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 2013

* For identification only

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

CONTENTS

3	Corporate Information
4	Chairman's Statement
6	Management Discussion and Analysis
13	Directors and Senior Management Profile
14	Corporate Governance Report
21	Directors' Report
29	Independent Auditors' Report
31	Consolidated Income Statement
32	Consolidated Statement of Comprehensive Income
33	Consolidated Statement of Financial Position
35	Statement of Financial Position
36	Consolidated Statement of Changes in Equity
37	Consolidated Statement of Cash Flows
39	Notes to the Consolidated Financial Statements
130	Group Financial Summary

Corporate Information

Executive Directors

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

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
Mr. Yu Qiang

Nomination Committee

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

Auditors

HLB Hodgson Impey Cheng Limited
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

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank 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 2013.

With nations across the globe introducing quantitative easing programmes as norm, certain markets are vibrant like the US reaching all time high with economic data and corporate earnings better than expected. Uncertainties re-surfaced in the Eurozone where the situation may require multi-year debt and structural workout, and although the underlying fundamentals in US such as housing and labour market, consumer spending and retail sales are improving, the effects of sequestration and possible tapering of monetary easing raises concerns. On the other hand the Asian growth story is far from over, under the backdrop of accommodative global policies, China's growth momentum continues and the expansion in budget fiscal deficit is viewed as a positive sign in preserving the stability of China's future development and economic restructuring.

During the year under review, the Group recorded an increase in turnover of approximately 63.8% to HK$35.1 million (2012: HK$21.4 million). The revenue was derived from the business of provision of medical information digitalisation system and property investment, provision of consultancy services, advertising and media related services and provision of project management services. The Group recorded a loss attributable to owners of the Company of approximately HK$336.5 million (2012: HK$484.3 million). The change was mainly attributed to the gain on cancellation of convertible bonds issued by the Company of approximately HK$212.7 million (2012: HK$Nil); the impairment loss recognised in respect of intangible assets of approximately HK$433.4 million (2012: HK$350.2 million); and the amortisation of intangible assets of approximately HK$62.4 million (2012: HK$84.6 million).

Future Plans

In 2012, China was amongst the top 20 fastest growing economies in the world with GDP growth close to 8%. Although the growth is the slowest since the turn of the millennium, it is in fact an indication of a maturing economy as it gradually transitions from a status of developing into a developed nation. In 2013, its GDP is expected to reach a level of US$13 trillion or close to a 10% increase. Domestically, the Chinese government has been keen to reduce the economy's reliance on exports and focus on internal consumption. China's rapid economic development and wage rises have helped to boost consumer spending. Consumption was the largest overall contributor to the economic growth in 2012, accounting over half while investments contributed the remaining. Spending on advertising and promotion of consumer products is also still expected to increase continually.

Along with rapid economic and social development, China's consumption structure has changed remarkably in recent years. Chinese citizens are now not merely spending on basic daily necessities but also spending more on travelling and entertainment. As the population travels more, the predilection to acquire a taste for delicacies, or enjoy sightseeing and overseas vacations, altogether help to excite the catering and tourism sectors. The catering industry is currently growing at a greater growth rate than other retail trade business. The Company intends to explore business in the area of travel agencies in Hong Kong and also to provide such services to the potential inbound tourists in China. In addition, the new travel agency business will provide crossover business opportunities in relation to the area of advertisement of the Company.

Chairman's Statement

Planning forward, the Group will review its existing business, continue to develop segments with stable incomes, and also to explore potential diversify business opportunities for sustainable long term 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, advertising and media related services and provision of project management services.

Business Overview

Provision of Medical Information Digitalisation System

Year 2012 could be viewed as a turning point for PRC's healthcare information technology industry with the publication of Guidance on Strengthening of Healthcare Information Technology Implementation by the National Health and Family Planning Commission ("NHFPC") in June 2012. The guidance stated that for a long period of time, the lack of top-level design and planning for the implementation of healthcare information technologies, the standardisation and regulated application have lagged behind, resulting in no interoperability or sharing of information; the construction of resident's electronic health records ("EHR") and electronic medical record ("EMR") databases are also behind, making it difficult to adapt to the current needs of the healthcare system reform and cannot effectively meet the public's demand for healthcare protection. Thus the guidance provided the overall framework, basic principles and working goals for the construction of a national, provincial and municipal level 3-tier healthcare information platform, strengthen the five business application domains; construction of resident's electronic health record and electronic medical record databases and a healthcare information network as linking hub for the 3-tier healthcare information platform and vertical integration of the five business application domains using the resident's healthcare card as coupling medium to provide interoperability and sharing of resources. Key goals are by 2015 reaching a basic framework of national healthcare information construction and by 2020 establishes a complete nationwide healthcare information network and application system via practical sharing and covering both urban and rural areas. Several follow-on in various areas surfaced in 2013 which details the policies and plans for reaching the long term goals of the guidance and influencing the future developments of the provision of medical information digitalisation system ("MIDS") business segment.

The Management Implementation Policy for Hospitals under NHFPC budget released in March 2013 further regulates and enhance the management lifecycle of medical equipment including medical information systems such as MIDS. The Implementation Policy further stipulates the details such as feasibility study requirements during the procurement planning stage; acceptance management; quality assurance and maintenance management; consumables management and records management. Supplier qualification management should also be enhanced to establish supplier evaluation and elimination mechanism to produce a qualified suppliers list. For small to medium size healthcare information technology providers, significant amount of resources are required to satisfy these requirements whereas larger healthcare information technology providers already have the economy of scale and track record for being a qualified supplier.

Management Discussion and Analysis

Apart from the establishing a standard for EHR and EMR, compliance testings are also in place to ensure healthcare information systems installed in healthcare institutions can share information over the healthcare information network, the NHFPC have drafted the Basic Functions Specification of Telemedicine Information System in January 2013, requesting for comments and suggestions from relevant entities and experts. This indicates that an increasing number of facets under the healthcare information systems are being standardised and regulated, and in turns brings uncertainty to the market of regional healthcare information platforms and continued to incline towards large scale healthcare information technology providers where they have already dominated the trial implementations in pilot cities.

The outlook for the segment will be further dampened by the National Independent Innovation Construction Plan under 12th Five-Year Plan publicised in May 2013, which guides the society as a whole to reinforce the development of independent domestic innovations. The plan covers the area of healthcare information technology and demanded research and development on basic healthcare information standards as well as a unified healthcare information terminology and protocols. These recent changes in market dynamics are beyond anticipation and the Group continued to attempt partnering with PRC domestic healthcare IT providers on provisioning of healthcare information system. Incentives such as payment by instalments are popular, however the trade-off can be the time and resources spent on chasers. Under the harsh and challenging operating environment, the Group remains cautious and provisions were made in relation to the intangible assets under this segment.

During the year under review, the revenue contributed by such segment was HK$9.3 million (2012: HK$13.3 million).

Property Investment

The overall commercial real estate market in Canada remained stable in 2012 and the long-term tenants have grown roots throughout the years, forming in a stable revenue stream in the property investment segment.

During the year under review, the revenue contributed by such segment was HK$1.8 million (2012: HK$1.8 million) and was mainly derived from the leasing of an investment property located in Canada.

Provision of Consultancy Services

The consumption of news, information and entertainment through handheld devices via mobile telecommunication data services have become a part of everyday life. While voice calls continue to be the strong base, the next possible area of growth would be mobile data.

During the year under review, the revenue contributed by such segment was HK$0.9 million (2012: HK$0.3 million).

Management Discussion and Analysis

Advertising and Media Related Services

The overall advertising spending in the Asia Pacific region have been stable in the past year with outdoor media showing the biggest increase while traditional media like television and printed media continued to be the majority. The current trend is online and new media advertisements, which coincide with technologies such as real-time bidding for online advertisements where the contents are tailored for the demographics of the individual viewing the advertisements on the third screen on personal computers. This is also combining the effect of spending more time on the fourth screen, or the smaller screen on mobile handheld devices instead of the second screen, being the television at home. Looking in the outdoors space, apart from large scale static billboards, nowadays it is not uncommon to find multi-storey digital signage in commercial districts in Hong Kong that function as giant video screens for advertisements. In the arena of mid-size screens available for advertisers, as the cost of flat panels have reach a commodity level and the contents distribution costs are lowered through wireless networks, mid-size screens have become abundant in Hong Kong ranging from public transportation to taxis and along escalators and within stations of mass transportation systems.

For retail businesses in Hong Kong, advertisements aimed at visitors from mainland China are divided into high-end luxury products or fast-moving consumer goods such as dairy products and toiletries. The polarised market space of either large digital signage or on small mobile devices, keen competition in the mid-size screens and couple with the concentration on specific products for advertisements, altogether have greatly reduced the attractiveness and competitiveness of LCD screens in retail chain stores in Hong Kong as compared with transmedia utilising online and mobile new media. In view of the above, there will be less emphasis on the advertising in Hong Kong and redeploy resources to the PRC.

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 controls a PRC company through a set of control agreements. The travel books are 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 travel books are planned to be launched in areas with concentration of potential outbound tourists and the affluent high spending group. Advertisement placement is also planned within the travel books, thus providing advertising incomes, extends the available advertising media tentacles and creating synergy effects for the Company's existing advertising and media business.

On 13 December 2012, a wholly-owned subsidiary of the Company (the "Purchaser"), entered into an agreement with the vendor, pursuant to which the Purchaser agreed to purchase 40% of the entire issued share capital of Keen Renown Limited ("Keen Renown"). Before the acquisition, Keen Renown is already an indirect subsidiary of the Company. Upon completion of the acquisition, the Company will hold indirectly the entire issued share capital of Keen Renown and Keen Renown would be a wholly-owned subsidiary of the Company with its consolidated accounts being consolidated with that of the Group.

Management Discussion and Analysis

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 25% but less than 100%, the transactions (the aggregate of transactions under the agreement and the former agreement) constitute a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Since the vendor is an executive Director and chief executive officer of the Company, the vendor is regarded as a connected person of the Company. Therefore, the acquisition also constitutes a connected transaction on the part of the Company and is subject to approval by independent shareholders by way of poll under Chapter 20 of the GEM Listing Rules.

During the year under review, the revenue contributed by such segment was HK$22.0 million (2012: HK$5.8 million).

Provision of Project Management Services

The Educational Institution Internal Security Control System ("EIISCS") is now serving close to 50,000 students in over 60 schools in the Guangdong province. Responses are positive and the average utility rate is approximately 35%. The next phase of EIISCS will cater for the increasing smartphone user base and evolve into an online platform for rich contents and to decouple the reliance on telecommunication providers.

During the year under review, the revenue contributed by such segment was HK$1.2 million (2012: HK$0.3 million).

Financial Review

For the year under review, the revenue of the Group was approximately HK$35.1 million (2012: HK$21.4 million), of which HK$9.3 million (2012: HK$13.3 million) was generated from rollout of MIDS, HK$1.8 million (2012: HK$1.8 million) was generated from the leasing of an investment property located in Canada, HK$22.0 million (2012: HK$5.8 million) was generated from provision of advertising and media related services, HK$0.9 million (2012: HK$0.3 million) was generated from provision of consultancy services and HK$1.2 million (2012: HK$0.3 million) was generated from provision of project management services, representing an increase of approximately 63.8% as compared with the year ended 31 March 2012. Other revenue amounted to approximately HK$0.4 million, a decrease of 85.3% over the prior year.

Administrative expenses decrease by 11.0% to approximately HK$107.2 million from HK$120.4 million in prior year. Such decrease was mainly attributed to the combined effect of a decrease in the amortisation of intangible assets of approximately HK$62.4 million (2012: HK$84.6 million); an increase in staff costs to approximately HK$19.7 million (2012: HK$14.6 million) and overseas travelling expenses to approximately HK$3.4 million (2012: HK$2.5 million).

Finance costs decreased by 49.5% to approximately HK$12.1 million from HK$24.0 million in prior year. The decrease was mainly attributed to the cancellation of convertible bonds issued by the Company during the year.

Management Discussion and Analysis

Loss attributable to owners of the Company was approximately HK$336.5 million (2012: HK$484.3 million). The change was mainly attributed to the gain on cancellation of convertible bonds issued by the Company of approximately HK$212.7 million (2012: HK$Nil); the impairment loss recognised in respect of intangible assets of approximately HK$433.4 million (2012: HK$350.2 million); and the amortisation of intangible assets of approximately HK$62.4 million (2012: HK$84.6 million). After discounting these effects, the resultant loss was approximately HK$41.6 million.

	For the year ended 31 March 2013 HK$'000
For description purposes, included in loss for the year are the following items:	
Impairment loss recognised in respect of intangible assets	433,431
Gain on cancellation of convertible bonds	(212,704)
Amortisation of intangible assets	62,374
Effective interest expenses on convertible bonds	12,069
Fair value changes on investment properties	(2,853)
Share-based payments	2,647

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 March 2013 (2012: HK$Nil).

Liquidity and Financial Resources

At 31 March 2013, the Group had total assets of approximately HK$381.4 million (2012: HK$888.6 million), including net cash and bank balances of approximately HK$24.9 million (2012: HK$100.5 million). The decrease in cash and bank balances coincide with the increase in capital investments.

During the year under review, the Group financed its operations with internally generated cash flows.

Capital Structure

Save as disclosed below, there was no change in the capital structure of the Group at 31 March 2013 as compared with that at 31 March 2012.

During the year ended 31 March 2013, certain option holders exercised their option rights to subscribe for an aggregate of 4,960,000 shares at HK$0.212 per share. The net proceeds from the exercise of option rights amounted to approximately HK$1.1 million.

Management Discussion and Analysis

On 26 October 2011, the Company and Kingston Securities Limited (the "Placing Agent") entered into the second tranche placing agreement of, pursuant to which, the Placing Agent has conditionally agreed, on a best effort basis, for and on behalf of the Company, to place to not less than six independent placees of up to 53,600,000 second tranche placing shares at a second tranche placing price of HK$0.257 per second tranche placing share. As certain conditions could not be fulfilled as at the long stop date, the second tranche placing agreement lapsed on 30 June 2012 and the second tranche placing did not proceed.

At 31 March 2013, the total borrowings of the Group amounted to HK$0.4 million (2012: HK$201.5 million), comprising a loan of approximately HK$0.4 million secured by a mortgage of investment properties of the Group located in Canada.

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 5.8% (2012: 24.3%). The change in gearing ratio was mainly attributed to a written-down value of intangible assets in respect of substantial impairment during the year.

Charge on the Group's Assets

At 31 March 2013, the Group has pledged its investment property located in Canada with a fair value of HK$25.7 million to secure a mortgage loan amounted to approximately HK$0.4 million (2012: HK$0.9 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 2013, the Group, as a lessor, had operating lease commitments of approximately HK$4.9 million (2012: HK$17.8 million) and as a lessee, had operating lease commitment of approximately HK$3.6 million (2012: HK$2.4 million).

Contingent Liabilities

At 31 March 2013, the Group had no contingent liabilities (2012: HK$Nil).

Management Discussion and Analysis

Employee

At 31 March 2013, the Group had 41 employees (2012: 38). 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 eligibility under the current share option scheme.

Significant Investment

At 31 March 2013, the Group did not hold any significant investment.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save as disclosed in the "Business Overview" 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 2013.

Future Plan for Material Investments and Capital Assets

Save 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.

Directors and Senior Management Profile

Executive Directors

Mr. Lien Wai Hung, aged 49, 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 36, 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.

Mr. Yu Qiang, aged 33, is the executive director of the Company. Mr. Yu has extensive experience in market development, corporate strategy integration of resources, overall operation and management of the company. Mr. Yu was appointed as an executive director on 22 May 2013.

Independent Non-executive Directors

Mr. Ho Chun Ki, Frederick, aged 55, 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, Philip Li & 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 41, 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 50, has over 25 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 39, is a practicing Barrister-At-Law in Hong Kong and has over 11 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

Introduction

The Board of directors (the "Board") and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

Corporate Governance Practices

The corporate governance principles of the Company emphasize a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigourous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. Throughout the financial year ended 31 March 2013, the Group has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules save for certain deviations, details of which will be explained in the relevant paragraphs in this report. The Board has, since the amendments to the GEM Listing Rules regarding corporate governance practices were first proposed by the Stock Exchange, continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to directors and senior management of the Group to ensure awareness to issues regarding corporate governance practices.

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 seven Directors: three 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 13.

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 2013, the Board comprised six Directors, including two executive Directors, namely Mr. Lien Wai Hung and Mr. Lui Wing Fong, Alexander 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.

Deviation from the CG code

Throughout the year ended 31 March 2013, the Company complied with the CG Code in Appendix 15 to the GEM Listing Rules, with the exception of CG Code Provisions A.2.1 (separation of roles of chairman and chief executives) and A.4.1 (specific terms of non-executive Directors).

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 constantly reviews this arrangement and appointed Mr. Lui Wing Fong, Alexander as the chief executive officer of the Company on 30 May 2012.

Corporate Governance Report

Terms of 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 and Shareholders' 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 2013, 16 board meetings were held. Details of the attendance of the Directors at general meetings, the meetings of the Board and its respective committees are as follows:

Name of Director	*Notes*	General Meeting Attended/ Held	Board Meeting Attended/ Held	Audit Committee Attended/ Held	Remuneration Committee Attended/ Held	Nomination Committee Attended/ Held
Executive Directors						
Mr. Lien Wai Hung		1/1	16/16	N/A	1/1	1/1
Mr. Lui Wing Fong, Alexander	*(1)*	1/1	13/13	N/A	0/0	0/0
Mr. Yu Qiang	*(2)*	0/0	0/0	N/A	0/0	0/0
Independent non-executive Directors						
Mr. Ho Chun Ki, Frederick		1/1	16/16	4/4	N/A	N/A
Mr. Lai Miao Yuan		1/1	16/16	4/4	1/1	1/1
Mr. Chong Yiu Kan, Sherman		1/1	16/16	4/4	1/1	1/1
Mr. Tam Kin Yip		1/1	16/16	4/4	1/1	1/1

Notes:

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

(2) Mr. Yu Qiang has been appointed as an executive Director with effect from 22 May 2013.

Corporate Governance Report

Training and support for Directors

All directors, including non-executive directors and independent non-executive directors, namely, Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander, Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip must keep abreast of their collective responsibilities as directors and of the business of the Group. As such, the Group provides a comprehensive and formal induction to each newly appointed director upon his/her appointment. Briefings and orientations are provided and organised to ensure that the new directors are familiar with the role of the Board, their legal and other duties as a director as well as the business and governance practices of the Group. Such programmes are tailored to each individual director taking into account their background and expertise. The Company will continuously update all directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all directors.

All directors also participate in continuous professional development programmes provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective directors are kept and updated by the Company.

Remuneration Committee

A remuneration committee was established with specific written terms of reference. At the date of this annual report, the remuneration committee consists of six members, of which the majority are independent non-executive Directors, namely Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander, Mr. Yu Qiang, 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.

The remuneration committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of executive Directors and members of senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. This committee consults with the chairman on its proposals and recommendations and has access to professional advice if deemed necessary. The remuneration committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the remuneration committee are posted on the Company's website. The remuneration committee meets at least once a year.

During the year under review, the remuneration committee held 1 meeting.

Nomination Committee

The nomination committee was established with specific written terms of reference. At the date of this annual report, the nomination committee consists of six members, of which the majority are independent non-executive Directors, namely Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander, Mr. Yu Qiang, 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.

Corporate Governance Report

The duties of the nomination committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

The specific terms of reference of the nomination committee are posted on the Company's website. The nomination committee meets at least once a year.

During the year under review, the nomination committee held 1 meeting.

Auditors' Remuneration

For the year ended 31 March 2013, the remuneration in respect of audit services provided by the auditors, HLB Hodgson Impey Cheng Limited, amounted to HK$880,000. Except for the audit service fee, the Company has paid HK$872,000 to the auditors for non-audit services.

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.

Other duties of the audit committee are set out in its specific terms of reference which are posted on the Company's website. The audit committee is provided with sufficient resources enabling it to discharge its duties.

Corporate Governance Report

The audit committee held 4 meetings during the year ended 31 March 2013, 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 2013, has been reviewed by the audit committee.

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 2013.

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.

Directors' and Officers' Liability Insurance

Insurance cover has been taken out for Directors' and Officers' Liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company.

Constitutional Documents

On 25 September 2012, the Company adopted a new set of bye-laws for the purpose of conforming with amendments made to the Listing Rules and the Companies Act 1981 of Bermuda. The new set of the Company's bye-laws is available on the websites of the Company and the Stock Exchange.

Corporate Governance Report

Shareholders Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Company's activities can be reflected in many aspects.

In endeavouring to maintain an on-going dialogue with shareholders, the annual general meeting provides a useful forum for shareholders to exchange views with the Board.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The annual general meeting circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the Company's 2012 annual general meeting, all the resolutions were put to the vote by poll and Tricor Secretaries Limited, the Company's Hong Kong Branch Share Registrar, was engaged as scrutineer to ensure the votes were properly counted. The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's Bye-laws.

The Company also communicates to its shareholders through its annual, interim and quarterly reports.

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 2013.

Principal activities and geographical analysis of operations

The principal activities of the Group are the development and provision of medical information digitalization system, property investment, provision of consultancy services, advertising and media related services and provision of project management services. Details of the activities of its subsidiaries are set out in note 23 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 2013 are set out in the consolidated income statement on page 31 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 130 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 19 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 31 and 41 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 32 to the consolidated financial statements.

Directors' Report

Purchase, sale or redemption of shares

During the year ended 31 March 2013, 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 33 to the consolidated financial statements.

Distributable reserves

There are no reserves available for distribution to the Company's shareholders at 31 March 2013 (2012: HK$Nil).

Charitable donations

Charitable donations made by the Group during the year amounted to HK$Nil (2012: HK$Nil).

Events after the reporting period

Details of significant events occurring after the reporting period date are set out in note 42 to the consolidated financial statements.

Connected transactions

Details of connected transactions are set out in note 39 to the financial statements.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 31 March 2013.

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
Mr. Yu Qiang (appointed on 22 May 2013)

Independent non-executive Directors

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

In accordance with article 84(1) of the Company's bye-laws, Mr. Lui Wing Fong, Alexander and Mr. Ho Chun Ki, Frederick would retire from office by rotation at the annual general meeting. In accordance with article 83(2) of the Company's bye-laws, Mr. Yu Qiang shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. As such, Mr. Lui Wing Fong, Alexander, Mr. Ho Chun Ki, Frederick and Mr. Yu Qiang 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' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

At 31 March 2013, the interests and short position of the directors and chief executive of the Company and their associates in the shares, underlying shares and 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 were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO); or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules, are as follows:

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

Name of director	Interest of underlying shares	Percentage of the Company's issued share capital
Mr. Lien Wai Hung	3,260,000 *(Note 1)*	1.00%
Mr. Lui Wing Fong, Alexander	3,260,000 *(Note 2)*	1.00%

Note:

1. Mr. Lien Wai Hung, an executive director, is deemed to be interested in 3,260,000 shares which fall to be issued upon exercise of the 3,260,000 share options of the Company.

2. Mr. Lui Wing Fong, Alexander, an executive director, is deemed to be interested in 3,260,000 shares which fall to be issued upon exercise of the 3,260,000 share options of the Company.

Interest in associated corporations of the Company

Mr. Lui Wing Fong, Alexander, in his capacity as a beneficial owner had, as at 31 March 2013, personal interests in 80 ordinary shares, representing approximately 40% of the entire issued share capital in Keen Renown Limited.

Directors' Report

Share option schemes

Particulars of the Company's share option schemes are set out in note 41 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above and in note 41 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 2013, 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 2013, 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	Percentage of the Company's issued share capital
Growth Harvest Limited	Beneficial owner *(Note 1)*	64,640,710	19.79%
Treasure Bonus Limited	Interest of controlled corporation *(Note 1)*	64,640,710	19.79%
Ms. Tan Ting Ting	Interest of controlled corporation *(Note 1)*	64,640,710	19.79%
Gold Train Limited	Beneficial owner *(Note 2)*	44,669,177	13.68%
Ms. Xie Shi Yan	Interest of controlled corporation *(Note 2)*	44,669,177	13.68%

Notes:

(1) Treasure Bonus Limited ("Treasure Bonus") owns 72% of the issued share capital of Growth Harvest Limited 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 64,640,710 shares.

(2) Gold Train Limited 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.

Save as disclosed above, at 31 March 2013, 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 members of the Group.

Directors' Report

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 40 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	31.48%
– five largest customers combined	76.51%
Purchases	
– the largest supplier	43.47%
– five largest supplier combined	86.40%

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.

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 three executive directors, Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander and Mr. Yu Qiang. 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.

Directors' Report

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 three executive directors, Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander and Mr. Yu Qiang. 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 2013.

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.

Auditors

The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the annual general meeting. A resolution will be submitted to the annual general meeting to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited and acted as auditors of the Company for the years ended 31 March 2012 and 2011. CCIF CPA Limited acted as auditors of the Company for the year ended 31 March 2010.

On behalf of the Board

Lien Wai Hung
Chairman

Hong Kong, 21 June 2013

Independent Auditors' Report

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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 31 to 129, which comprise the consolidated and the company statements of financial position at 31 March 2013, 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' judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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 of the Group at 31 March 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 21 June 2013

Consolidated Income Statement

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	8	**35,132**	21,445
Cost of sales		**(20,716)**	(11,605)
Gross profit		**14,416**	9,840
Other income and gains	9	**443**	3,011
Administrative expenses		**(107,200)**	(120,389)
Fair value changes on investment property	20	**2,853**	(1,581)
Gain on cancellation of convertible bonds	33	**212,704**	–
Loss on written off of property, plant and equipment		**(22)**	(19)
Impairment loss recognised in respect of goodwill	21	**–**	(1,449)
Impairment loss recognised in respect of intangible assets	22	**(433,431)**	(350,243)
Loss on disposal of available-for-sale investments		**(12,408)**	–
Loss from operations	11	**(322,645)**	(460,830)
Finance costs	12	**(12,097)**	(23,968)
Loss before taxation		**(334,742)**	(484,798)
Income tax expense	13	**(1,801)**	458
Loss for the year		**(336,543)**	(484,340)
Loss for the year attributable to:			
owners of the Company		**(336,474)**	(484,340)
non-controlling interests		**(69)**	–
		(336,543)	(484,340)
Loss per share	18		
Basic and diluted		**HK$(1.04)**	HK$(1.81)

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

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Loss for the year	**(336,543)**	(484,340)
Other comprehensive income/(expense) for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**350**	2,776
Fair value changes on available-for-sale investments	**–**	(10,000)
Release of investment revaluation reserve upon disposal of available-for-sale investments	**10,000**	–
Other comprehensive income/(expense) for the year, net of income tax	**10,350**	(7,224)
Total comprehensive expense for the year	**(326,193)**	(491,564)
Total comprehensive expense for the year attributable to:		
owners of the Company	**(326,291)**	(491,564)
non-controlling interests	**98**	–
	(326,193)	(491,564)

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	19	**4,667**	2,950
Investment properties	20	**25,715**	23,373
Goodwill	21	**47,248**	–
Intangible assets	22	**172,155**	667,773
Deferred tax assets	30	**–**	884
Deposit for investment	24	**17,000**	30,000
Available-for-sale investments	25	**6,000**	6,000
		272,785	730,980
Current assets			
Trade and other receivables	26	**83,684**	57,178
Bank balances and cash	27	**24,886**	100,480
		108,570	157,658
Current liabilities			
Trade and other payables	28	**17,562**	10,685
Bank loan	29	**373**	513
Tax payable		**741**	441
		18,676	11,639
Net current assets		**89,894**	146,019
Total assets less current liabilities		**362,679**	876,999
Capital and reserves			
Share capital	31	**3,266**	3,216
Reserves	32	**347,238**	669,703
Equity attributable to owners of the Company		**350,504**	672,919
Non-controlling interests		**8,617**	–
		359,121	672,919

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Convertible bonds	33	–	200,635
Bank loan	29	–	380
Deferred tax liabilities	30	**3,558**	3,065
		3,558	204,080
		362,679	876,999

The consolidated financial statements were approved and authorised for issue by the board of Directors on 21 June 2013 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 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	19	**66**	55
Investments in subsidiaries	23	**114,309**	556,100
		114,375	556,155
Current assets			
Amounts due from subsidiaries	23	**275,764**	340,362
Prepayments	26	**217**	196
Bank balances and cash	27	**15,737**	4,956
		291,718	345,514
Current liability			
Other payables	28	**1,576**	1,489
Net current assets		**290,142**	344,025
Total assets less current liability		**404,517**	900,180
Capital and reserves			
Share capital	31	**3,266**	3,216
Reserves	32	**401,251**	696,329
		404,517	699,545
Non-current liability			
Convertible bonds	33	**–**	200,635
		404,517	900,180

The financial statements were approved and authorised for issue by the board of Directors on 21 June 2013 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 2013

	Equity attributable to equity shareholders of the Company											
	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	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2011	44,669	1,186,043	283,362	–	6,125	351,687	394	2,620	(733,780)	1,141,120	–	1,141,120
Loss for the year	–	–	–	–	–	–	–	–	(484,340)	(484,340)	–	(484,340)
Other comprehensive expense for the year												
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	2,776	–	2,776	–	2,776
Fair value changes on available-for-sale investments	–	–	–	(10,000)	–	–	–	–	–	(10,000)	–	(10,000)
Total comprehensive (expense)/ income for the year	–	–	–	(10,000)	–	–	–	2,776	(484,340)	(491,564)	–	(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	–	8,934
Placing of new shares	536	13,239	–	–	–	–	–	–	–	13,775	–	13,775
Share issue expenses	–	(461)	–	–	–	–	–	–	–	(461)	–	(461)
Recognition of equity-settled share-based payments	–	–	–	–	1,115	–	–	–	–	1,115	–	1,115
Cancellation of share options	–	–	–	–	(1,995)	–	–	–	1,995	–	–	–
Lapsed of share options	–	–	–	–	(4,254)	–	–	–	4,254	–	–	–
At 31 March 2012 and 1 April 2012	3,216	1,207,308	325,798	(10,000)	991	351,687	402	5,396	(1,211,879)	672,919	–	672,919
Loss for the year	–	–	–	–	–	–	–	–	(336,474)	(336,474)	(69)	(336,543)
Other comprehensive expense for the year												
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	183	–	183	167	350
Release of investment revaluation reserve upon disposal of available-for-sale investments	–	–	–	10,000	–	–	–	–	–	10,000	–	10,000
Total comprehensive income/ (expense) for the year	–	–	–	10,000	–	–	–	183	(336,474)	(326,291)	98	(326,193)
Non-controlling interest arising from acquisition of subsidiaries	–	–	–	–	–	–	–	177	–	177	8,519	8,696
Transfer of statutory reserve	–	–	–	–	–	–	203	–	(203)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	2,647	–	–	–	–	2,647	–	2,647
Exercise of share options	50	1,250	–	–	(248)	–	–	–	–	1,052	–	1,052
Cancellation of share options	–	–	–	–	(743)	–	–	–	743	–	–	–
Cancellation of convertible bonds	–	–	–	–	–	(351,687)	–	–	351,687	–	–	–
At 31 March 2013	3,266	1,208,558	325,798	–	2,647	–	605	5,756	(1,196,126)	350,504	8,617	359,121

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Operating activities		
Loss before taxation	**(334,742)**	(484,798)
Adjustments for:		
Interest income	**(365)**	(1,099)
Interest expenses	**28**	53
Effective interest expenses on convertible bonds	**12,069**	23,915
Fair value changes on investment properties	**(2,853)**	1,581
Depreciation of property, plant and equipment	**1,209**	1,114
Loss on written off of property, plant and equipment	**22**	19
Amortisation of intangible assets	**62,374**	84,551
Gain on cancellation of convertible bond	**(212,704)**	–
Impairment loss recognised in respect of goodwill	**–**	1,449
Impairment loss recognised in respect of intangible assets	**433,431**	350,243
Loss on disposal of available-for-sale investments	**12,408**	–
Share-based payments expense	**2,647**	1,115
Operating cash flow before movements in working capital	**(26,476)**	(21,857)
Increase in trade and other receivables	**(6,092)**	(25,828)
Increase in trade and other payables	**3,040**	1,871
Net cash used in operating activities	**(29,528)**	(45,814)
Investing activities		
Interest received	**365**	1,115
Acquisition of subsidiaries	**(29,822)**	(34,000)
Payment for deposit for investments	**(17,000)**	(30,000)
Purchase of available-for-sale investments	**–**	(15,000)
Purchase of property, plant and equipment	**(2,692)**	(2,208)
Proceeds on disposal of available-for-sale investments	**2,592**	–
Purchase of intangible assets	**–**	(5,238)
Net cash used in investing activities	**(46,557)**	(85,331)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Financing activities		
Repayments of bank loan	**(542)**	(497)
Proceeds from issue of shares	**1,052**	–
Proceeds from placing of new shares	**–**	13,775
Expense on issue of shares	**–**	(461)
Net cash generated from financing activities	**510**	12,817
Net decrease in cash and cash equivalents	**(75,575)**	(118,328)
Cash and cash equivalents at beginning of the year	**100,480**	217,007
Effect of foreign exchange rate changes	**(19)**	1,801
Cash and cash equivalents at end of the year, represented by bank balance and cash	**24,886**	100,480

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 23.

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 2012. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

The principal effects of adopting these HKFRSs are as follows:

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

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40 "Investment properties" will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. As a result of application the amendments to HKAS 12, the Group has determined the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended HKAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to the property using the tax rate that would apply as a result of recovering its value through use.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

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[1]
HKAS 19 (Revised)	Employee Benefits[2]
HKAS 27 (Revised)	Separate Financial Statements[2]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle Issued in June 2012[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurements[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual period beginning on or after 1 July 2012
2 Effective for annual period beginning on or after 1 January 2013
3 Effective for annual period beginning on or after 1 January 2014
4 Effective for annual period beginning on or after 1 January 2015

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

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

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'.

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 income statement; and (b) items that may be reclassified subsequently to income statement 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 32 (Amendments) and HKFRS 7 (Amendments) "Offsetting Financial Assets and Financial Liabilities" and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirement) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

(Continued)

HKFRSs (Amendments) "Annual Improvement to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1"

The Annual Improvement to HKFRSs 2009-2011 Cycle includes a number of amendments to various HKFRSs. The amendments are effective for annual period beginning on or after 1 January 2013. Amendments to HKFRSs include HKAS 16 (Amendments) "Property, Plant and Equipment" and HKAS 32 (Amendments) "Financial Instruments: Presentation".

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statement.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes". The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

HKFRS 9 "Financial Instruments" *(Continued)*

Key requirements of HKFRS 9 are described as follows:

- 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entity 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 income statement.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of 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 income statement. Changes in fair value of a financial liability's credit risk are not subsequently reclassified to income statement. Under HKAS 39, the entire amount of change in the fair value of the financial liability designated as at fair value through profit or loss was presented in income statement.

HKFRS 9 is effective for annual periods beginning on or after 1st 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 (revised) and HKAS 28 (revised).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

New and revised standards on consolidation, joint arrangements, associates and disclosures *(Continued)*

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 that deal with consolidated financial statements. HK (SIC)-Int 12 "Consolidation – Special Purpose Entities" will be withdraw upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint venture depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance in HKFRS 10 on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that the application of these five standards may not have a significant impact on the results and the financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interest in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

HKFRS 13 "Fair Value Measurement" *(Continued)*

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.

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.

Except as described above, the directors anticipate that the application of other new and revised HKFRSs issued but not yet effect will have no material impact on the Group's financial performance and financial positions for the future and/or the disclosures set out in the financial statements 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.

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 property 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time for the year ended 31 March 2013.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Business combination *(Continued)*

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Tax" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, 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 income statement 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 2013

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

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the 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 reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives 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.

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 income statement in the period when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Intangible assets *(Continued)*

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, 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/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 2013

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

Property, plant and equipment *(Continued)*

Depreciation is calculated on a straight-line basis to write off the cost of items of property, plant and equipment to its residual value over their 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 the end of each 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 sales proceeds and the carrying amount of the asset.

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 properties are included in income statement 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 the disposal. 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 income statement in the period in which the property is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

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 in income statement 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 income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs. 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 2013

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

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 income statement.

Financial assets

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 financial assets.

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 investment, trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

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 not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in income statement. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to income statement.

Dividends on available-for-sale equity instruments are recognised in income statement when the Group's right to receive the dividends is established.

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 investments are measured at cost less any accumulated impairment losses at the end of each reporting period.

Impairment of financial assets

Financial assets, other than financial asset at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 asset have been affected.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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 income statement. 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 income statement.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to income statement in the period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment losses were 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 on available-for-sale equity investments will not be reversed through income statement. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in available-for-sale investments revaluation reserve. For available-for-sale financial assets, impairment losses are subsequently reversed through income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis, other than financial liabilities classified as at fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Other financial liabilities

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

Convertible bonds

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

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 reserve).

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 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 reserve will be released to accumulated profit or loss. No gain or loss is recognised in the consolidated income statement upon conversion or expiration of the option.

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. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion 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 2013

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

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, 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 and accumulated in equity is recognised in income statement.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in income statement. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in income statement.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Impairment of tangible and intangible assets other than goodwill *(Continued)*

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement.

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:

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Revenue recognition *(Continued)*

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.

Provision of consultancy services

Revenue from consultancy services is recognised when the services are rendered.

Provision of advertising and media related services

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

Provision of project management services

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

Interest income

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

Employee benefits

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.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Employee benefits *(Continued)*

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

The employees in the Company's subsidiaries operating in the PRC are members of retirement benefits schemes (the "PRC RB Schemes") operated by the local municipal governments. The PRC subsidiaries are required to contribute to the PRC RB Schemes to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligation of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the PRC RB Schemes is to meet the required contributions under the PRC RB Schemes. The contribution are charged to the income statement as they become payable in accordance with the relevant laws and regulations of the PRC.

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).

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 2013

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

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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Taxation *(Continued)*

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12.

Current or deferred tax for the year is recognised in income statement, 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 are 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.

Provisions and contingent liabilities

Provision

Provision are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an assets if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting period, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in income statement in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve and will be reclassified from translation reserve to income statement on disposal of foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the 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 expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustment on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange difference arising are recognised in equity under the heading of translation reserve.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Borrowing costs *(Continued)*

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 income statement in the period in which they are incurred.

Related parties

A party is considered to be related to the Group if:

(a) the party, is a person or a close member of that person's family and 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 of a parent of the Group

or

(b) the party is an entity where 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).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

5. Capital Management *(Continued)*

The debt-to-assets ratio at 31 March 2013 and 2012 were as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities				
Trade and other payables	**17,562**	10,685	**1,576**	1,489
Bank loan	**373**	513	**–**	–
	17,935	11,198	**1,576**	1,489
Non-current liabilities				
Convertible bonds	**–**	200,635	**–**	200,635
Bank loan	**–**	380	**–**	–
	–	201,015	**–**	200,635
Total debt	**17,935**	212,213	**1,576**	202,124
Non-current assets				
Property, plant and equipment	**4,667**	2,950	**66**	55
Investment properties	**25,715**	23,373	**–**	–
Goodwill	**47,248**	–	**–**	–
Intangible assets	**172,155**	667,773	**–**	–
Interests in subsidiaries	**–**	–	**114,309**	556,100
Deposit for investment	**17,000**	30,000	**–**	–
Available-for-sale investments	**6,000**	6,000	**–**	–
	272,785	730,096	**114,375**	556,155
Current assets				
Amounts due from subsidiaries	**–**	–	**275,764**	340,362
Trade and other receivables	**83,684**	57,178	**217**	196
Bank balances and cash	**24,886**	100,480	**15,737**	4,956
	108,570	157,658	**291,718**	345,514
Total assets	**381,355**	887,754	**406,093**	901,669
Debt-to-assets ratio	**4.70%**	23.90%	**0.39%**	22.42%

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 2013

6. Financial Instruments

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
The Group		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**117,084**	174,504
Available-for-sale investments	**6,000**	6,000
Financial liabilities		
Financial liabilities at amortised cost	**16,412**	210,545
The Company		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**291,501**	345,318
Financial liabilities		
Financial liabilities at amortised cost	**1,576**	202,124

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 2013

6. Financial Instruments *(Continued)*

Fair value of financial instruments *(Continued)*

	2013		2012	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Convertible bonds	–	–	200,635	312,201

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.

Fair value estimation

The fair values of financial assets and financial liabilities with standard terms and conditions and traded 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 identical assets or liabilities;

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.

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

At 31 March 2013, there is no financial instruments determine the fair value by using the above hierarchy.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Instruments *(Continued)*

Fair value estimation *(Continued)*

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.

Financial risk management objectives and policies

The Group's major financial instruments include equity investments, convertible bonds, 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.

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 and consultancy services segments 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 services and project management services segments, the Group allows the customer to settle the trade receivables with a credit terms from 30 to 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.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes.

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 25.23% (2012: 43.12%) and 84.07% (2012: 99.46%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

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.

The Group deposited its cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the bank may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. Management of the Company monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk at 31 March 2013 and 2012 were minimal.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is disclosed in note 26 to the consolidated financial statements respectively.

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$24,886,000 at 31 March 2013 (2012: HK$100,480,000).

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 2012.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

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
2013							
Trade and other payables	**–**	**16,039**	**–**	**–**	**–**	**16,039**	**16,039**
Bank loan	**4.65**	**399**	**–**	**–**	**–**	**399**	**373**
		16,438	**–**	**–**	**–**	**16,438**	**16,412**
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

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
2013							
Other payables	**–**	**1,576**	**–**	**–**	**–**	**1,576**	**1,576**
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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, 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. The Group's interest rate profile as monitored by management is set out below.

	The Group				The Company			
	2013		2012		2013		2012	
	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
Variable rate:								
Bank loan	4.65	373	4.65	893	–	–	–	–
Bank balances	1.49	24,637	0.68	100,371	0.90	15,727	0.48	4,946

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 income statement.

At 31 March 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable-rate bank balances and bank loan, with all other variables held constant, would decrease/increase the Group's loss after taxation and accumulated losses by approximately HK$243,000 (2012: HK$995,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk *(Continued)*

Sensitivity analysis *(Continued)*

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 2012.

Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash and bank balance that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relate. The currencies giving rise to this risk are primarily HK$, Renminbi ("RMB"), United States Dollar ("USD") and Canadian Dollar ("CAD").

Certain cash and bank balances are denominated in RMB and USD. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China (the "PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB and USD. 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.

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:

	Assets	
	2013	2012
	HK$'000	HK$'000
RMB	**8,414**	66,996
USD	**21**	11,236

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

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.

	Profit/loss	
	2013	2012
	HK$'000	HK$'000
Impact of RMB	**421**	3,350
Impact of USD	**1**	562

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 2013

7. Critical Accounting Estimates and Judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and 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:

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.

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 judgement 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.

Investment properties

As described in note 20, 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 2013

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

Fair value and impairment of available-for-sale investments

As described in note 25, the management of the Company uses their judgement 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$6,000,000 (2012: 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.

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.

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.

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 tax during the current year, 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.

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 2013 and 2012, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 and services rendered.

	2013	2012
	HK$'000	HK$'000
Gross rental income from investment properties	1,775	1,760
Provision of MIDS	9,278	13,264
Provision of consultancy services	940	277
Provision of advertising and media related services	21,956	5,848
Provision of project management services	1,183	296
Total	35,132	21,445

9. Other Income and Gains

	2013	2012
	HK$'000	HK$'000
Bank interest income	365	1,074
Interest income on loan to an independent third party (note 26(d))	26	25
Net foreign exchange gain	–	1,246
Other income	52	666
Total	443	3,011

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

10. Segment Information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. 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 system") 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)	Advertising and media related services:	Provision of advertising and media related services to entities. Currently, the Group's advertising 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 2013

10. Segment Information *(Continued)*

Segment revenue and results

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

	Properties investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**1,775**	1,760	**9,278**	13,264	**940**	277	**21,956**	5,848	**1,183**	296	**35,132**	21,445
Segment results	**2,510**	(2,430)	**(483,586)**	(431,638)	**(5,517)**	(6,178)	**(18,562)**	(926)	**(62)**	(3,345)	**(505,217)**	(444,517)
Unallocated other revenue and gains											**213,068**	2,476
Unallocated expenses											**(30,524)**	(18,789)
Loss from operations											**(322,673)**	(460,830)
Finance costs											**(12,069)**	(23,968)
Loss before taxation											**(334,742)**	(484,798)
Income tax expense											**(1,801)**	458
Loss for the year											**(336,543)**	(484,340)

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/(loss) earned/(suffered) by each segment without allocation of central administration cost including directors' remuneration, other revenue and gains 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

10. Segment Information *(Continued)*

Segment assets and liabilities

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

	Properties investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**27,332**	24,642	**179,138**	650,553	**20,053**	29,684	**92,133**	42,394	**11,822**	14,287	**330,478**	761,560
Unallocated assets											**50,877**	127,078
Total assets											**381,355**	888,638
Segment liabilities	**640**	3,265	**8,733**	8,764	**1**	51	**7,458**	480	**33**	22	**16,865**	12,582
Unallocated liabilities											**5,369**	203,137
Total liabilities											**22,234**	215,719

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; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities, borrowings and convertible bonds.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

10. Segment Information *(Continued)*

Other segment information

	Properties investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Unallocated		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**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	**(28)**	(53)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(28)**	(53)
Depreciation of property, plant and equipment	**–**	–	**(522)**	(562)	**–**	–	**(134)**	–	**–**	(22)	**(553)**	(530)	**(1,209)**	(1,114)
Addition to non-current assets*	**–**	–	**(36)**	(3,596)	**–**	–	**(47,760)**	–	**–**	(1,805)	**(2,382)**	(2,045)	**(50,178)**	(7,446)
Amortisation of intangible assets	**–**	–	**(53,190)**	(74,634)	**(6,478)**	(6,478)	**(1,464)**	(2,621)	**(1,242)**	(818)	**–**	–	**(62,374)**	(84,551)
Impairment loss recognised in respect of intangible assets	**–**	–	**(414,655)**	(350,243)	**–**	–	**(18,776)**	–	**–**	–	**–**	–	**(433,431)**	(350,243)
Fair value (loss)/gain on investment properties	**2,853**	(1,581)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,853**	(1,581)

* Non-current assets excluded those relating to financial instruments, deposit for investment and deferred tax assets.

Geographical information

In determining the Group geographical information, revenue information is based on the location of the customers, and non-current assets information are based on the geographical location of the assets. 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*	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**940**	277	**211,148**	571,984
The PRC	**32,417**	19,408	**12,922**	98,739
Canada	**1,775**	1,760	**25,715**	23,373
Total	**35,132**	21,445	**249,785**	694,096

* Non-current assets excluded those relating financial instruments, deposit for investment and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

10. Segment Information *(Continued)*

Information about major customer

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013	2012
	HK$'000	HK$'000
Customer A[1]	**6,596**	–
Customer B[2]	**3,794**	–
Customer C[2]	**11,061**	4,552
Customer D[1]	**NA[3]**	7,425
Customer E[1]	**–**	3,660
Customer F[1]	**–**	2,179

1 Revenue from MIDS
2 Revenue from advertising and media related services
3 The corresponding revenue did not contribute over 10% of the total sales of the Group

11. Loss from Operations

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

	2013	2012
	HK$'000	HK$'000
Auditors' remuneration	**880**	850
Amortisation of intangible assets	**62,374**	84,551
Cost of sales	**20,716**	11,605
Depreciation of property, plant and equipment	**1,209**	1,114
Net foreign exchange loss/(gain)	**422**	(1,246)
Gain on cancellation of convertible bonds	**(212,704)**	–
Loss on disposal of available-for-sale investments	**12,408**	–
Gross rental income from investment property	**(1,775)**	(1,760)
Less: Direct operating expenses from investment property that generate rental income during the year	**1,798**	2,245
	23	485
Minimum lease payment under operating lease on premises	**3,009**	2,376
Staff costs (including directors' remuneration (note 14))		
Salaries and allowances	**16,226**	12,877
Share-based payment expenses	**2,647**	1,115
Contribution to retirement benefits scheme	**826**	582
	19,699	14,574

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

12. Finance Costs

	2013	2012
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**28**	53
Effective interest expenses on convertible bonds wholly repayable over five years (note 33)	**12,069**	23,915
Total	**12,097**	23,968

13. Income Tax Expense

	2013	2012
	HK$'000	HK$'000
Current tax charged:		
Hong Kong Profits Tax	**–**	335
PRC Enterprise Income Tax	**670**	63
Over-provision in prior year	**(323)**	–
	347	398
Deferred tax (note 30):		
Current year	**1,454**	(360)
Attributable to change in tax rate	**–**	(496)
	1,454	(856)
Total tax charge/(credit)	**1,801**	(458)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

13. Income Tax Expense *(Continued)*

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong for the current year.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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% 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 tax per the consolidated income statement as follows:

	2013 **HK$'000**	2012 HK$'000
Loss before tax	**(334,742)**	(484,798)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(56,603)**	(81,137)
Tax effect of expenses not deductible for tax purpose	**85,828**	77,874
Tax effect of income not taxable for tax purpose	**(35,438)**	(770)
Over provision in respect of prior years	**(323)**	–
Tax effect of tax losses not recognised	**7,447**	4,277
Utilisation of tax losses previously not recognised	**–**	(206)
Reversal of temporary difference recognised in previous year	**890**	–
Tax effective resulting from change of applicable tax rate	**–**	(496)
Tax charge/(credit) for the year	**1,801**	(458)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

14. Directors' Remuneration

The emoluments of each director, on a named basis for the years ended 31 March 2013 and 2012 are set out below:

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Share-based payments HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 March 2013					
Executive directors					
Mr. Lien Wai Hung	**960**	**–**	**287**	**–**	**1,247**
Mr. Lui Wing Fong, Alexander (Note (a))	**800**	**–**	**287**	**–**	**1,087**
Independent non-executive directors					
Mr. Ho Chun Ki, Frederick	**120**	**–**	**–**	**–**	**120**
Mr. Lai Miao Yuan	**120**	**–**	**–**	**–**	**120**
Mr. Chong Yiu Kan, Sherman (Note (b))	**120**	**–**	**–**	**–**	**120**
Mr. Tam Kin Yip (Note (c))	**120**	**–**	**–**	**–**	**120**
Total	**2,240**	**–**	**574**	**–**	**2,814**
For the year ended 31 March 2012					
Executive director					
Mr. Lien Wai Hung	960	–	–	–	960
Independent non-executive directors					
Mr. Leung Wai Man (Note (d))	80	–	–	–	80
Mr. Ho Chun Ki, Frederick	120	–	–	–	120
Mr. Lai Miao Yuan	120	–	–	–	120
Mr. Chong Yiu Kan, Sherman (Note (b))	40	–	–	–	40
Mr. Tam Kin Yip (Note (c))	15	–	–	–	15
Total	1,335	–	–	–	1,335

Notes:

(a) Mr. Lui Wing Fong, Alexander was appointed as executive director on 30 May 2012.

(b) Mr. Chong Yiu Kan, Sherman was appointed as independent non-executive director on 1 December 2011.

(c) Mr. Tam Kin Yip was appointed as independent non-executive director on 16 February 2012.

(d) Mr. Leung Wai Man was appointed as independent non-executive director on 10 July 2007 and resigned on 1 December 2011.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

14. Directors' Remuneration *(Continued)*

Mr. Lui Wing Fong, Alexander is also the chief executive officer of the Company and his emoluments disclosed above include those for service rendered by him as chief executive officer.

Of the five highest paid individuals, two (2012: one) were directors of the Company and remuneration has been disclosed above.

The share-based payment represents the estimated value of share options granted to the directors 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.

At 31 March 2013, 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 report of the directors and note 41.

During the years ended 31 March 2013 and 2012, 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 has waived or agreed to waive any emoluments during the year.

15. Individuals with Highest Emoluments

The emoluments of the remaining three (2012: four) individuals of which three (2012: four) are senior management for the years ended 31 March 2013 and 2012 were as follows:

	2013	2012
	HK$'000	HK$'000
Salaries and allowances	**3,201**	3,525
Share-based payment expense	**794**	248
Retirement benefits scheme contribution	**29**	36
Total	**4,024**	3,809

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

15. Individuals with Highest Emoluments *(Continued)*

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

	Number of employee	
	2013	2012
HK$Nil to HK$1,000,000	**–**	2
HK$1,000,000 to HK$1,500,000	**3**	2

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2012: HK$Nil).

During the years ended 31 March 2013 and 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 41. The fair value of such options, which has been charged to the consolidated income statement, was determined at the date of the grant and was included in the above non-director, highest paid employees' remuneration disclosures.

At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the futures years.

16. Dividend

No dividend was paid or proposed during the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: HK$Nil).

17. Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company is dealt with in the financial statement of the Company to the extent of approximately HK$298,727,000 (2012: HK$819,905,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

18. Loss per Share

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

	2013 HK$'000	2012 HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(336,474)**	(484,340)

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**324,224,162**	267,015,742

The denominators used are the same as those detailed above for both basic and dilutive loss per share.

The computation of diluted loss per share does not assume the conversion of the Company's convertible bonds since the exercise would result in decrease in loss per share in 2012.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the exercise would result in decrease in loss per share for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

19. 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
The Group						
Cost						
At 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 and 1 April 2012	102	236	789	400	2,897	4,424
Acquisition of subsidiaries (note 34)	**192**	**–**	**–**	**46**	**–**	**238**
Additions	**198**	**99**	**–**	**45**	**2,350**	**2,692**
Written off for the year	**(33)**	**–**	**–**	**–**	**–**	**(33)**
Exchange adjustments	**9**	**4**	**11**	**6**	**5**	**35**
At 31 March 2013	**468**	**339**	**800**	**497**	**5,252**	**7,356**
Accumulated depreciation and impairment						
At 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 and 1 April 2012	44	91	460	180	699	1,474
Depreciation for the year	**168**	**55**	**265**	**133**	**588**	**1,209**
Written off for the year	**(11)**	**–**	**–**	**–**	**–**	**(11)**
Exchange adjustments	**2**	**1**	**8**	**3**	**3**	**17**
At 31 March 2013	**203**	**147**	**733**	**316**	**1,290**	**2,689**
Net book value						
At 31 March 2013	**265**	**192**	**67**	**181**	**3,962**	**4,667**
At 31 March 2012	58	145	329	220	2,198	2,950

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

19. Property, Plant and Equipment *(Continued)*

	Furniture and fixtures HK$'000	Office equipment HK$'000	Total HK$'000
The Company			
Cost			
At 1 April 2011	15	23	38
Additions	21	10	31
Written off for the year	(3)	–	(3)
At 31 March 2012 and 1 April 2012	33	33	66
Additions	**14**	**15**	**29**
At 31 March 2013	**47**	**48**	**95**
Accumulated depreciation and impairment			
At 1 April 2011	1	2	3
Charged for the year	4	5	9
Written off for the year	(1)	–	(1)
At 31 March 2012 and 1 April 2012	4	7	11
Charged for the year	**8**	**10**	**18**
At 31 March 2013	**12**	**17**	**29**
Carrying amount			
At 31 March 2013	**35**	**31**	**66**
At 31 March 2012	29	26	55

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

20. Investment Properties

	2013	2012
	HK$'000	HK$'000
Fair value		
At 1 April	**23,373**	25,665
Increase/(decrease) in fair value recognised in the consolidated income statement	**2,853**	(1,581)
Exchange adjustments	**(511)**	(711)
At 31 March	**25,715**	23,373

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 Peak Vision Appraisals Limited (2012: Ample Appraisal Limited), an independent qualified professional valuers not connected to the Group. Peak Vision Appraisals Limited is a member of The Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in relevant locations. The valuation was arrived at by reference to the market evidence of transaction prices for similar properties.

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

At 31 March 2013, investment property of the Group with a fair value of approximately HK$25,715,000 (2012: HK$23,373,000) was pledged to secure banking facilities granted to the Group.

The carrying amount of investment properties shown above comprises:

	2013	2012
	HK$'000	HK$'000
Outside Hong Kong, held under freehold	**25,715**	23,373

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

21. 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 subsidiaries, are as follows:

	2013 HK$'000	2012 HK$'000
Cost		
At 1 April	1,449	1,449
Acquisition of subsidiaries (note 34)	47,248	–
At 31 March	48,697	1,449
Accumulated impairment losses		
At 1 April	(1,449)	–
Impairment loss recognised for the year	–	(1,449)
At 31 March	(1,449)	(1,449)
Carrying amount		
At 31 March	47,248	–

Impairment test of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units identified according to operating segment.

	2013 HK$'000	2012 HK$'000
Properties investments	1,449	1,449
Advertising and media related services	47,248	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

21. 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.

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 15% per annum was applied in the discounted cash flow method when assessing the recoverability of the goodwill for the year ended 31 March 2012.

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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

21. Goodwill *(Continued)*

Impairment test of goodwill *(Continued)*

Advertising and media related services

There are two cash-generating units (the "CGUs") which were acquired during the current year, and mainly operate with the segment "advertising and media related services" identified by the Group.

The recoverable amount of the goodwill allocated to advertising and media related services are determined based on the value-in-use using the present value of cash flows taking into account the expected operating synergy and profitability and growth of businesses.

Cash flow projections are based on financial budgets approved by management covering a 6-year period and assumed growth rates are used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a 6-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments, long term economic cycle and achievement of business targets. All cash flow are discounted at discount rates of 17% and 18% under baseline and stressed scenarios respectively. Management's financial model assumes an average growth rate of 3% per annum beyond the 6-year period taking into account long term gross domestic product growth and other relevant economic factors. The discount rates used is pre-tax and based on the rates which reflect specific risks relating to the CGUs.

No impairment loss has been recognised in respect of goodwill related to advertising and media related service for the year ended 31 March 2013 as its value-in-use exceeds the carrying amount.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

22. 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$'000	Project management services agreement HK$'000	Computer software HK$'000	Total HK$'000
Cost								
At 1 April 2011	1,194,655	51,602	134,000	32,000	–	–	3,216	1,415,473
Acquired through acquisition of subsidiaries (Note 35)	–	–	–	–	33,000	9,934	–	42,934
Additions	–	–	–	–	–	–	5,238	5,238
Exchange adjustments	–	297	–	–	–	–	218	515
At 31 March 2012 and 1 April 2012	1,194,655	51,899	134,000	32,000	33,000	9,934	8,672	1,464,160
Exchange adjustments	**–**	**114**	**–**	**–**	**–**	**–**	**122**	**236**
At 31 March 2013	**1,194,655**	**52,013**	**134,000**	**32,000**	**33,000**	**9,934**	**8,794**	**1,464,396**
Accumulated amortisation and impairment								
At 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 and 1 April 2012	677,333	5,389	101,563	7,467	2,621	634	1,380	796,387
Amortised for the year	**33,547**	**5,395**	**2,503**	**6,477**	**11,464**	**1,242**	**1,746**	**62,374**
Impairment loss recognised for the year	**408,826**	**3,577**	**2,252**	**–**	**18,776**	**–**	**–**	**433,431**
Exchange adjustments	**–**	**17**	**–**	**–**	**–**	**–**	**32**	**49**
At 31 March 2013	**1,119,706**	**14,378**	**106,318**	**13,944**	**32,861**	**1,876**	**3,158**	**1,292,241**
Carrying amount								
At 31 March 2013	**74,949**	**37,635**	**27,682**	**18,056**	**139**	**8,058**	**5,636**	**172,155**
At 31 March 2012	517,322	46,510	32,437	24,533	30,379	9,300	7,292	667,773

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

22. 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 a finite useful life. Details of the acquisition are disclosed in note 35.

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.

At 31 March 2013, the management of the Company considers that the operating performance of the master service agreement for the year ended 31 March 2013 is affected by the change in the healthcare information technology market related to the publication of Guidance on Strengthening of Healthcare Information Technology Implementation by the National Health and Family Planning Commission ("NHFPC") and the implementation and enforcement of Management Implementation Policy for Hospitals under NHFPC budget, where the change in focus and demand have impact on the pace of implementation and adoption rate of the RFID module of MIDS.

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, Peak Vision Appraisals Limited (2012: 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 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 2013, the Group has prepared 12-year (2012: 13-year) 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 24.21% (2012: 26.95%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

22. Intangible Assets *(Continued)*

Impairment test of master services agreement *(Continued)*

The result of the review undertaken indicated that an impairment loss of approximately HK$408,826,000 (2012: HK$265,577,000) with reference to the valuation report was necessary for the master services agreement associated with the MIDS business.

Impairment test of Co-operation agreement and strategic co-operation agreement

The co-operation agreement and strategic co-operation agreement refers to the provision of MIDS which includes marketing and custom-built the regional healthcare information collaboration platform to healthcare sector in the PRC.

At 31 March 2013, the management of the Company considers that the operation performance of the co-operation agreement and strategic co-operation agreement for the year ended 31 March 2013 is affected by the change in the healthcare information technology market related to the publication of Guidance on Strengthening of Healthcare Information Technology Implementation and the standardisation of the Basic Functions Specification of Telemedicine Information System by the NHFPC, where the change in focus and standards have impact on the implementation of the regional healthcare information collaboration platform.

The recoverable amount of the co-operation agreement and strategic co-operation agreement was accessed by the director of the Company with reference to the valuation carried out by an independent firm of valuers, Peak Vision Appraisals Limited (2012: 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 co-operation agreement and strategic co-operation agreement associated with the MIDS business. Budgeted gross margin and turnover are based on past practices and expectations in the co-operation agreement and strategic co-operation agreement associated with the MIDS industry.

At 31 March 2013, the Group has prepared 8-year (2012: 9-year) cash flow forecast derived from the most recent financial budget of the co-operation agreement and strategic co-operation agreement approved by the directors of the Company using a discount rate of 22.82% (2012:22.26%) per annum.

The result of the review undertake indicated that an impairment loss of approximately HK$3,577,000 (2012: HK$Nil) with reference to the valuation report was necessary for the co-operation agreement and strategic co-operation agreement associated with the MIDS business.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

22. Intangible Assets *(Continued)*

Impairment test of licensing agreement

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

At 31 March 2013, the management of the Company considers that the operating performance of the licensing agreement for the year ended 31 March 2013 is affected by the change in the healthcare information technology market related to the publication of Guidance on Strengthening of Healthcare Information Technology Implementation by the NHFPC and the promotion on the development of independent domestic innovations, where the change in focus and demand have affected the future developments of the use and sub-license of hospital information system software.

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, Peak Vision Appraisals Limited (2012: 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 2013, the Group has prepared 7-years (2012: 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 22.82% (2012: 26.95%) per annum.

The result of the review undertaken indicated that an impairment loss of approximately HK$2,252,000 (2012: 84,666,000) 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 2013

22. Intangible Assets *(Continued)*

Impairment test of advertising and media related services agreement

The advertising and media related services agreement refers to the provision of advertising and media related services which including an exclusive advertising agency rights in Hong Kong retail chain store.

At 31 March 2013, the management of the Company considers that the advertising and media related services agreement for the year ended 31 March 2013 is different from previous year. The polarised market and keen competition, and together with change of emphasis on specific products for advertisements, have reduced the attractiveness and competitiveness of LCD screens in retail chain stores in Hong Kong.

The recoverable amount of the advertising and media related services agreement was accessed by the director of the Company with reference to the valuation carried out by an independent firm of valuers, Peak Vision Appraisals Limited (2012: 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 advertising and media related services agreement associated with the advertising and media related services business. Budgeted gross margin and turnover are based on past practices and expectations in the advertising and media related services agreement associated with the advertising industry.

At 31 March 2013, the Group has prepared 2-years (2012: 3-years) cash flow forecast derived from the most recent financial budget of the advertising and media related services agreement approved by the directors of the Company using a discount rate of 22.53% (2012: 30.47%) per annum.

The result of the review undertake indicated that an impairment loss of approximately HK$18,776,000 (2012: HK$Nil) with reference to the valuation report was necessary for the advertising and media services agreement associated with the advertising and media related services business.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

23. Interests in Subsidiaries

The Company

	2013 HK$'000	2012 HK$'000
Unlisted shares, at cost	**1,340,384**	1,340,384
Impairment loss recognised	**(1,226,075)**	(784,284)
	114,309	556,100
Amounts due from subsidiaries	**323,200**	340,362
Impairment loss recognised	**(47,436)**	–
	275,764	340,362
	390,073	896,462

Notes:

(a) At 31 March 2013 and 2012, 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. At 31 March 2013, impairment losses on investment in subsidiaries of approximately HK$1,226,075,000 (2012: HK$784,284,000) and impairment losses on amounts due from subsidiaries of approximately HK$47,436,000 (2012: HK$Nil) were recognised in the Company's financial statements respectively.

The directors of the Company consider that the carrying amounts of amounts due from subsidiaries approximate their fair value.

(c) Particulars of the principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Group's effective interest	Principal activities
Direct subsidiaries:				
Activemix Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	Securities investment
Fortune Mark International Limited	British Virgin Islands/ The PRC	US$100	100%	Provision of PACS system

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

23. Interests in Subsidiaries *(Continued)*

Notes: *(Continued)*

(c) Particulars of the principal subsidiaries are as follows: *(Continued)*

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Group's effective interest	Principal activities
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
Unique Smart Group Limited	British Virgin Islands/ Hong Kong and The PRC	US$1	100%	Provision of advertising and media related services
Vincent Investment Limited	Canada	CAD360	100%	Properties investment
嘉鈦華數碼科技（天津）有限公司	PRC wholly foreign owned enterprise/ The 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/ The 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/ The PRC	US$2,500,000	100%	Provision of project management services

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

23. Interests in Subsidiaries *(Continued)*

Notes: *(Continued)*

(c) Particulars of the principal subsidiaries are as follows: *(Continued)*

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Group's effective interest	Principal activities
上海中騰廣告有限公司*	PRC wholly foreign owned enterprise/ The PRC	RMB20,000,000	60%	Advertising and media related services
上海思璇廣告有限公司*	PRC wholly foreign owned enterprise/ The PRC	RMB10,000	100%	Advertising and media related services

* Subsidiaries acquired during the year ended 31 March 2013. Further details of acquisition are included in note 34.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

24. Deposit for Investment

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.

On 13 December 2012, HSL entered into a conditional agreement with Mr. Lui to further acquire 40% of the issued share capital of Keen Renown Group at a consideration of HK$22,000,000, in which HK$17,000,000 had been paid to Mr. Lui as deposit and payment of the consideration. Details are set out in the Company's announcement dated 13 December 2012, 31 January 2013, 28 March 2013 and 28 May 2013.

25. Available-for-sale Investments

	2013	2012
	HK$'000	HK$'000
Unlisted shares		
– Equity securities incorporated in Hong Kong (Note (a))	**6,000**	1,000
Listed shares		
– Equity securities listed in Hong Kong (Note (b))	**–**	5,000
	6,000	6,000

Notes:

(a) Unlisted equity securities issued by private entities 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 2013, the Group identified no impairment loss related to the unlisted equity securities (2012: HK$Nil).

(b) The fair value of listed equity securities are based on quoted market bid prices.

During the year ended 31 March 2012, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amount to approximately HK$10,000,000, of which HK$10,000,000 was reclassified from other comprehensive income to the income statement for the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

26. Trade and Other Receivables

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (Note (a))	**49,027**	28,064	**–**	–
Deposits (Note (b))	**12,197**	12,619	**–**	–
Prepayments (Note (c))	**8,486**	13,154	**217**	196
Other receivables (Note (d))	**13,974**	3,341	**–**	–
	83,684	57,178	**217**	196

Notes:

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

	2013	2012
	HK$'000	HK$'000
0 – 30 days	**21,469**	15,474
31 – 60 days	**263**	418
61 – 90 days	**2,561**	233
Over 90 days	**24,734**	11,939
	49,027	28,064

Details on the Group's credit policy are set out in note 6.

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.

There were no trade receivables that are past due or impaired for the two years ended 31 March 2013 and 2012.

(b) The deposits paid mainly consist of the followings:

(i) On 6 December 2012, HSL, a wholly owned subsidiary of the Company, entered into a memorandum with a vendor, who is an independent third party, for granting of priority right management of 2 power plants to HSL. HSL deposited a sum of HK$3,000,000 to the vendor as a security deposit. The priority right was expired on 31 March 2013 and further extended to 31 December 2013. The deposit is interest free and guaranteed by the vendor.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

26. Trade and Other Receivables *(Continued)*

Notes: *(Continued)*

(b) The deposits paid mainly consist of the followings: *(Continued)*

(ii) On 21 February 2012, HSL, a wholly owned subsidiary of the Company, entered into a memorandum with a vendor, an independent third party with legal and beneficially owned 80% issued share capital of a Hong Kong Company ("HKC"), of which agreed to grant a priority right to HSL for acquisition of the vendor's equity interests in HKC. HKC's major business in Hong Kong and the PRC includes 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. The HKC Deposit was interest free, guaranteed by the vendor and was recognised as deposit paid for the year ended 31 March 2012.

On 19 March 2013, HSL entered into a sale and purchase agreement with the vendor for acquisition of 10% issued share capital of HKC at a total consideration of HK$5,000,000. The acquisition was completed on 26 March 2013 and the HKC Deposit was reclassified to available-for-sale investments.

(iii) On 23 December 2011, 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. HSL deposited a sum of HK$5,000,000 (the "HKTAC Deposit") to HKTAC as a security deposit. The HKTAC Deposit is interest free, guaranteed by a shareholder of HKTAC and recognised as deposit paid for the year ended 31 March 2013 and 2012.

(c) At 31 March 2012, included in the prepayments of approximately HK$9,410,000, was paid to an advertising agent for its advertising spaces located in Shanghai. The Group was committed to rent the various advertising spaces with a lease term of one year and paid all rent in advance. The prepayment was utilised in full during the year ended 31 March 2013.

(d) At 31 March 2013, included in other receivables of RMB10,000,000 (approximately HK$12,506,000), represented a deposit for investment to a former shareholder of a subsidiary, for the purpose of acquiring 50% share capital of a PRC company at a consideration of RMB40,000,000 (approximately HK$50,025,000). The acquisition was terminated on 13 September 2012 and the deposit for investment was recognised as other receivables.

At 31 March 2012, the Group had lent HK$3,000,000 to 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 was repaid in full with interest by HKTC during the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

27. Bank Balances and Cash

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in hand and at bank				
Hong Kong Dollar	**16,181**	18,782	**15,711**	4,931
Renminbi	**7,595**	36,148	**26**	25
US Dollar	**21**	7,336	**–**	–
Canadian Dollar	**1,089**	571	**–**	–
Time deposits	**–**	37,643	**–**	–
	24,886	100,480	**15,737**	4,956

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 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.

28. Trade and Other Payables

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (Note (a))	**8,904**	6,767	**–**	–
Accruals and other payables	**6,901**	2,206	**1,576**	1,489
Tenant deposits	**46**	47	**–**	–
Receipt in advance	**40**	–	**–**	–
Amounts due to key officer (Note (b))	**188**	–	**–**	–
Other non-income tax payable	**1,483**	1,665	**–**	–
	17,562	10,685	**1,576**	1,489

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

28. 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:

	2013 HK$'000	2012 HK$'000
0 – 30 days	717	5,828
31 – 60 days	110	–
61 – 90 days	91	–
Over 90 days	7,986	939
	8,904	6,767

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

29. Bank Loan

The exposure of the Group's borrowings and the contractual maturity dates are as follows:

	2013 HK$'000	2012 HK$'000
Bank loan:		
– Secured	373	893
Repayable:		
– On demand or within one year	373	513
– After one year but within two years	–	380
– After two years but within five years	–	–
	373	893
Less: current portion	(373)	(513)
Non-current portion	–	380

At 31 March 2013 and 2012, 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 an investment property of the Group with a fair value of approximately HK$25,715,000 (2012: HK$23,373,000) as disclosed in note 20.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

30. Deferred Taxation

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

	2013 **HK$'000**	2012 HK$'000
Deferred tax assets	**–**	(884)
Deferred tax liabilities	**3,558**	3,065
	3,558	2,181

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 HK$'000	Revaluation of investment properties HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Temporary differences HK$'000	Total HK$'000
At 1 April 2011	1,268	2,573	169	(851)	3,159
Effect of change in tax rate	(155)	(320)	(21)	–	(496)
Exchange adjustments	(46)	(41)	(2)	(33)	(122)
Charged (credited) to consolidated income statement	63	(277)	(146)	–	(360)
At 31 March 2012 and 1 April 2012	1,130	1,935	–	(884)	2,181
Exchange adjustments	**(25)**	**(44)**	**–**	**(6)**	**(75)**
Charged to consolidated income statement	**64**	**498**	**–**	**890**	**1,452**
At 31 March 2013	**1,169**	**2,389**	**–**	**–**	**3,558**

At 31 March 2013, the Group has unused tax losses of approximately HK$69,837,000 (2012: HK$57,148,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax loss due to the unpredictability of future profit streams and in relation to deductible temporary difference as it is not probable taxable profit will be available against which the deductible temporary differences can be utilised. 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$41,157,000 (2012: HK$22,721,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

31. Share Capital

	2013 Number of shares	2013 Amount HK$'000	2012 Number of shares	2012 Amount HK$'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	**321,615,066**	**3,216**	4,466,917,767	44,669
Consolidation of shares (Note (b)(i))	**–**	**–**	(4,243,571,891)	–
Capital reduction (Note (b)(ii) & (b)(iii))	**–**	**–**	–	(42,436)
Issue of shares arising on acquisition of a subsidiary (Note (c))	**–**	**–**	44,669,177	447
Placing of new shares (Note (d))	**–**	**–**	53,600,000	536
Exercise of share options (Note (a) & (e))	**4,960,000**	**50**	13	–
At 31 March, ordinary shares of HK$0.01 each	**326,575,066**	**3,266**	321,615,066	3,216

Notes:

For the year ended 31 March 2013:

(a) During the year ended 31 March 2013, certain option holders exercised their option rights to subscribe for an aggregate of 4,960,000 shares at an exercise price of HK$0.212.

For the year ended 31 March 2012:

(b) 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;

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

31. Share Capital *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

(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.

(c) 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 35(b).

(d) (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, not 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.

(e) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

32. 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.

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	Accumulated losses (Note (i)) HK$'000	Total HK$'000
At 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 and 1 April 2012	1,207,308	325,866	991	351,687	(1,189,523)	696,329
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(298,727)**	**(298,727)**
Recognition of equity-settled share-based payments	**–**	**–**	**2,647**	**–**	**–**	**2,647**
Exercise of share options	**1,250**	**–**	**(248)**	**–**	**–**	**1,002**
Lapsed of share options	**–**	**–**	**(743)**	**–**	**743**	**–**
Cancellation of convertible bonds	**–**	**–**	**–**	**(351,687)**	**351,687**	**–**
At 31 March 2013	**1,208,558**	**325,866**	**2,647**	**–**	**(1,135,820)**	**401,251**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

32. Reserves *(Continued)*

Nature and purpose of reserves

(i) Distributable reserve

The distributable reserve 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 2013 and 2012.

(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 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.

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

32. Reserves *(Continued)*

Nature and purpose of reserves *(Continued)*

(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.

(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.

33. Convertible Bonds

On 6 October 2009, the Company issued bonds with total nominal value of HK$750,000,000 at price of HK$750,000,000 to Growth Harvest Limited (the "Vendor"), an independent third party, as a consideration for the acquisition of the entire issued share capital of Sunny Chance Limited ("Sunny Chance"). 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

33. Convertible Bonds *(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 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 2013, pursuant to the sale and purchase agreement ("Agreement") entered into between the Vendor in relation to the acquisition of Sunny Chance and its subsidiaries (the "Sunny Chance group"), the Vendor warrants that the EBITDA of the Sunny Chance group shall not be less than the guaranteed EBITDA of HK$500 million. Details of the acquisition of Sunny Chance Group were set out in the Company's announcement dated 9 July 2009 and circular dated 25 August 2009.

In the event that the EBITDA during the predetermined period is less than the guaranteed EBITDA, the shortfall shall be settled by the Vendor to the Group in accordance with Clause 8 of the Agreement. The shortfall shall be deducted against the outstanding principal amount of convertible bonds issued to the Vendor by the Group upon the acquisition of Sunny Chance group.

The predetermined period ended during the year ended 31 March 2013 and the convertible bonds were cancelled due to the shortfall in EBITDA. Details of which are set out in the Company's announcement dated 21 September 2012.

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

	2013	2012
	HK$'000	HK$'000
At 1 April	**200,635**	176,720
Effective interest expenses (note 12)	**12,069**	23,915
Cancellation of convertible bonds	**(212,704)**	–
At 31 March	**–**	200,635

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

34. Acquisition of Subsidiaries

(a) Acquisition of Joint Vision Investments Limited and its subsidiaries (the "Joint Vision Group")

On 3 May 2012, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of 100% equity interests in Joint Vision Group at a consideration of HK$30,000,000, which was settled by cash. The acquisition of Joint Vision Group was completed on 11 July 2012 (the "date of acquisition"). Details of the acquisition are set out in the Company's announcement dated 3 May 2012.

The amount of identified assets, liabilities recognised and assumed at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	1
Trade receivables	49
Bank balances and cash	115
Accruals and other payables	(170)
Amounts due to shareholders	(22)
Net liabilities acquired	(27)
Goodwill arising on acquisition (note 21)	30,027
Consideration transferred	30,000

Goodwill arose in the acquisition of Joint Vision Group because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Joint Vision Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

The consideration of the acquisition settled by cash and the consideration had been fully paid by the Group during the year ended 31 March 2013.

	HK$'000
Cash consideration paid	30,000
Less: bank balances and cash acquired	(115)
Net cash outflow on acquisition	29,885

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

34. Acquisition of Subsidiaries *(Continued)*

(a) Acquisition of Joint Vision Investments Limited and its subsidiaries (the "Joint Vision Group") *(Continued)*

Acquisition-related costs of approximately HK$358,000 have been charged as "administrative expenses" in the consolidated income statement for the year ended 31 March 2013.

Since the acquisition, Joint Vision Group contributed approximately HK$1,078,000 and HK$396,000 to the Group's revenue and profit for the year ended 31 March 2013 respectively.

Had the combination taken place to the Group at the beginning of the year ended 31 March 2013, the revenue and the profit of Joint Vision Group for the year ended 31 March 2013 would have been approximately HK$1,085,000 and HK$682,000 respectively.

(b) Acquisition of Keen Renown Limited and its subsidiaries (the "Keen Renown Group")

On 20 February 2012, the Group entered into a sale and purchase agreement with Mr. Lui, an independent third party for the acquisition of 60% equity interests in Keen Renown Group at a consideration of HK$30,000,000. The acquisition of Keen Renown Group was completed on 20 April 2012 (the "date of acquisition"). Details of the acquisition are set out in the Company's announcement dated 20 February 2012. The acquisition was completed on 20 April 2012 and Mr. Lui was subsequently appointed as executive director and chief executive officer of the Group on 30 May 2012.

The amount of identified assets, liabilities recognised and assumed at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	237
Deposit for investment	12,278
Deposits, prepayment and other receivables	12,162
Bank balances and cash	63
Trade payables	(549)
Accruals and other payables	(2,693)
Receipt in advance	(103)
Amounts due to shareholders	(97)
Net assets acquired	21,298
Non-controlling interests (40% of Keen Renown Group)	(8,519)
Goodwill arising on acquisition (note 21)	17,221
Consideration transferred	30,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

34. Acquisition of Subsidiaries *(Continued)*

(b) Acquisition of Keen Renown Limited and its subsidiaries (the "Keen Renown Group") *(Continued)*

Goodwill arose in the acquisition of Keen Renown Group because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Keen Renown Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

The consideration of the acquisition was settled by cash and the consideration had been fully paid as deposit for investment by the Group during the year ended 31 March 2012.

	HK$'000
Deposit paid in prior year (note 24)	30,000
Less: bank balances and cash acquired	(63)
Net cash outflow	29,937

The non-controlling interests in Keen Renown Group were determined by using the net assets value of Keen Renown Group at the date of acquisition.

Acquisition-related costs of approximately HK$435,000 have been charged to "administrative expenses" in the consolidated income statement for the year ended 31 March 2013.

Since the acquisition, Keen Renown Group contributed approximately HK$9,985,000 and HK$174,000 to the Group's revenue and loss for the year ended 31 March 2013 respectively.

Had the combination taken place at the beginning of the year ended 31 March 2013, the revenue and the loss of the Keen Renown Group for the year ended 31 March 2013 would have been approximately HK$10,031,000 and HK$225,000 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

35. 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 at a total consideration of HK$33,000,000, which was settled by cash. The purchase was by way of acquisition of the entire issued share capital of Unique Smart 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
Intangible assets – advertising and media related services (note 22)	33,000
Net assets acquired	33,000
Total consideration paid	33,000

The consideration of the acquisition was settled by cash and had been fully paid during the year ended 31 March 2012.

	HK$'000
Cash consideration paid	33,000
Net cash outflow on acquisition	33,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

35. 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 at a total consideration of approximately HK$9,934,000, which was settled by HK$1,000,000 in cash and allotting and issuing 44,669,177 new shares of the Company. The purchase was completed by way of acquisition of the entire issued share capital of Easy Ace Limited. This transaction has been recognised 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
Intangible assets – project management services (note 22)	9,934
Net assets acquired	9,934
Cash	1,000
Fair value of shares issued (Note i)	8,934
Total consideration	9,934
Cash consideration paid	1,000
Net cash outflow on acquisition	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 2013

36. Major Non-cash Transaction

During the year ended 31 March 2013, the Group did not have major non-cash transaction.

During the year ended 31 March 2012, the consideration for the acquisition of a subsidiary occurred, which comprised issue of share capital of the Company. Further details of the acquisitions are set out in note 35(b).

37. Pledged of Assets

At 31 March 2013, investment property of the Group with fair value of approximately HK$25,715,000 (2012: HK$23,373,000) was pledged to secure banking facilities granted to the Group.

38. Commitments

Operating lease commitments

The Group as lessor

Property rental income earned during the year ended 31 March 2013 was approximately HK$1,775,000 (2012: HK$1,760,000). The investment property of the Group is held for rental purpose and expected to generate rental yield of 7.7% (2012: 8%) on an ongoing basis. The property held have committed tenants for the next five years.

The Group leases out investment property 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:

	2013	2012
	HK$'000	HK$'000
Within one year	**1,697**	12,794
In the second to fifth years, inclusive	**3,182**	4,988
	4,879	17,782

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

38. Commitments *(Continued)*

Operating lease commitments *(Continued)*

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 premises with lease terms of between 1 to 2 years (2012: 1 to 2 years) under non-cancellable operating leases which are payable as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**2,539**	1,764
In the second to fifth years, inclusive	**1,062**	657
	3,601	2,421

Other commitments

	2013	2012
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of subsidiaries contracted for	**5,000**	–

Note:

On 13 December 2012, HSI, a wholly owned subsidiary of the Company, and Mr. Lui (the "Vendor"), an executive director and chief executive officer of the Company, entered into the agreement relating to sale and purchase 40% of entire issued share capital of Keen Renown Group (the "Acquisition") at a consideration of HK$22,000,000. Included in deposit for investment of HK$17,000,000 has been paid to Mr. Lui as deposit and payment for consideration. Details of the transaction are set out in note 24.

Upon completion of the Acquisition, the Company will hold indirectly the entire issued share capital of Keen Renown Group. Details of the transaction are set out in the Company's announcements dated 13 December 2012.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

39. 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) On 13 December 2012, HSL, a wholly owned subsidiary of the Company, entered into a conditional agreement with Mr. Lui, an executive director and chief executive officer of the Company, to further acquire 40% of the entire issued share capital of Keen Renown Group (the "Keen Renown Acquisition") at a consideration of HK$22,000,000, in which HK$17,000,000 has been paid to Mr. Lui as deposits and payment of the consideration of the Keen Renown Acquisition.

The Keen Renown Acquisition constituted a major transaction and a connected transaction of the Company under the GEM Listing Rules and this is subject to the approval of the independent shareholders of the Company in a special general meeting to be convened by the Company.

As the Company has already owned 60% equity interest in Keen Renown Group at the date of financial statement, Keen Renown Group will become wholly owned subsidiaries of the Company upon the completion of the Keen Renown Acquisition. Details of the Keen Renown Acquisition were set out in the Company's announcement dated 13 December 2012, 31 January 2013, 28 March 2013 and 28 May 2013. The Keen Renown Acquisition was regarded as a connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

(a) Compensation to key management personnel

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

	2013	2012
	HK$'000	HK$'000
Salaries and allowance	**4,894**	3,436
Retirement scheme contribution	**15**	12
Share-based payment expense	**1,059**	124
	5,968	3,572

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

(b) Amount due to key officer

Details of the amount due to key officer at the end of the reporting period are set out in note 28 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

40. Retirement Benefits Schemes

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$14,250, HK$12,000 before 1 June 2012, per annum of each individual employee) to the MPF Scheme, which contribution is matched by employees. The total cost charged to consolidated income statement of approximately HK$95,000 (2012: HK$83,000) represents contributions payable to the MPF Scheme by the Group in respect of the current year. As at 31 March 2013, no contribution of the Group and the Company due in respect of the reporting period had not been paid over to the MPF Scheme (2012: no contribution of the Group and the Company).

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

Employees employed by the Group outside Hong Kong are covered by the appropriate local retirement benefits schemes pursuant to the local labour rules and regulations.

41. Share Option Scheme

Pursuant to a resolution passed at a special general meeting of the Company held on 25 September 2012, a new share option scheme (the "New Share Option Scheme") was adopted by the Company.

The previous share option scheme of the Company (the "Old Share Option Scheme") was expired on 2 August 2012, no further options can be granted under the Old Share Option Scheme thereafter. All outstanding share option granted under the Old Share Option Scheme prior to the said expiry shall be lapsed in accordance with the provisions of the Old Share Option Scheme.

The major terms of the New 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

41. Share Option Scheme *(Continued)*

(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 2013

41. 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.

At the end of the reporting period, the number of shares which may be issued upon exercise of share options granted and remain outstanding under the New Share Option Scheme and Old Share Option Scheme was 32,600,000 (2012: 19,840,000), representing 9% (2012: 6%) of shares of the Company in issue at that date. At 31 March 2013, 32,600,000 share options were granted under the New Option Scheme since its adoption.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

41. Share Option Scheme *(Continued)*

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

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 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 and 1 April 2012	Exercised during the year	Granted during the year	Lapsed during the year	Outstanding at 31 March 2013*
28 April 2008	Directors	97.40	28 April 2008 to 27 April 2011	26,262	–	–	–	(26,262)	–	–	–	–	–	–
	Consultants	97.40	28 April 2008 to 27 April 2011	54,930	–	–	–	(54,930)	–	–	–	–	–	–
	Employees	97.40	28 April 2008 to 27 April 2011	10,824	–	–	–	(10,824)	–	–	–	–	–	–
29 December 2010	Directors	2.280*	29 December 2010 to 28 December 2011	31,865,000	–	(30,271,750)	–	(1,593,250)	–	–	–	–	–	–
	Consultants	2.280*	29 December 2010 to 28 December 2011	31,865,000	–	(30,271,750)	–	–	(1,593,250)	–	–	–	–	–
	Employees	2.280*	29 December 2010 to 28 December 2011	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	(4,960,000)	–	(14,880,000)	–
4 December 2012	Directors	0.197	4 December 2012 to 3 December 2015	–	–	–	–	–	–	–	–	6,520,000	–	6,520,000
	Employees	0.197	4 December 2012 to 3 December 2015	–	–	–	–	–	–	–	–	26,080,000	–	26,080,000
			Total	95,017,016	22,320,000	(90,178,750)	(1)	(1,685,266)	(5,632,999)	19,840,000	(4,960,000)	32,600,000	(14,880,000)	32,600,000
			Exercisable at the end of the year	95,017,016	–	–	–	–	–	19,840,000	–	–	–	32,600,000
			Weighted average Exercise price	HK$0.21	HK$0.11	HK$2.28	HK$2.28	HK$7.47	HK$1.37	HK$0.21	HK$0.21	HK$0.20	HK$0.21	HK$0.20

* 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 2013

41. Share Option Scheme *(Continued)*

The fair value of options granted under the Scheme measured at the date of grant during the year ended was approximately HK$2,647,000. The following significant assumptions were used to derive the fair values using the Black-Scholes Option Pricing Model:

Date of grant	**4 December 2012**	**20 September 2011**
Total number of share options	32,600,000	22,320,000
Option value	0.0812	0.04995
Option life	3 year	1 year
Expected tenor	3 year	0.5 year
Exercise price	0.197	0.212
Stock price at the date of grant	0.197	0.212
Volatility	69.18%	92%
Risk free rate	0.159%	0.11%

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

The Group recognised a total expense of approximately HK$2,647,000 for the year ended 31 March 2013 (2012: HK$1,115,000) in relation to share option granted by the Company.

42. Events after the Reporting Period

The following events have occurred subsequent to 31 March 2013:

On 13 December 2012, the Company, through its wholly owned subsidiary, entered into a conditional agreement with Mr. Lui, an executive director and chief executive officer of the Company. Pursuant to which the Company shall purchase 40% of the entire issued share capital of Keen Renown Group from Mr. Lui at a consideration of HK$22,000,000. Details of which are set out in the Company's announcements dated 13 December 2012, 31 January 2013, 28 March 2013 and 28 May 2013. The acquisition is not yet completed at the date when the consolidated financial statements are authorised for issue.

43. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 June 2013.

Group Financial Summary

Results

	Years ended 31 March				
	2009	2010	2011	2012	**2013**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Turnover	1,585	18,963	19,953	21,445	**35,132**
Loss before taxation	(20,135)	(70,853)	(650,276)	(484,798)	**(334,742)**
Income tax credit/(expenses)	1,014	(657)	(109)	458	**(1,801)**
Loss for the year from continuing operations	(19,121)	(71,510)	(650,385)	(484,340)	**(336,543)**
Discounted operations					
Loss for year from discounted operations	(1,472)	(2,692)	–	–	**–**
Loss for the year	(20,593)	(74,202)	(650,385)	(484,340)	**(336,543)**
Loss attributable to					
owners of the Company	(20,593)	(74,202)	(650,385)	(484,340)	**(336,474)**
non-controlling interest	–	–	–	–	**(69)**
	(20,593)	(74,202)	(650,385)	(484,340)	**(336,543)**

Assets and Liabilities

	As at 31 March				
	2009	2010	2011	2012	**2013**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	42,904	1,364,245	1,084,720	730,980	**272,785**
Current assets	159,035	352,834	247,657	157,658	**108,570**
Current liabilities	4,060	16,135	9,607	11,639	**18,676**
Non-current liabilities	4,203	493,125	181,650	204,080	**3,558**