each by cancelling the amount of approximately HK$85,434,000 or HK$0.009 from each share, and a credit of approximately HK$85,434,000 arising from the capital reduction was transferred to the contributed surplus account of the Company.

During the year ended 31 March 2012, approximately HK$42,436,000 arose from the capital reorganisation scheme of the Company completed on 1 June 2011. Pursuant to the scheme, the issued share capital was reduced from approximately HK$44,669,000 of 4,466,917,780 share of HK$0.01 each to approximately HK$2,233,000 of 4,466,917,780 shares of HK$0.0005 each by cancelling the amount of approximately HK$42,436,000 or HK$0.0095 from each share, and a credit of approximately HK$42,436,000 arising from the capital reduction was transferred to the contributed surplus account of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

31. Reserves *(Continued)*

The Company *(Continued)*

Notes: (Continued)

(iii) *Share premium*

After the Change of Domicile, the application of share premium account is governed by the relevant provisions set out in the Company's Bye-laws and the Companies Act.

(iv) *Share-based compensation reserve*

The share-based compensation reserve of the Company and the Group arise on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 4(l)(ii).

(v) *Convertible bonds reserve*

The convertible bonds reserve represents the value of the unexercised equity component of convertible bonds issued by the Company.

(vi) *Statutory reserve*

The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

(vii) *Translation reserve*

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 4(o).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

32. Convertible Bonds

The Group and the Company

Convertible bonds with principal amount of HK$750 million

On 6 October 2009, the Company issued bonds with total nominal value of HK$750,000,000 at the price of HK$750,000,000 to an independent third party as a consideration for the acquisition of the entire issued share capital of Sunny Chance Limited. The bonds are non-interest bearing and will be redeemed within 10 years from the date of issue at the bonds' nominal value.

The bonds can be converted into ordinary shares of the Company of HK$0.01 each at any time during the conversion period at initial fixed conversion price being HK$0.10 and adjusted to HK$8.88 per share after share consolidation, capital reorganisation and open offer. The Company may redeem any bond during the conversion period at the principal amount of the bonds' nominal value.

The fair values of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component, included in long-term borrowings, was calculated at effective interest rate of 12.92% per annum. The residual amount, representing the value of the equity conversion component, is included in equity.

During the year ended 31 March 2010, the bonds with the nominal value of HK$218,000,000 were converted into 2,180,000,000 shares of the Company of HK$0.01 each at a conversion price of HK$0.10 per share.

During the year ended 31 March 2011, the bonds with the nominal value of HK$32,000,000 were converted into 336,842,105 shares of the Company of HK$0.01 each at a conversion price of HK$0.095 per share.

During the year ended 31 March 2012, no bond was converted into shares of the Company.

Convertible bonds with principal amount of HK$150 million

On 16 December 2010, the Company issued bonds with total nominal value of HK$150,000,000 at the price of HK$150,000,000 to set off against part of the outstanding principal amount of the promissory note in the sum of HK$150,000,000. The bonds are non-interest bearing and will be redeemed within 5 years from the date of issue at the bonds' nominal value.

The bonds can be converted into ordinary shares of the Company of HK$0.01 each at any time during the conversion period at fixed conversion price being HK$0.10. The Company may redeem any bond during the conversion period at the principal amount of the bonds' nominal value.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

32. Convertible Bonds *(Continued)*

The Group and the Company *(Continued)*

Convertible bonds with principal amount of HK$150 million *(Continued)*

The fair values of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component was calculated at effective interest rate of 8.551% per annum. The residual amount, representing the value of the equity conversion component, is included in equity.

During the year ended 31 March 2011, the entire bonds with the nominal value of HK$150,000,000 were converted into 1,500,000,000 shares of the Company of HK$0.01 each at a conversion price of HK$0.10 per share.

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

	Convertible bonds with principal amount of		
	HK$750 million	**HK$150 million**	**Total**
	HK$'000	HK$'000	HK$'000
Nominal value of convertible bonds at the date of issue	750,000	150,000	
Equity conversion component	(527,530)	(50,498)	
Liability component at the date of issue	222,470	99,502	
Liability component at 1 April 2010	167,638	–	167,638
Issued during the year	–	99,502	99,502
Effective interest capitalised *(note 12)*	19,498	361	19,859
Conversion during the year	(10,416)	(99,863)	(110,279)
At 31 March 2011 and 1 April 2011	176,720	–	176,720
Effective interest capitalised *(note 12)*	23,915	–	23,915
At 31 March 2012	**200,635**	–	**200,635**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

33. Acquisition of Assets through Acquisition of Subsidiaries

(a) Acquisition of Advertising and Media Related Services Agreement

On 19 April 2011, the Group acquired an advertising and media related services agreement and its related assets and liabilities for a total consideration of HK$33,000,000, which was satisfied by cash. The purchase was by way of acquisition of the entire issued share capital of Unique Smart Group Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of advertising and media related services agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired:	
Intangible assets – advertising and media related services agreement *(note 21)*	33,000
Net assets acquired	33,000
Total consideration satisfied by:	
Cash	33,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(33,000)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

33. Acquisition of Assets through Acquisition of Subsidiaries *(Continued)*

(b) Acquisition of Project Management Services Agreement

On 15 September 2011, the Group acquired a project management services agreement and its related assets and liabilities for a total consideration of approximately HK$9,934,000, which was satisfied by HK$1,000,000 in cash and allotting and issuing 44,669,177 new shares of the Company. The purchase was by way of acquisition of the entire issued share capital of Easy Ace Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of project management services agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired:	
Intangible assets – project management services agreement *(note 21)*	9,934
Net assets acquired	9,934
Total consideration satisfied by:	
Cash	1,000
Fair value of shares issued *(Note i)*	8,934
	9,934
Net cash outflow arising on acquisition:	
Cash consideration paid	(1,000)

Note:

(i) 44,669,177 ordinary shares of the Company with par value of HK$0.01 each were issued. The fair value of issued ordinary shares of the Company was determined with reference to the published price available at the date of acquisition of HK$0.2 per share, amounted to approximately HK$8,934,000.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

33. Acquisition of Assets through Acquisition of Subsidiaries *(Continued)*

(c) Acquisition of Licensing Agreement

On 18 May 2010, the Group acquired a licensing agreement and its related assets and liabilities for a total consideration of HK$135,000,000, which was satisfied by cash. The purchase was by way of acquisition of the entire issued share capital and the outstanding shareholders' loan of Fortune Mark International Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of licensing agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired:	
Intangible assets – licensing agreement *(note 21)*	134,000
Available-for-sale investments	1,000
Amounts due to shareholders	(1,999)
Net assets acquired	133,001
Shareholders' loan	1,999
	135,000
Total consideration satisfied by:	
Cash	135,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(135,000)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

33. Acquisition of Assets through Acquisition of Subsidiaries *(Continued)*

(d) Acquisition of Co-operation Agreement and Strategic Co-operation Agreement

On 16 November 2010, the Group acquired a co-operation agreement and strategic co-operation agreement and its related assets and liabilities for a total consideration of HK$45,000,000, which was satisfied by cash. The purchase was by way of acquisition of the entire issued share capital of 天津市逸晨電子科技有限公司. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of co-operation agreement and strategic co-operation agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired:	
Property, plant and equipment	5
Intangible assets – co-operation agreement and strategic co-operation agreement *(note 21)*	51,602
Other receivables	316
Bank balances and cash	194
Other payables	(7,117)
Net assets acquired	45,000
Total consideration satisfied by:	
Cash	45,000
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	194
Cash consideration paid	(45,000)
	(44,806)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

33. Acquisition of Assets through Acquisition of Subsidiaries *(Continued)*

(e) Acquisition of Consultancy Agreement

On 9 March 2011, the Group acquired a consultancy agreement and its related assets and liabilities for a total consideration of HK$32,000,000, which was satisfied by cash. The purchase was by way of acquisition of the entire issued share capital and shareholders' loan of Activepart Limited. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of consultancy agreement are summarised below:

	HK$'000
Net assets/(liabilities) acquired:	
Intangible assets – consultancy agreement *(note 21)*	32,000
Total consideration satisfied by:	
Cash	32,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(32,000)

34. Major Non-cash Transaction

The consideration for the acquisition of a subsidiary that occurred during the year ended 31 March 2012 comprised issue of share capital of the Company. Further details of the acquisitions are set out in note 33(b). During the year ended 31 March 2011, the Group did not have major non-cash transactions.

35. Pledged of Assets

At 31 March 2012, investment properties of the Group with fair value of approximately HK$23,373,000 (2011: HK$25,665,000) were pledged to secure banking facilities granted to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

36. Commitments

(a) Operating lease commitments

The Group as lessor

Property rental income earned during the year ended 31 March 2012 was approximately HK$1,760,000 (2011: HK$1,749,000). The investment properties of the Company are expected to generate rental yield of 8% (2011: 7%) on an ongoing basis. The properties held have committed tenants for the next five years.

The Group leases out investment properties under operating leases. At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases receivable as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**12,794**	2,042
In the second to fifth years, inclusive	**4,988**	7,356
Over five years	**–**	1,395
	17,782	10,793

The Group as lessee

At the end of the reporting period, the Group was committed to make the following future minimum lease payments in respect of office properties with lease terms of between 1 to 2 years (2011: 1 to 2 years) under non-cancellable operating leases which are payable as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**1,764**	1,390
In the second to fifth years, inclusive	**657**	314
	2,421	1,704

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

36. Commitments *(Continued)*

(b) Other commitments

	2012 HK$'000	2011 HK$'000
Capital commitments authorised and contracted for:		
Formation of a joint venture company *(Note (i))*	–	468
Provision of financing to a joint venture company *(Note (i))*	–	50,000
	–	50,468

Note:

(i) On 18 October 2010, the Company and 廣東景訊高新技術發展有限公司 (the "PRC Partner") entered into a joint venture agreement (the "JV Agreement") relating to formation of a joint venture company (the "JV Company") (as supplemented by a supplemental agreement dated 30 March 2011). Pursuant to the JV Agreement, the JV Company will have a registered capital of not exceeding US$100,000 and owned as to 60% by the Group and 40% by the PRC Partner. The Group will be responsible for provision of financing to the JV Company up to not exceeding HK$50,000,000 for its operation. The formation of the JV Company has been terminated with effective from 29 September 2011. The details are set out in the Company's announcements dated 18 October 2010, 30 March 2011 and 29 September 2011.

37. Material Related Party Transactions

Save as disclosed elsewhere in the consolidated financial statements, the Company and the Group had the following material transactions with related parties during the year:

(a) Related entities

	2012 HK$'000	2011 HK$'000
Repayment of promissory note to a related company *(Note (i))*	–	452,000
Payment of interest on late payment of promissory note to a related company *(Note (i))*	–	6,722

Note:

(i) The Group repaid promissory note amounted to HK$452,000,000 and paid interest on late payment of the relevant promissory note amount to approximately HK$6,722,000 to Growth Harvest Limited, a substantial shareholder of the Company, during the year ended 31 March 2011.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

37. Material Related Party Transactions *(Continued)*

(b) Compensation to key management personnel

Compensation for directors of the Company and other members of key management personnel during the year is as follows:

	2012	2011
	HK$'000	HK$'000
Salaries and allowance	**3,436**	3,057
Retirement scheme contribution	**12**	199
Share-based payments	**124**	1,886
	3,572	5,142

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(c) Loans to related parties

Details of the balances with related parties at the end of the reporting period are set out in note 25.

38. Retirement Benefits Plans

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the consolidated income statement of approximately HK$582,000 (2011: HK$413,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. At 31 March 2012, no contributions of benefit plans (2011: HK$Nil) due at the end of the reporting period had not been paid over to the plans.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

39. Share Option Scheme

Pursuant to the written resolutions of the shareholders of the Company dated 2 August 2002, a share option scheme ("Share Option Scheme") was approved and adopted.

The major terms of the Share Option Scheme are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

(b) The participants include:

(i) (1) any employee or proposed employee of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and

(7) any joint venture partner or counter-party to business transactions of the Group.

(ii) any company wholly owned by one or more persons belonging to any of the above classes of participants.

(c) The exercise price of a share option shall be a price determined by the directors and shall at least be the higher of:

(i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

(ii) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

39. Share Option Scheme *(Continued)*

(d) Maximum number of shares:

(i) The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time; and

(ii) The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes must not in aggregate, exceed 10% of the shares in issue at the date of adoption of the Share Option Scheme (the "Limit") provided that share options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Limit.

(e) The total number of shares issued and to be issued upon the exercise of share options granted and to be granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the shares in issue.

(f) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

On 25 February 2008, the Company granted share options to certain of its consultants and employees to subscribe for an aggregate of 19,246,851 shares under the Share Option Scheme at an initial exercise price of HK$0.114 per share and adjusted to HK$109.10 per share after share consolidation, capital reorganisation and open offer.

On 28 April 2008, the Company granted share options to certain of its directors, consultants and employees to subscribe for an aggregate of 123,582,001 shares under the Share Option Scheme at an initial exercise price of HK$0.1018 per share and adjusted to HK$97.40 per share after share consolidation, capital reorganisation and open offer.

On 9 November 2009, the Company granted share options to certain of its directors and consultants to subscribe for an aggregate of 12,820,000 shares under the Share Option Scheme at an initial exercise price of HK$0.50 per share and adjusted to HK$5.00 per share after share consolidation and capital reorganisation.

On 29 December 2010, the Company granted share options to certain of its directors, consultants and employees to subscribe for an aggregate of 94,925,000 shares under the Share Option Scheme at an initial exercise price of HK$0.114 per share and adjusted to HK$2.280 per share after share consolidation and capital reorganisation.

On 20 September 2011, the Company granted share options to certain of its employees to subscribe for an aggregate of 22,320,000 shares under the Share Option Scheme at an initial exercise price of HK$0.212 per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

39. Share Option Scheme *(Continued)*

During the year ended the Company's share options granted under the Share Option Scheme are as follows:

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 1 April 2010	Granted during the year	Adjustment for capital reorganisation	Lapsed during the year	Outstanding at 31 March 2011 and 1 April 2011	Granted during the year	Adjustment for capital reorganisation*	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 March 2012*
25 February 2008	Consultants	109.10	25 February 2008 to 24 February 2011	65,820	–	(59,238)	(6,582)	–	–	–	–	–	–	–
	Employees	109.10	25 February 2008 to 24 February 2011	65,820	–	(59,238)	(6,582)	–	–	–	–	–	–	–
28 April 2008	Directors	97.40	28 April 2008 to 27 April 2011	262,634	–	(236,372)	–	26,262	–	–	–	(26,262)	–	–
	Consultants	97.40	28 April 2008 to 27 April 2011	549,334	–	(494,404)	–	54,930	–	–	–	(54,930)	–	–
	Employees	97.40	28 April 2008 to 27 April 2011	108,247	–	(97,423)	–	10,824	–	–	–	(10,824)	–	–
9 November 2009	Consultants	5.00	9 November 2009 to 8 November 2010	540,000	–	(486,000)	(54,000)	–	–	–	–	–	–	–
	Employees	5.00	9 November 2009 to 8 November 2010	580,000	–	(522,000)	(58,000)	–	–	–	–	–	–	–
29 December 2010	Directors	2.280*	29 December 2010 to 28 December 2011	–	31,865,000	–	–	31,865,000	–	(30,271,750)	–	(1,593,250)	–	–
	Consultants	2.280*	29 December 2010 to 28 December 2011	–	31,865,000	–	–	31,865,000	–	(30,271,750)	–	–	(1,593,250)	–
	Employees	2.280*	29 December 2010 to 28 December 2011	–	31,195,000	–	–	31,195,000	–	(29,635,250)	(1)*	–	(1,559,749)	–
20 September 2011	Employees	0.212	20 September 2011 to 19 September 2012	–	–	–	–	–	22,320,000	–	–	–	(2,480,000)	19,840,000
			Total	2,171,855	94,925,000	(1,954,675)	(125,164)	95,017,016	22,320,000	(90,178,750)	(1)	(1,685,266)	(5,632,999)	19,840,000
			Exercisable at the end of the year	2,171,855	–	–	–	96,017,016		–	–	–	–	19,840,000
			Weighted average Exercise price	HK$5.05	HK$0.11	HK$5.05	HK$15.95	HK$0.21	HK$0.21	HK$0.11	HK$2.28	HK$7.47	HK$1.37	HK$0.21

* The exercise prices and numbers of share options which remained outstanding at the end of the reporting period have been adjusted due to completion of capital reorganisation on 1 June 2011.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

39. Share Option Scheme *(Continued)*

The fair value of options granted under the Share Option Scheme measured at the date of grant during the year ended 31 March 2012 was approximately HK$1,115,000. The following significant assumptions were used to derive the fair values using the Black-Scholes Option Pricing Model:

Date of grant	**20 September 2011**
Total number of share options	22,320,000
Option value	0.04995
Option life	1 year
Expected tenor	0.5 year
Exercise price	0.212
Stock price at the date of grant	0.212
Volatility	92%
Risk free rate	0.11%

40. Events after the Reporting Period

The following events have occurred subsequent to 31 March 2012:

(a) On 3 May 2012, the Company, through its wholly owned subsidiary, entered into a conditional agreement with Richmost Holdings Limited ("Richmost"), an independent third party, pursuant to which the Company shall purchase the entire issued share capital of Joint Vision Investments Limited from Richmost at a consideration of HK$30,000,000, the details of which are set out in the Company's announcements dated 3 May 2012 and 22 May 2012. The acquisition is not yet completed on the date when the consolidated financial statements are authorised for issue.

41. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2012.

Group Financial Summary

Results

	Years ended 31 March				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Turnover	377	1,585	18,963	19,953	**21,445**
Profit/(loss) before taxation	25,456	(20,135)	(70,853)	(650,276)	**(484,798)**
Income tax (expense)/credit	(1,322)	1,014	(657)	(109)	**458**
Profit/(loss) for the year from continuing operations	24,134	(19,121)	(71,510)	(650,385)	**(484,340)**
Discontinued operations					
Loss for year from discontinued operations	(4,845)	(1,472)	(2,692)	–	**–**
Profit/(loss) for the year and attributable to the owners of the Company	19,289	(20,593)	(74,202)	(650,385)	**(484,340)**

Assets and Liabilities

	As at 31 March				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	58,288	42,904	1,364,245	1,084,720	**730,980**
Current assets	114,447	159,035	352,834	247,657	**157,658**
Current liabilities	1,609	4,060	16,135	9,607	**11,639**
Non-current liabilities	7,157	4,203	493,125	181,650	**204,080**