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 2014

* 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

Executive Directors

Mr. Lien Wai Hung *Chairman*
Mr. Lui Wing Fong, Alexander *Chief Executive Officer*
Mr. Wei Shu Jun
Mr. Chan Wai Kwong, Peter

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
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Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
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Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
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183 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. Chan Wai Kwong, Peter

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. Chan Wai Kwong, Peter

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

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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 2014.

After a bullish year of 2013, the beginning of 2014 continued to show varieties in a multi-speed world. With the US winding down its quantitative easing programmes and indication from US on interest rate upward adjustments in the not too distant future backed by positive economic indicators in the US, follow suit by the UK also hints interest rate rise could happen sooner than markets currently expect in 2015. In contrast the European Central Bank is cutting its benchmark interest rate and reducing its deposits rate to below zero as a raft of measures aimed at stimulating the Eurozone economy. These together with the ongoing geopolitical tensions in Eastern Europe perhaps marks the era of new neutral where the monetary policy rates remains around zero in nominal terms and negative in real terms, resulting in low single digit in investment returns and it is evident by the fixed incomes such as bonds posted more positive returns than equity in the first quarter in 2014. Compared to the developed markets, fundamentals are more supportive in Asia where debt levels are lower, balance sheets are stronger and demographics are more favourable and will perhaps remain as the focus in the near term.

During the year under review, the Group recorded a decrease in turnover of approximately 10.5% to HK$31.5 million (2013: HK$35.1 million). The revenue was derived from the business of provision of medical information digitalisation system and property investments, provision of consultancy services, advertising and media related services, provision of project management services, travel agency and related operations and decoration and interior design services. The Group recorded a loss attributable to owners of the Company of approximately HK$113.5 million (2013: HK$336.5 million). The change was mainly attributed to the impairment loss recognised in respect of intangible assets of approximately HK$53.6 million (2013: HK$433.4 million); and the amortisation of intangible assets of approximately HK$22.9 million (2013: HK$62.4 million).

Future Plans

In early 2014, the mutual stock market access between Hong Kong and Shanghai was announced and the development of a pilot programme for establishing stock market trading links between Shanghai and Hong Kong was initiated. This pilot programme follows the decision made at the Third Plenary Session to enhance the two-way opening up of the mainland's capital market and expand the co-operation with Hong Kong by further opening up the market and enable mainland investors to invest in overseas market in an orderly way, and to enhance the opening up of the mainland's capital market and promote the internationalisation of the Renminbi. Riding along the trend of increased market activities in Hong Kong, on 29 November 2013, the Company entered into an offer letter in respect of the possible acquisition of the entire issued share capital of a licensed corporation to carry on business in Type 1 (Dealing in securities) regulated activity under the SFO and subsequently on 29 January 2014, a wholly-owned subsidiary of the Company entered into an agreement with the vendor; and on 17 April 2014 entered into a supplemental agreement for the conditional acquisition of the entire issued share capital of the licensed corporation. The proposed acquisition would enable the Company to broaden its portfolio of services in the financial services business segment through direct investment in and hands-on management and operation of the licensed corporation, and anticipates the licensed corporation will tap into the markets brought about by the future establishment of the two-way trading between the stock markets in Hong Kong and Shanghai.

Furthermore in the area of financial services, on receiving formal approval from the Economy, Trade and Information Commission of Shenzhen Municipality in early 2014, a wholly-owned subsidiary of the Company, Shenzhen City Jia Ying Financial Leasing Company Limited# (深圳市嘉盈融資租賃有限公司) is also propelling the new financial services business. During the first half of 2014, it has focused on establishing the organisational structure, internal working procedure and formulating the business plan. As a prudent financial intermediate business, emphasis is on the credit approval process especially the repayment ability of the borrowers. After conducting relevant market research and proper business analysis, the direction is to focus finance leasing business in the medical and environmental protection facilities and machineries, and also looking closely into those infrastructure and policy encouraged projects in the coming future. Through the business connections in both Hong Kong and the PRC, some potential projects have already been identified and targeted to materialise in the second half of 2014. In view of the strong and continual growth of the Chinese economy, the prospects of finance leasing business to facilitate the fund raising business in between Hong Kong and Mainland China is optimistic in that it can help PRC companies to acquire their own production facilities and contribute to a stable and profitable revenue stream of the Group.

Looking in the area of travel agency and related services, the Group is engaged in the development of a travel information and services platform for both travel agency businesses and traveler clients. The platform aims to provide travel information and management services, as well as flight ticket booking and accommodation reservations that can also serve as a one-stop travel advertising network platform. For travel agencies, the network platform can introduce cost savings by reducing the time and resources spent on developing and maintaining its own travel management system. The network platform also allows sales of existing travel products and to expand the range of travel products to a wider customer base. The network platform provides a unique identifier to both the travel agency companies and travel agents to allow business to business partnerships together with cross-platform business intelligence collection and analysis to facilitate timely and accurate management decisions. For traveler clients, the network platform can provide customers with personalised travel information along with tickets and accommodation reservations and other travel services.

In another front of the travel related services, tapping into the market of affluent travelers in the PRC, the Group is formulating a membership based programme providing a comprehensive solution for individuals seeking a full range of travel protection. The membership programme offers complimentary baggage tracking service, travel insurance covering medical evacuation and repatriation and a payment solution that eliminates the need for travelers cheque or large amounts of cash for a hassle-free and secure journey. Members of the programme would receive a prepaid credit card for their travel payment needs and the rechargeable prepaid credit card is widely accepted across the world in shops, restaurants with POS and ATM networks. By extending further upstream to provide a network platform to travel agency businesses and further downstream to traveler clients, the Group is transforming this newly established business segment into a stable revenue stream for the near future.

Planning forward, the Group will review its existing businesses, continue to develop segments with stable incomes, and also explore potential diversification of business opportunities for sustainable long term returns to 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

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

General

During the year under review, the Group is principally engaged in the provision of medical information digitalisation system, property investments, provision of consultancy services, advertising and media related services, provision of project management services, travel agency and related operations and decoration and interior design services.

Business Overview

Provision of Medical Information Digitalisation System

In early 2014, the National Health and Family Planning Commission ("NHFPC") proposed the prominence priorities for 2014 including to strengthen the management of medical equipment through promoting the development and utilisation of PRC domestic medical equipment and accelerate the pace of population healthcare information technology platforms by building population healthcare data standards and information security protection system and the construction of full demographic information, electronic medical records and electronic healthcare records database for integrated national population healthcare information and data center for resource exchange.

In supporting the priorities for 2014 in the area of healthcare information technology projects, the NHFPC published the trial run of the Management Measures for the Population Healthcare Information to further regulate and standardise the management and high-level technological requirements for healthcare information technology projects involving healthcare data. With the rapid advancements in the healthcare information area and the development of new technologies, vast amounts of healthcare information are being collected via medical and healthcare institutions at all levels through the use of electronic medical records and electronic health records. The healthcare information is being more widely shared and the needs for using the population healthcare information are also increasing. Meanwhile the security threats surrounding these population healthcare information has also increased and there is an urgent need to draw on the experience from international best practices and to study and formulate the management policy on population healthcare information, so as to ensure the security of such information and to protect the privacy of individual citizens. The purpose is to strengthen and further standardise the collection, management, utilisation, security and privacy protection of population healthcare information at all levels of healthcare institutions and to promote the interoperability and shared use of the information.

The NHFPC will co-ordinate the planning of national healthcare information roadmap and develop a unified standard for population healthcare information. Each of the responsible units should follow the unified plan and carry out the management of population healthcare information according to the unified standard. The management measures cover the following areas, first is the safety protection of the healthcare information. As the population healthcare information involves personal privacy, performing data mining on such information is a matter of social security and stability, the protection of personal privacy is a basic requirement. Secondly, the storage management requires the construction of three major databases covering the national population database, electronic health records database and the electronic medical records database, and a national, provincial, municipal and county level 4-tier healthcare information platform. The responsible units should use data storage, disaster recovery and management conditions in line with national standards. Regular backup and recovery testing should be performed to ensure the healthcare information data can be timely, completely and accurately recovered as to realise long-term preservation and historical data retention through archiving management. All healthcare information data cannot be stored outside the PRC, nor hosted or leased on servers located outside the PRC.

Thirdly is the requirements on entrusted management. Responsible units that have the need to entrust other entities on the storage, operation and maintenance of the healthcare information, shall be strictly in accordance with national laws and standards to ensure that the trustees have the appropriate qualifications and must not carry out unauthorised collection, development and use of the population healthcare information. Fourth is the authorisation and audit trail management. Users of the healthcare information must specify the access method, contents accessed and the use of information and the user shall not exceed the usage mandate and disseminate the information or to publish the information without authorisation so as to endanger civil rights, social order and national security. The audit trail should be on real-name identity basis for authentication and authorisation controls so that users' behavior can be managed, controlled and traceable. The fifth is to implement information security requirements related to the national security system requirements, and to enhance the information systems, information technology products and information technology services providers' safety management to ensure the information is safe and controllable. Lastly is the establishment of a notification system. If entities or individuals who are involved in the use, construction, maintenance and technical support violates the provisions of data loss, data destruction, loss of privacy and other adverse consequences. The responsible unit should be notified and if the circumstances are serious and violates state laws and regulations, the entities or individuals shall be prosecuted under the law.

The vigorous and specific requirements have strenuously imposed an additional bar to healthcare information technology providers as the operation and storage of the population healthcare information data entails a high level of national security standards, and the protection of such data against possible security threats have also become a matter of social security and stability, and any deviations may be considered violations against state laws and regulations. While the Group would continue to seek co-operations with PRC domestic providers, but given the recent tightening on policies and associated risks related to the provision of healthcare information services, the operation environment would continue to be challenging and therefore provisions were made to the intangible assets for this segment.

During the year under review, the revenue contributed by such segment was HK$4.0 million (2013: HK$9.3 million).

Property Investments

With the completion of environmental improvement works around the investment property in Canada and also the full repayment of the mortgage loan, and taking into account that the property market in Canada will remain stable in the medium term and to take advantage of the low mortgage rates compared to historical standards, the Group is exploring the possibility of refinancing the mortgage for the investment property in Canada.

During the year under review, the revenue contributed by such segment was HK$1.8 million (2013: HK$1.8 million) and was mainly derived from the leasing of an investment property located in Canada.

Provision of Consultancy Services

The commodities of 4G LTE mobile network across the global is also observed in Hong Kong where the number of 4G LTE mobile service subscribers have doubled in the past 12 months and the mobile data usage per subscriber is reaching the 1GB threshold from mobile usage statistics. With the decline in the utilisation of short message services and international direct dial voice calls, which are gradually replaced by instant messaging and voice-over-IP mobile applications, mobile subscribers are now more interested in the amount of data and the speed of connection when choosing their mobile telecommunication services to access the wide varieties of games, social network sharing or simply to keep up with the latest news, weather, market movements and travel and lifestyle information.

During the year under review, the revenue contributed by such segment was HK$0.9 million (2013: HK$0.9 million).

Advertising and Media Related Services

The advertising and media related services segment have become one of the pillar revenue streams and the Group continues to develop the business in the PRC around the Yangtze River Delta area. Apart from the traditional printed media, depending on the customer's requirements, promotional activities in commercial office buildings are also a form of advertising for new or seasonal fast-moving consumer-goods. The scope of services have also expanded from design, production and publication of advertisement to related services including provision of branding promotion and marketing to clients such as e-marketing via online media, social networking sites and communities. The Group will continue to seek opportunities both in expanding its customer base and also into the trending area of new media where many consumers are willing to spend time online to search for product or services.

On 28 May 2013, the vendor, the purchaser and the Company have agreed to extend the long stop date for the completion of the acquisition in relation to purchase 40% of the entire issued share capital of Keen Renown Limited to 30 September 2013. On 26 September 2013, the vendor, the purchaser and the Company further extended the long stop date to 31 March 2014. As at 31 March 2014, the conditions precedent of the agreement had not yet been fulfilled and the Company anticipates that the acquisition may take longer time than expected due to the fluctuations of market conditions. Therefore the agreement was lapsed on 31 March 2014 and the parties will be released from their rights and obligations under the agreement.

During the year under review, the revenue contributed by such segment was HK$19.8 million (2013: HK$22.0 million).

Provision of Project Management Services

While the latest generation of the Educational Institution Internal Security Control System ("EIISCS") has evolved into a communication platform between the educational institution and its students and parents by taking advantage of the convenience brought by the smartphone era, the technology provider is employing an agency model in order to achieve rapid market development in the PRC. In view of the higher up-front costs and the relative slow rate of return from the subscription income, the Group is reviewing the deployment strategy for the EIISCS.

During the year under review, the revenue contributed by such segment was HK$1.7 million (2013: HK$1.2 million).

Travel Agency and Related Operations

In contrast to the challenges faced by western nations, business activities in the Asia region remains relatively unaffected and continues to be the transport hub for the region, with Hong Kong International Airport entering the TTG Travel Awards' Travel Hall of Fame and named the Best Airport in China in 2013. After the longer than expected application process, a subsidiary in Hong Kong was granted a Travel Agent's License in early 2014. The primary focus is on corporate customers with business travel needs in the Asia region and it is quickly contributing a steady revenue stream.

During the year under review, the revenue contributed by such segment was HK$3.0 million (2013: HK$Nil).

Decoration and Interior Design Services

Working along the promotion and media related services, the Group have also established subsidiaries in Hong Kong and the PRC to carry out the decoration and interior design services business. With PRC's focus on internal consumptions, opportunities such as interior design in shopping malls together with exterior lighting design; design and decoration of residential property showroom; lighting design for landmark and exterior design for commercial office building in the PRC are being explored as on-going business development. In Hong Kong, the focus would be small to medium scale commercial interior design and decoration for offices and retail shops as the costs are relatively high as compared to the PRC.

During the year under review, the revenue contributed by such segment was HK$0.2 million (2013: HK$Nil).

Financial Review

For the year under review, the revenue of the Group was approximately HK$31.5 million (2013: HK$35.1 million), of which approximately HK$4.0 million (2013: HK$9.3 million) was generated from rollout of MIDS, approximately HK$1.8 million (2013: HK$1.8 million) was generated from the leasing of investment properties located in Canada, approximately HK$19.8 million (2013: HK$22.0 million) was generated from provision of advertising and media related services, approximately HK$0.9 million (2013: HK$0.9 million) was generated from provision of consultancy services, approximately HK$1.7 million (2013: HK$1.2 million) was generated from provision of project management services, approximately HK$3.0 million (2013: HK$Nil) was generated from travel agency and related operations and approximately HK$0.2 million (2013:HK$Nil) was generated from decoration and interior design services, representing a decrease of approximately 10.5% as compared with the year ended 31 March 2013. Other revenue amounted to approximately HK$0.1 million, a decrease of 68.2% over the prior year.

Administrative expenses decreased by 31.6% to approximately HK$73.4 million from HK$107.2 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$22.9 million (2013: HK$62.4 million); an increase in staff costs to approximately HK$27.1 million (2013: HK$19.7 million) and overseas travel expenses to approximately HK$5.1 million (2013: HK$3.4 million).

Finance costs decreased to approximately a nominal HK$5,000 (2013: HK$12.1 million). The decrease was mainly due to the cancellation of convertible bonds issued by the Company and the interest on which is no longer payable.

Loss attributable to owners of the Company was approximately HK$113.5 million (2013: HK$336.5 million). The change was mainly attributed to a decrease of impairment loss recognised in respect of intangible assets of approximately HK$53.6 million (2013: HK$433.4 million); and the amortisation of intangible assets of approximately HK$22.9 million (2013: HK$62.4 million).

	For the year ended 31 March 2014 HK$'000
For description purposes, included in loss for the year are the following items:	
Impairment loss recognised in respect of intangible assets	53,622
Amortisation of intangible assets	22,919
Share-based payments	14,314
Depreciation of property, plant and equipment	1,636
Fair value changes on investment properties	(440)

Dividend

The Board does not recommend the payment of a dividend for the year ended 31 March 2014 (2013: HK$Nil).

Liquidity and Financial Resources

At 31 March 2014, the Group had total assets of approximately HK$324.2 million (2013: HK$381.4 million), including net cash and bank balances of approximately HK$5.8 million (2013: HK$24.9 million). The decrease in cash and bank balances coincide with the increase in operating activities.

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

Capital Structure

Save as disclosed below, there was no change in the capital structure of the Group at 31 March 2014 as compared with that at 31 March 2013.

During the year ended 31 March 2014, certain option holders exercised their option rights to subscribe for an aggregate of 13,040,000 shares at HK$0.197 per share; an aggregate of 6,720,000 shares at HK$0.66 per share and an aggregate of 11,940,000 shares at HK$0.73 per share, the net proceeds from the exercise of option rights amounted to approximately HK$15.3 million.

On 24 June 2013, the Company and SBI E2-Capital Financial Services Limited (the "Placing Agent") entered into a conditional placing agreement, 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 65,000,000 placing shares at a placing price of HK$0.427 per placing share. The placing of 59,060,000 placing shares was completed on 18 July 2013.

On 4 December 2013, the Company and the Placing Agent entered into a conditional placing agreement, 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 40,000,000 placing shares at a placing price of HK$0.66 per placing share. The placing was lapsed on 3 January 2014 due to the then market conditions.

At 31 March 2014, the Group did not have any borrowing nor any new banking facilities outstanding (2013: 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 7.4% (2013: 5.8%). 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 2014, the Group has pledged its investment property located in Canada with a fair value of approximately HK$24.1 million (2013: HK$25.7 million) to secure banking facilities.

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 2014, the Group, as a lessor, had operating lease commitments of approximately HK$2.9 million (2013: HK$4.9 million) and as a lessee, had operating lease commitment of approximately HK$1.8 million (2013: HK$3.6 million).

Contingent Liabilities

At 31 March 2014, the Group had no contingent liabilities (2013: HK$Nil).

Employee

At 31 March 2014, the Group had 33 employees (2013: 41). 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 2014, 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 2014.

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 50, 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 37, 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. Wei Shu Jun, aged 45, is experienced in management of financial services business. Mr. Wei was appointed as an executive director on 20 December 2013.

Mr. Chan Wai Kwong, Peter, aged 60, has extensive experience in marketing and business development. Mr. Chan is currently an executive director of Gold Tat Group International Limited and an independent non-executive director of Century Ginwa Retail Holdings Limited which are listed on The Stock Exchange of Hong Kong Limited. Mr. Chan was appointed as an executive director on 8 April 2014.

Independent Non-executive Directors

Mr. Ho Chun Ki, Frederick, aged 56, 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 42, 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 26 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 Beautiful China Holdings Company Limited which is listed on The Stock Exchange of Hong Kong Limited. Mr. Chong was appointed as an independent non-executive director on 1 December 2011.

Mr. Tam Kin Yip, aged 40, 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.

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 2014, 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 eight Directors: four 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 12.

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 2014, the Board comprised seven Directors, including three executive Directors, namely Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander and Mr. Wei Shu Jun 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 2014, the Company complied with the CG Code in Appendix 15 to the GEM Listing Rules, with the exception of CG Code Provisions A.4.1 (specific terms of non-executive Directors).

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 2014, 18 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	18/18	N/A	2/2	2/2
Mr. Lui Wing Fong, Alexander		1/1	18/18	N/A	2/2	2/2
Mr. Yu Qiang	*(1)*	1/1	6/8	N/A	N/A	N/A
Mr. Wei Shu Jun	*(2)*	0/0	5/5	N/A	N/A	N/A
Mr. Chan Wai Kwong, Peter	*(3)*	0/0	0/0	N/A	0/0	0/0
Independent non-executive Directors						
Mr. Ho Chun Ki, Frederick		1/1	16/17	3/4	N/A	N/A
Mr. Lai Miao Yuan		1/1	17/17	4/4	2/2	2/2
Mr. Chong Yiu Kan, Sherman		1/1	17/17	4/4	2/2	2/2
Mr. Tam Kin Yip		1/1	17/17	4/4	2/2	2/2

Notes:

(1) Mr. Yu Qiang resigned from his position as an executive Director with effect from 31 October 2013.

(2) Mr. Wei Shu Jun has been appointed as an executive Director with effect from 20 December 2013.

(3) Mr. Chan Wai Kwong, Peter has been appointed as an executive Director with effect from 8 April 2014.

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. Wei Shu Jun, Mr. Chan Wai Kwong, Peter, 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. Chan Wai Kwong, Peter, 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 2 meetings.

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. Chan Wai Kwong, Peter, 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.

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 2 meetings.

Auditors' Remuneration

For the year ended 31 March 2014, 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$602,000 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.

The audit committee held 4 meetings during the year ended 31 March 2014, 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 2014, 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 2014.

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.

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 2013 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 2014.

Principal activities and geographical analysis of operations

The principal activities of the Group are the provision of medical information digitalisation system, property investments, provision of consultancy services, advertising and media related services, provision of project management services, travel agency and related operations and decoration and interior design 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 statements.

Results

The results of the Group for year ended 31 March 2014 are set out in the consolidated statement of profit or loss on page 30 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 126 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 40 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.

Purchase, sale or redemption of shares

During the year ended 31 March 2014, 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

There are no outstanding convertible bonds during the year ended 31 March 2014. Details of the movements in convertible bonds during the year ended 31 March 2013 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 2014 (2013: HK$Nil).

Charitable donations

Charitable donations made by the Group during the year amounted to HK$Nil (2013: HK$Nil).

Events after the reporting period

Details of significant events occurring after the reporting period date are set out in note 41 to the consolidated financial statements.

Connected transactions

Details of connected transactions are set out in note 38 to the financial statements.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 31 March 2014.

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	(resigned on 31 October 2013)
Mr. Wei Shu Jun	(appointed on 20 December 2013)
Mr. Chan Wai Kwong, Peter	(appointed on 8 April 2014)

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. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip would retire from office by rotation at the annual general meeting. In accordance with article 83(2) of the Company's bye-laws, Mr. Wei Shu Jun and Mr. Chan Wai Kwong, Peter shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. As such, Mr. Wei Shu Jun, Mr. Chan Wai Kwong, Peter, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip 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' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

At 31 March 2014, 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)*	0.78%
Mr. Lui Wing Fong, Alexander	3,260,000 *(Note 2)*	0.78%

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 2014, personal interests in 80 ordinary shares, representing approximately 40% of the entire issued share capital in Keen Renown Limited.

Share option schemes

Particulars of the Company's share option schemes are set out in note 40 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above and in note 40 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 2014, 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.

Substantial shareholders

At 31 March 2014, 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	15.49%
Treasure Bonus Limited	Interest of controlled corporation *(Note 1)*	64,640,710	15.49%
Ms. Tan Ting Ting	Interest of controlled corporation *(Note 1)*	64,640,710	15.49%

Note:

(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.

Save as disclosed above, at 31 March 2014, 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.

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 39 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	36.43%
– five largest customers combined	76.10%
Purchases	
– the largest supplier	40.24%
– five largest supplier combined	84.70%

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) have 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. Chan Wai Kwong, Peter. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management, the determination of specific remuneration packages of all executive directors and senior management, and to review and approve performance-based remuneration.

Nomination committee

A nomination committee has been established with written terms of reference in accordance with the requirements of the Corporate Governance Code Provisions. The nomination committee comprises three independent non-executive directors, namely Mr. Lai Miao Yuan, Mr. Tam Kin Yip and Mr. Chong Yiu Kan, Sherman who is the chairman of the nomination committee and three executive directors, Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander and Mr. Chan Wai Kwong, Peter. 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 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 2014.

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 account for the year ended 31 March 2014 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lien Wai Hung
Chairman

Hong Kong, 19 June 2014

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 30 to 125, which comprise the consolidated and company statements of financial position at 31 March 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other 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.

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 2014, 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, 19 June 2014

Consolidated Statement of Profit or Loss

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	8	**31,458**	35,132
Cost of sales		**(12,921)**	(20,716)
Gross profit		**18,537**	14,416
Other income and gains	9	**141**	443
Administrative expenses		**(73,359)**	(107,200)
Fair value changes on investment properties	20	**440**	2,853
Gain on cancellation of convertible bonds	33	**–**	212,704
Loss on written off of property, plant and equipment		**(21)**	(22)
Impairment loss recognised in respect of intangible assets	22	**(53,622)**	(433,431)
Loss on disposal of available-for-sale investments		**–**	(12,408)
Loss from operations	11	**(107,884)**	(322,645)
Finance costs	12	**(5)**	(12,097)
Loss before taxation		**(107,889)**	(334,742)
Income tax expense	13	**(4,566)**	(1,801)
Loss for the year		**(112,455)**	(336,543)
Loss for the year attributable to:			
owners of the Company		**(113,528)**	(336,474)
non-controlling interests		**1,073**	(69)
		(112,455)	(336,543)
Loss per share	18		
Basic and diluted		**HK$(0.30)**	HK$(1.04)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Loss for the year	**(112,455)**	(336,543)
Other comprehensive (expense)/income for the year		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(756)**	350
Release of investment revaluation reserve upon disposal of available-for-sale investments	**–**	10,000
Other comprehensive (expense)/income for the year, net of income tax	**(756)**	10,350
Total comprehensive expense for the year	**(113,211)**	(326,193)
Total comprehensive expense for the year attributable to:		
owners of the Company	**(114,467)**	(326,291)
non-controlling interests	**1,256**	98
	(113,211)	(326,193)

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	19	**4,577**	4,667
Investment properties	20	**24,083**	25, 715
Goodwill	21	**47,248**	47,248
Intangible assets	22	**95,534**	172,155
Deposits for investment	24	**520**	17,000
Available-for-sale investments	25	**6,000**	6,000
		177,962	272,785
Current assets			
Trade and other receivables	26	**140,401**	83,684
Bank balances and cash	27	**5,815**	24,886
		146,216	108,570
Current liabilities			
Trade and other payables	28	**16,316**	17,562
Bank loan	29	**–**	373
Tax payable		**4,440**	741
		20,756	18,676
Net current assets		**125,460**	89,894
Total assets less current liabilities		**303,422**	362,679
Capital and reserves			
Share capital	31	**4,174**	3,266
Reserves	32	**286,027**	347,238
Equity attributable to owners of the Company		**290,201**	350,504
Non-controlling interests		**9,873**	8,617
		300,074	359,121

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Convertible bonds	33	**–**	–
Bank loan	29	**–**	–
Deferred tax liabilities	30	**3,348**	3,558
		3,348	3,558
		303,422	362,679

The consolidated financial statements were approved and authorised for issue by the board of Directors on 19 June 2014 and signed on its behalf by:

Lien Wai Hung
Director

Chan Wai Kwong, Peter
Director

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

Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	19	**670**	66
Deposit for investment	24	**500**	–
Investments in subsidiaries	23	**84,958**	114,309
		86,128	114,375
Current assets			
Amounts due from subsidiaries	23	**211,238**	275,764
Deposits, prepayments and receivables	26	**797**	217
Bank balances and cash	27	**3,308**	15,737
		215,343	291,718
Current liability			
Other payables	28	**4,015**	1,576
Net current assets		**211,328**	290,142
Total assets less current liability		**297,456**	404,517
Capital and reserves			
Share capital	31	**4,174**	3,266
Reserves	32	**293,282**	401,251
		297,456	404,517

The financial statements were approved and authorised for issue by the board of Directors on 19 June 2014 and signed on its behalf by:

Lien Wai Hung
Director

Chan Wai Kwong, Peter
Director

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

	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 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 and 1 April 2013	3,266	1,208,558	325,798	–	2,647	–	605	5,756	(1,196,126)	350,504	8,617	359,121
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(113,528)	(113,528)	1,073	(112,455)
Other comprehensive (expense)/income for the year												
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	(939)	–	(939)	183	(756)
Total comprehensive (expense)/income for the year	–	–	–	–	–	–	–	(939)	(113,528)	(114,467)	1,256	(113,211)
Transfer of statutory reserve	–	–	–	–	–	–	1,346	–	(1,346)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	14,314	–	–	–	–	14,314	–	14,314
Exercise of share options	317	22,816	–	–	(7,870)	–	–	–	–	15,263	–	15,263
Lapsed of share options	–	–	–	–	(1,059)	–	–	–	1,059	–	–	–
Placing of shares	591	24,628	–	–	–	–	–	–	–	25,219	–	25,219
Share issuing expense	–	(632)	–	–	–	–	–	–	–	(632)	–	(632)
At 31 March 2014	**4,174**	**1,255,370**	**325,798**	**–**	**8,032**	**–**	**1,951**	**4,817**	**(1,309,941)**	**290,201**	**9,873**	**300,074**

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Operating activities		
Loss before taxation	**(107,889)**	(334,742)
Adjustments for:		
Interest income	**(7)**	(365)
Interest expenses	**–**	28
Effective interest expenses on convertible bonds	**–**	12,069
Fair value changes on investment properties	**(440)**	(2,853)
Depreciation of property, plant and equipment	**1,636**	1,209
Loss on written off of property, plant and equipment	**21**	22
Amortisation of intangible assets	**22,919**	62,374
Gain on cancellation of convertible bond	**–**	(212,704)
Impairment loss recognised in respect of goodwill	**–**	–
Impairment loss recognised in respect of intangible assets	**53,622**	433,431
Written-off of intangible assets	**55**	–
Loss on disposal of available-for-sale investments	**–**	12,408
Share-based payments expense	**14,314**	2,647
Operating cash flow before movements in working capital	**(15,769)**	(26,476)
Increase in trade and other receivables	**(38,656)**	(6,092)
(Decrease)/increase in trade and other payables	**(1,982)**	3,040
Net cash used in operating activities	**(56,407)**	(29,528)
Investing activities		
Interest received	**7**	365
Acquisition of subsidiaries	**–**	(29,822)
Payment for deposit for investments	**(520)**	(17,000)
Purchase of property, plant and equipment	**(1,572)**	(2,692)
Proceeds on disposal of available-for-sale investments	**–**	2,592
Net cash used in investing activities	**(2,085)**	(46,557)

	2014 HK$'000	2013 HK$'000
Financing activities		
Repayments of bank loan	**(373)**	(542)
Proceeds from issue of shares	**15,263**	1,052
Proceeds from placing of new shares	**25,219**	–
Expenses on issue of shares	**(632)**	–
Net cash generated from financing activities	**39,477**	510
Net decrease in cash and cash equivalents	**(19,015)**	(75,575)
Cash and cash equivalents at beginning of the year	**24,886**	100,480
Effect of foreign exchange rate changes	**(56)**	(19)
Cash and cash equivalents at end of the year represented by bank balance and cash	**5,815**	24,886

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 Suites 802-4, 8th Floor, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, 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 2013. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

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

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

The Group has early adopted HKAS 36 (Amendments) *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for annual period beginning on or after 1 January 2014.

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The adoption of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years.

HKFRS 7 (Amendments) Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(continued)*

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (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. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled. The application of this new standard has no financial impact on the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC)-Int 13, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(continued)*

Impact of the application of HKFRS 12

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27, HKAS 31 and HKAS 28. It also introduces a number of new disclosure requirements for these entities.

The HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. These amendments have no material impact on the Group.

HKFRS 13 Fair Value Measurement

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The Standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. The application of this new standard has no material financial impact on the Group.

HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1. The amendments introduce new terminology for the statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present statement of profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on consolidated profit or loss, other comprehensive income and total comprehensive income.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) - Int 21	Levies[1]

1 Effective for annual period beginning on or after 1 January 2014, with earlier application permitted
2 Effective for annual period beginning on or after 1 July 2014, with earlier application permitted
3 Effective for annual period beginning on or after 1 July 2014, with limited exception
4 Effective for annual period beginning on or after 1 January 2016, with earlier application permitted
5 No mandatory effective date yet determined but is available for adoption

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirement of HKFRS 9 are described below:

- 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 investment and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

HKFRS 9 Financial Instruments *(continued)*

- 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 the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 10, HKFRS 12, and HKAS 27 (Amendments) Investment Entities

The amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidated requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments have been made to HKFRS 12 and HKAS 27. The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

HKAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities

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 directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

HKAS 39 (Amendments) Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK(IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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.

Basis of preparation

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

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.

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 2014.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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 and its subsidiaries. Control is achieved where the Company;

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights related to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- right arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

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

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

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 and HKAS 19 respectively;

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 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 re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost 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 profit or loss when the asset is derecognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, when 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 statement of profit or loss 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.

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

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

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

Residual values, useful lives and the 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 statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from 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 profit or loss in the period in which the property is derecognised.

Leasing

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

The Group as lessor

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

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

The Group as lessee

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee *(continued)*

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.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into 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 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 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at 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 financial assets 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 profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of 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 profit or loss.

Dividends on available-for-sale equity investments are recognised in profit or loss 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 identified 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 investment asset have been affected.

For 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.

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 a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, 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 profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to against the allowance account.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

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 profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment 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 investment, impairment losses previously recognised in profit or loss are not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised 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 profit or loss 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

Classification as debt or equity

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 instrument.

Equity instruments

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

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.

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 liabilities 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 estimated using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the notes into equity, is included in equity (convertible bonds – equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds – equity reserve will be transferred to share capital and share premium).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Convertible bonds (continued)

Where the option remains unexercised at the expiry date, the balance stated in convertible bonds – equity reserve will be released to retained profits. No gain or loss is recognised in the consolidated statement of profit or loss 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 recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the period of the convertible bonds using the effective interest method

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 profit or loss.

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 profit or loss. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition *(continued)*

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

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 infinite useful lifes 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. 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 consistence 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.

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 profit or loss.

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 profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 statement of profit or loss as follows:

Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of profit or loss 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 statement of profit or loss 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.

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 with the time where the systems are delivered, installed and title 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.

Provision of travel agency and related operation

Revenue from provision of travel agency service is recognised when air ticketing and air/hotel packages sold.

Provision of decoration and interior design services

Revenue from provision of decoration and interior design services is recognised when the services are rendered or constructions are completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

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 statement of profit or loss 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.

The employees of the Company's subsidiaries operating in the PRC are members of retirement benefits schemes (the "PRC RB Schemes") managed 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 profit or loss 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments *(continued)*

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 statement of profit or loss 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.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxes 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions and contingent liabilities

Provisions

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 the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks 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 asset 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 periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

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 exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

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

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

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Related parties

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

(a) A person, or a close member of that person's family, and if that person:

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

(2) has significant influence over the Group; or

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

or

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

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

(2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

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

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

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

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

(7) a person identified in (a)(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).

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 objectives of the Group's capital management are 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's value.

The Group manages its capital structure and makes adjustments to it in 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including current and non- current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

5. CAPITAL MANAGEMENT *(continued)*

Gearing ratio

The directors of the Company review the capital structure on annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratios at 31 March 2014 and 31 March 2013 were as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Total debt (note (i))	**16,316**	17,935	**4,015**	1,576
Less: cash and cash equivalents	**(5,815)**	(24,886)	**(3,308)**	(15,737)
Net debt	**10,501**	(6,951)	**707**	(14,161)
Equity (note (ii))	**300,074**	359,121	**297,456**	404,517
Net debt to equity ratio	**3.5%**	N/A	**0.2%**	N/A
Total debt to equity ratio	**5.4%**	5.0%	**1.3%**	0.4%

Notes:

(i) Debt comprises trade and other payables, bank borrowings, convertible bonds as detailed in notes 28, 29 and 33 respectively.

(ii) Equity included all capital and reserves of the Group and Company.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments	**6,000**	6,000	**–**	–
Loans and receivables (including cash and cash equivalents)	**141,676**	117,084	**214,948**	291,501
Financial liabilities				
Financial liabilities at amortised cost	**14,099**	16,412	**4,015**	1,576

6. FINANCIAL INSTRUMENTS *(continued)*

Categories of financial instruments *(continued)*

Details of the financial instruments for both the Group and the Company are disclosed in respective notes to the financial statements. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's and the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Fair value measurement

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

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

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

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

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values.

All financial assets and liabilities of the Group and Company at 31 March 2014 and 2013 were loans and receivables and financial liabilities stated at amortised cost respectively.

Financial risk management objectives and policies

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

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

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

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, the credit periods usually vary from one month to twelve months depending on the nature of the business. Extension may be granted to major customers and each customer is granted a maximum credit limit. 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 also taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Given the constant repayment history, the directors are of the option that the risk of default by these counter parties is not significant. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted and all overdue balances are reviewed regularly by the management of the Company. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has certain concentration of credit risk as 21.19% (2013: 25.23%) and 58.58% (2013: 84.07%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

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 2014 and 2013 were minimal.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

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$5,815,000 at 31 March 2014 (2013: HK$24,886,000).

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 2013.

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
2014							
Trade and other payables	**–**	**14,099**	**–**	**–**	**–**	**14,099**	**14,099**
2013							
Trade and other payables	–	16,039	–	–	–	16,039	16,039
Bank loan	4.65	399	–	–	–	399	373
		16,438	–	–	–	16,438	16,412

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The Company

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2014							
Other payables	**–**	**4,015**	**–**	**–**	**–**	**4,015**	**4,015**
2013							
Other payables	–	1,576	–	–	–	1,576	1,576

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**			
	2014		2013		**2014**		2013	
	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
Variable rate:								
Bank loan	**–**	**–**	4.65	373	**–**	**–**	–	–
Bank balances	**0.1**	**5,815**	1.49	24,637	**0-0.1**	**3,308**	0.90	15,727

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Interest rate risk *(continued)*

Sensitivity analysis

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

At 31 March 2014, 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$58,000 (2013: HK$243,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2013.

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, USD and CAD. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China (the "PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB, USD and CAD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis

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

	Assets	
	2014	2013
	HK$'000	HK$'000
RMB	**40**	8,414
USD	**29**	21

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)	
	2014	2013
	HK$'000	HK$'000
Impact of RMB	**2**	421
Impact of USD	**1**	1

The Group's sensitivity to foreign currency has decreased during the current year mainly due to the decrease in non-functional currency denominated monetary net assets.

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.

Fair value of 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 judgement 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.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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 units 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 units 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.

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.

	2014	2013
	HK$'000	HK$'000
Gross rental income from investment properties	**1,775**	1,775
Provision of MIDS	**4,002**	9,278
Provision of consultancy services	**902**	940
Provision of advertising and media related services	**19,849**	21,956
Provision of project management services	**1,685**	1,183
Provision of travel agency services	**3,015**	–
Provision of decoration and interior design services	**230**	–
Total	**31,458**	35,132

9. OTHER INCOME AND GAINS

	2014 HK$'000	2013 HK$'000
Bank interest income	**7**	365
Interest income on loan to an independent third party	**–**	26
Other income	**134**	52
Total	**141**	443

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 seven reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i)	Property investments:	Leasing of properties located in Canada to generate rental income.
(ii)	MIDS:	Provision of radio-frequency identification system ("RFID" system), hospital information system ("HIS system") and picture archiving and communication system ("PACS") 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 in Hong Kong.
(iv)	Advertising and media related services:	Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in the PRC.
(v)	Project management services:	Provision of PRC project management services to entities in relation to the operation and monitoring of RFID card system.
(vi)	Travel agency and related operations:	Rendering travel agency services related to air ticketing and air/hotel packages in Hong Kong.
(vii)	Decoration and interior design services:	Provision of interior design and decoration services in Hong Kong.

10. SEGMENT INFORMATION *(continued)*

For the purposes of assessing segment performances and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenue and results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessments of segment performance for the years ended 31 March 2014 and 2013 is set out below:

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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$'000**	HK'000	**HK$'000**	HK$'000
Turnover:																
Sales to external customers	**1,775**	1,775	**4,002**	9,278	**902**	940	**19,849**	21,956	**1,685**	1,183	**3,015**	–	**230**	–	**31,458**	35,132
Segment results	**643**	2,510	**(71,338)**	(483,586)	**(5,581)**	(5,517)	**6,420**	(18,562)	**(4,362)**	(62)	**(1,749)**	–	**(77)**	–	**(76,044)**	(505,217)
Unallocated other revenue and gains															**15**	213,068
Unallocated expenses															**(31,855)**	(30,524)
Loss from operations															**(107,884)**	(322,673)
Finance costs															**(5)**	(12,069)
Loss before taxation															**(107,889)**	(334,742)
Income tax															**(4,566)**	(1,801)
Loss for the year															**(112,455)**	(336,543)

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

10. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

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.

Segment assets and liabilities

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

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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$'000**	HK'000	**HK$'000**	HK$'000
Segment assets	**25,419**	27,332	**91,622**	179,138	**13,479**	20,053	**120,498**	92,133	**19,096**	11,822	**958**	–	**406**	–	**271,478**	330,478
Unallocated assets															**52,700**	50,877
Total assets															**324,178**	381,355
Segment liabilities	**245**	640	**4,845**	8,733	**1**	1	**4,381**	7,458	**1,082**	33	**1,618**	–	**172**	–	**12,344**	16,865
Unallocated liabilities															**8,412**	5,369
Total liabilities															**20,756**	22,234

10. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

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 unallocated head office and corporate 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 unallocated head office and corporate financial liabilities, borrowings and convertible bonds.

Other segment information

	Property investments		MIDS		Consultancy services		Advertising and media related services		Project management services		Travel agency and related operations		Decoration and interior design services		Unallocation		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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	**HK$'000**	HK'000	**HK$'000**	HK$'000
Interest expenses	**–**	(28)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(5)**	–	**(5)**	(28)
Depreciation of property, plant and equipment	**–**	–	**(198)**	(522)	**–**	–	**(197)**	(134)	**(37)**	–	**–**	–	**(4)**	–	**(1,200)**	(553)	**(1,636)**	(1,209)
Addition to non-current assets*	**–**	–	**–**	(36)	**–**	–	**(577)**	(47,760)	**(47)**	–	**–**	–	**(107)**	–	**(842)**	(2,382)	**(1,573)**	(50,178)
Amortisation of intangible assets	**–**	–	**(15,114)**	(43,191)	**(6,479)**	(6,477)	**(84)**	(11,464)	**(1,242)**	(1,242)	**–**	–	**–**	–	**–**	–	**(22,919)**	(62,374)
Impairment loss recognised in respect of intangible assets	**–**	–	**(53,622)**	(414,655)	**–**	–	**–**	(18,776)	**–**	–	**–**	–	**–**	–	**–**	–	**(53,622)**	(433,431)
Written-off intangible assets	**–**	–	**–**	–	**–**	–	**(55)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(55)**	–
Fair value changes on investment properties	**440**	2,853	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**440**	2,853

10. SEGMENT INFORMATION *(continued)*

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets* ("specified non-current assets"). The geographical location of customers is based on the location of the revenue derived, and the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and investment properties, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

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*	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**4,249**	940	**136,908**	211,148
The PRC	**25,434**	32,417	**10,451**	12,922
Canada	**1,775**	1,775	**24,083**	25,715
Total	**31,458**	35,132	**171,442**	249,785

* Non-current assets excluded those relating to financial instruments and deposit for investment

Information about major customers

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

	2014	2013
	HK$'000	HK$'000
Customer A[2]	–	6,596
Customer B[2]	**11,461**	3,794
Customer C[2]	**47**[3]	11,061
Customer D[1]	**4,002**	2,837[3]
Customer E[2]	**3,396**	–

[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):

	2014 HK$'000	2013 HK$'000
Auditors' remuneration	**880**	880
Amortisation of intangible assets	**22,919**	62,374
Cost of sales	**12,921**	20,716
Depreciation of property, plant and equipment	**1,636**	1,209
Net foreign exchange loss	**1,000**	422
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)**	(1,775)
Less: Direct operating expenses from investment property that generate rental income during the year	**1,041**	1,798
	(734)	23
Minimum lease payment under operating lease on premises	**3,161**	3,009
Staff costs (including directors' remuneration (note 14))		
Salaries and allowances	**12,144**	16,226
Share-based payment expenses	**14,314**	2,647
Contribution to retirement benefits scheme	**629**	826
	27,087	19,699

12. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on bank loans wholly repayable within five years	**5**	28
Effective interest expenses on convertible bonds wholly repayable over five years (note 33)	**–**	12,069
Total	**5**	12,097

13. INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Current tax charged:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	4,489	670
Over-provision in prior year	–	(323)
	4,489	347
Deferred tax (note 30):		
Current year	77	1,454
Total tax charge	4,566	1,801

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. 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 statement of profit or loss as follows:

	2014 HK$'000	2013 HK$'000
Loss before tax	(107,889)	(334,742)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	(17,235)	(56,603)
Tax effect of expenses not deductible for tax purpose	16,958	85,828
Tax effect of income not taxable for tax purpose	(1)	(35,438)
Over provision in respect of prior years	–	(323)
Tax effect of tax losses not recognised	5,096	7,447
Utilisation of tax losses previously not recognised	(252)	–
Reversal of temporary differences recognised in previous year	–	890
Tax charge for the year	4,566	1,801

14. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	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 2014					
Executive directors					
Mr. Lien Wai Hung	**960**	**–**	**–**	**–**	**960**
Mr. Lui Wing Fong, Alexander (Note (a))	**960**	**–**	**–**	**–**	**960**
Mr. Wei Shu Jun (Note (b))	**268**	**–**	**–**	**–**	**268**
Mr. Chan Wai Kwong, Peter (Note (c))	**–**	**–**	**–**	**–**	**–**
Mr. Yu Qiang (Note d))	**426**	**–**	**–**	**–**	**426**
Independent non-executive directors					
Mr. Ho Chun Ki, Frederick	**120**	**–**	**–**	**–**	**120**
Mr. Lai Miao Yuan	**120**	**–**	**–**	**–**	**120**
Mr. Chong Yiu Kan, Sherman	**120**	**–**	**–**	**–**	**120**
Mr. Tam Kin Yip	**120**	**–**	**–**	**–**	**120**
Total	**3,094**	**–**	**–**	**–**	**3,094**
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	120	–	–	–	120
Mr. Tam Kin Yip	120	–	–	–	120
Total	2,240	–	574	–	2,814

14. DIRECTORS' REMUNERATION *(continued)*

Notes:

(a) Mr. Lui Wing Fong, Alexander was appointed as executive director on 30 May 2012.
(b) Mr Wei Shu Jun was appointed as executive director on 20 December 2013.
(c) Mr. Chan Wai Kwong, Peter was appointed as executive director on 8 April 2014.
(d) Mr. Yu Qiang was appointed as executive director on 22 May 2013 and resigned on 31 October 2013.

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 the chief executive officer.

Of the five highest paid individuals, two (2013: two) 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.

During the years ended 31 March 2014 and 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 40.

During the years ended 31 March 2014 and 2013, 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 (2013: three) individuals with highest emoluments of which two (2013: three) are senior management for the years ended 31 March 2014 and 2013 were as follows:

	2014	2013
	HK$'000	HK$'000
Salaries and allowances	**2,138**	3,201
Share-based payment expense	**1,500**	794
Retirement benefits scheme contribution	**28**	29
Total	**3,666**	4,024

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 employees	
	2014	2013
HK$Nil to HK$1,000,000	**–**	–
HK$1,000,000 to HK$1,500,000	**3**	3

Included in the five highest paid employees, the number of senior management (being the non-directors employees) whose remuneration fell within the following band is as follows:

	Number of employees	
	2014	2013
HK$1,000,000 to HK$1,500,000	**2**	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 (2013: HK$Nil).

During the years ended 31 March 2014 and 31 March 2013, 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 40. The fair value of share options granted during the year ended 31 March 2014, which has been charged to the consolidated statement of profit or loss, 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 2014, nor has any dividend been proposed since the end of the reporting period (2013: 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$161,225,000 (2013: HK$298,727,000)

Details of movement in reserves are shown in note 32.

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:

	2014	2013
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(113,528)**	(336,474)

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**376,828,600**	324,224,162

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 a decrease in loss per share in 2013.

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 a decrease in loss per share both years.

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 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 and 1 April 2013	468	339	800	497	5,252	7,356
Additions	**906**	**34**	**–**	**54**	**577**	**1,571**
Written-off for the year	**–**	**(24)**	**–**	**(17)**	**–**	**(41)**
Exchange adjustments	**(1)**	**–**	**(2)**	**(1)**	**(1)**	**(5)**
At 31 March 2014	**1,373**	**349**	**798**	**533**	**5,828**	**8,881**
Accumulated depreciation and impairment						
At 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 and 1 April 2013	203	147	733	316	1,290	2,689
Depreciation for the year	**326**	**80**	**66**	**70**	**1,094**	**1,636**
Written-off for the year	**–**	**(10)**	**–**	**(10)**	**–**	**(20)**
Exchange adjustments	**–**	**(1)**	**(1)**	**1**	**–**	**(1)**
At 31 March 2014	**529**	**216**	**798**	**377**	**2,384**	**4,304**
Carrying amount						
At 31 March 2014	**844**	**133**	**–**	**156**	**3,444**	**4,577**
At 31 March 2013	265	192	67	181	3,962	4,667

19. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold improvement HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
The Company				
Cost				
At 1 April 2012	–	33	33	66
Additions	–	14	15	29
At 31 March 2013 and 1 April 2013	–	47	48	95
Additions	**813**	**–**	**6**	**819**
Written-off for the year	**–**	**–**	**(18)**	**(18)**
At 31 March 2014	**813**	**47**	**36**	**896**
Accumulated depreciation and impairment				
At 1 April 2012	–	4	7	11
Charged for the year	–	8	10	18
At 31 March 2013 and 1 April 2013	–	12	17	29
Charged for the year	**184**	**13**	**6**	**203**
Written-off for the year	**–**	**–**	**(6)**	**(6)**
At 31 March 2014	**184**	**25**	**17**	**226**
Carrying amount				
At 31 March 2014	**629**	**22**	**19**	**670**
At 31 March 2013	–	35	31	66

20. INVESTMENT PROPERTIES

	2014	2013
	HK$'000	HK$'000
Fair value		
At 1 April	**25,715**	23,373
Increase in fair value recognised in the consolidated statement of profit or loss	**440**	2,853
Exchange adjustments	**(2,072)**	(511)
At 31 March	**24,083**	25,715

The investment properties was revalued at 31 March 2014 and 31 March 2013 on the basis of a valuation carried out on that date by Peak Vision Appraisals 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 the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

The fair value of investment properties located in Canada is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

Fair value adjustment of investment properties is recognised in the consolidated statement of profit or loss. All gains recognised in the consolidated profit or loss for the year are arisen from the property held at the end of the reporting period.

At 31 March 2014, investment properties of the Group with a fair value of approximately HK$24,083,000 (2013: HK$25,715,000) was pledged to secure banking facilities.

The carrying amount of investment properties shown above comprises:

	2014	2013
	HK$'000	HK$'000
Outside Hong Kong, held under freehold	**24,083**	25,715

20. INVESTMENT PROPERTIES *(continued)*

The Group leases out investment properties under operating leases. The leases typically run for an initial period from two to five years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payment are usually increased every five years to reflect market rentals. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

Details of the Group's investment properties and information about the fair value hierarchy at 31 March 2014 are as follows:

The Group

	Level 1	Level 2	Level 3	Total
At 31 March 2014				
Investment properties:				
– Located outside Hong Kong	–	**24,083**	–	**24,083**

During the year ended 31 March 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

There had been no change on the valuation techniques in the current year. In evaluating the fair value of the investment properties, the highest and best use of the properties is the current use.

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:

	2014 HK$'000	2013 HK$'000
Cost		
At 1 April	**48,697**	1,449
Acquisition of subsidiaries (note 34)	**–**	47,248
31 March	**48,697**	48,697
Accumulated impairment losses		
At 1 April	**(1,449)**	(1,449)
Impairment loss recognised for the year	**–**	–
At 31 March	**(1,449)**	(1,449)
Carrying amount		
At 31 March	**47,248**	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.

	2014 HK$'000	2013 HK$'000
Property investments	**1,449**	1,449
Advertising and media related services	**47,248**	47,248

21. GOODWILL *(continued)*

Impairment test of goodwill *(continued)*

Advertising and media related services

There are two cash-generating units (the "CGUs"), namely Keen Renown Limited and its subsidiaries (the "Keen Renown Group") and Joint Vision Limited and its subsidiaries (the "Joint Vision Group"), which were acquired through acquisition of subsidiaries during the previous year, and are the main operating entities 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 arising from Keen Renown Group and Joint Vision Group.

The cash flow projections are based on financial budgets approved by management covering a 5-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 5-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 15% and 17% under baseline and stressed scenarios respectively. Management's financial model assumes an average growth rate of 3% per annum beyond the 5-year period taking into account long term gross domestic product growth and other relevant economic factors. The discount rates used are based on the rates which reflect specific risks relating to the CGUs.

No impairment loss has been recognised in respect of goodwill related to CGU of advertising and media related service for the year ended 31 March 2014 as its recoverable amount exceeds the carrying amount.

The directors of the Company believe that any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

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$'000	Project management agreement HK$'000	Computer software HK$'000	Total HK$'000
Cost:								
At 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 and 1 April 2013	1,194,655	52,013	134,000	32,000	33,000	9,934	8,794	1,464,396
Written-off for the year	**–**	**–**	**–**	**–**	**(33,000)**	**–**	**–**	**(33,000)**
Exchange adjustments	**–**	**(20)**	**–**	**–**	**–**	**–**	**(20)**	**(40)**
At 31 March 2014	**1,194,655**	**51,993**	**134,000**	**32,000**	**–**	**9,934**	**8,774**	**1,431,356**
Accumulated amortisation and impairment:								
At 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 and 1 April 2013	1,119,706	14,378	106,318	13,944	32,861	1,876	3,158	1,292,241
Amortised for the year	**6,113**	**4,931**	**2,314**	**6,478**	**84**	**1,243**	**1,756**	**22,919**
Impairment loss recognised for the year	**26,611**	**12,250**	**14,761**	**–**	**–**	**–**	**–**	**53,622**
Written-off for the year	**–**	**–**	**–**	**–**	**(32,945)**	**–**	**–**	**(32,945)**
Exchange adjustments	**–**	**(5)**	**–**	**–**	**–**	**–**	**(10)**	**(15)**
At 31 March 2014	**1,152,430**	**31,554**	**123,393**	**20,422**	**–**	**3,119**	**4,904**	**1,335,822**
Carrying amount:								
At 31 March 2014	**42,225**	**20,439**	**10,607**	**11,578**	**–**	**6,815**	**3,870**	**95,534**
At 31 March 2013	74,949	37,635	27,682	18,056	139	8,058	5,636	172,155

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 finite useful life.

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 relates to healthcare information system and custom built Wi-Fi/RFID identification application system to healthcare sector in the PRC. For the purpose of impairment testing, the carrying amount of the master services agreement is allocated to an individual CGU.

During the year ended 31 March 2014, the Group carried out a review of the recoverable amount of the master services agreement. As the result of the continuous losses suffered by the MIDS business segment, the recoverable amount of the master services agreement at 31 March 2014 was calculated to be lower than its carrying amount and accordingly, impairment losses of HK$26,611,000 (2013: HK$408,826,000) was recognised in the consolidated statement of profit or loss for the year ended 31 March 2014.

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 at 31 March 2014 and 31 March 2013. 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 2014, the Group has prepared 11-years (2013: 12-years) cash flow forecast derived from the most recent financial budget of the master services agreement approved by the directors of the Company using a discount rate of 26.13% (2013: 24.21%) per annum.

22. INTANGIBLE ASSETS *(continued)*

Impairment test of master services agreement *(continued)*

As the CGU in which the master services agreement is allocated has been reduced to its recoverable amount of HK$42,225,000 (2013: HK$74,949,000), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

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 relate to marketing and custom-built the regional healthcare information collaboration platform to healthcare sector in the PRC. For the purpose of impairment testing, the carrying amount of the co-operation agreement and strategic co-operation agreement is allocated to an individual CGU.

During the year ended 31 March 2014, the Group carried out a review of the recoverable amount of the co-operation agreement and strategic co-operation agreement. As the result of the continuous losses suffered by the MIDS business segment, the recoverable amount of the co-operation agreement and strategic co-operation agreement at 31 March 2014 was calculated to be lower than its carrying amount and accordingly, impairment losses of HK$12,250,000 (2013: HK$3,577,000) was recognised in the consolidated statement of profit or loss for the year ended 31 March 2014.

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 at 31 March 2014 and 31 March 2013. 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 2014, the Group has prepared 7-years (2013: 8-years) 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 25.14% (2013: 22.82%) per annum.

As the CGU in which the co-operation agreement and strategic co-operation agreement is allocated has been reduced to its recoverable amount of HK$20,439,000 (2013: HK$37,635,000), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

22. INTANGIBLE ASSETS *(continued)*

Impairment test of licensing agreement

The licensing agreement refers to the provision of MIDS which relate to the exclusive license for the Group to use and sub-license certain hospital information system software in the PRC in particular to PACS. For the purpose of impairment testing, the carrying amount of the licensing agreement is allocated to an individual CGU.

During the year ended 31 March 2014, the Group carried out a review of the recoverable amount of the licensing agreement. As the result of the continuous losses suffered by the MIDS business segment, the recoverable amount of the licensing agreement at 31 March 2014 was calculated to be lower than its carrying amount and accordingly, impairment losses of HK$14,761,000 (2013: HK$2,252,000) was recognised in the consolidated statement of profit or loss for the year ended 31 March 2014.

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 at 31 March 2014 and 31 March 2013. 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 2014, the Group has prepared 6-years (2013: 7-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 25.14% (2013: 22.82%) per annum.

As the CGU in which the licensing agreement is allocated has been reduced to its recoverable amount of HK$10,607,000 (2013: HK$27,682,000), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

22. INTANGIBLE ASSETS *(continued)*

Impairment test advertising and media services agreement

The advertising and media related services agreement refers to the provision of advertising and media related services which including 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 financial year ended 31 March 2013 is different from previous year. The polarized 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 at 31 March 2014 and 31 March 2013. 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 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% per annum.

During the year ended 31 March 2013, the recoverable amount of the advertising and media services agreement at 31 March 2013 was calculated to be lower than its carrying amount and accordingly, impairment losses of HK$18,776,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2013.

During the year ended 31 March 2014, the advertising and media services agreement was expired and its carrying amount was fully written-off.

23. INTERESTS IN SUBSIDIARIES

The Company

	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**1,340,384**	1,340,384
Impairment loss recognised	**(1,255,426)**	(1,226,075)
	84,958	114,309
Amounts due from subsidiaries	**364,704**	323,200
Impairment loss recognised	**(153,466)**	(47,436)
	211,238	275,764
	296,196	390,073

Notes:

(a) At 31 March 2014 and 2013, 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 2014 impairment losses on investment in subsidiaries of approximately HK$1,255,426,000 (2013: HK$1,226,075,000) and impairment losses on amounts due from subsidiaries of approximately HK$153,466,000 (2013: HK$47,436,000) 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) The following list contains only the particulars of subsidiaries which principally affected the result, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Fortune Mark International Limited	British Virgin Islands/ Hong Kong	US$100	100%	100%	–	Provision of PACS system
嘉鈦華數碼科技(天津)有限公司 (Note 1)	The PRC/The PRC	US$4,500,000	100%	–	100%	Provision of RFID system and HIS system

23. INTERESTS IN SUBSIDIARIES *(continued)*

Notes: *(continued)*

(c) *(continued)*

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
天津市逸晨電子科技有限公司 (Note 1)	The PRC/The PRC	RMB9,800,000	100%	–	100%	Provision of MIDS
Activemix Investments Limited	British Virgin Island/ Hong Kong	US$1	100%	100%	–	Securities investment
Vincent Investment Ltd.	Canada/Canada	CAD360	100%	–	100%	Property investment
Global Brilliant Tours (HK) Limited	Hong Kong/ Hong Kong	HK$500,000	100%	–	100%	Travel agency and related operations
Chun Sing Design (HK) Limited	Hong Kong/ Hong Kong	HK$1	100%	–	100%	Decoration and interior design services
Activepart Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	100%	Provision of consultancy services
Easy Ace Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	100%	Provision of project management services
廣州迅置通信息科技有限公司 (Note 1)	The PRC/The PRC	US$2,900,000	100%	–	100%	Provision of project management services
Unique Smart Group Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	100%	Provision of advertising media related services
Keen Renown Limited	British Virgin Islands/ British Virgin Islands	US$200	60%	–	60%	Investment holding
梓懿管理咨詢(上海)有限公司* (Note 1)	The PRC/The PRC	US$1,000,000	60%	–	60%	Advertising and media related services
梓庄管理咨詢(上海)有限公司* (Note 1)	The PRC/The PRC	US$200,000	100%	–	100%	Advertising and media related services
上海中騰廣告有限公司* (Note 2)	The PRC/The PRC	RMB20,000,000	60%	–	–	Advertising and media related services
上海思璇廣告有限公司* (Note 3)	The PRC/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.

23. INTERESTS IN SUBSIDIARIES *(continued)*

Notes: *(continued)*

(c) *(continued)*

Note:

(1) These subsidiaries are wholly foreign owned enterprises in the PRC.

(2) This subsidiary is a domestic enterprise with limited liabilities established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangement by Kang Qian and Wang Weina who hold the interest in the subsidiary of 10% and 90% respectively.

(3) This subsidiary is a domestic enterprise with limited liabilities established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangement by Sun Yiqi who holds the interest in the subsidiary of 100%.

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.

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

23. INTERESTS IN SUBSIDIARIES *(continued)*

Notes: *(continued)*

(d) The following are the summarized financial information for 上海中騰廣告有限公司 ("Zhongteng") and 上海思璇廣告有限公司 ("Sixuan") which are accounted for wholly owned subsidiaries under contractual arrangement.

	2014	2013
	HK$'000	HK$'000
Zhongteng		
Current assets	**36,325**	28,347
Non- currrent assets	**60**	138
Current liabilities	**(6,746)**	(5,253)
Net assets	**29,639**	23,232
Revenue	**18,311**	9,985
Profit for the year/period	**6,474**	1,430
Sixuan		
Current assets	**11,968**	1,002
Current liabilities	**(7,185)**	(421)
Net assets	**4,783**	581
Revenue	**5,984**	1,078
Profit for the year/period	**4,207**	579

Under the current PRC regulations, the Group is not allowed to directly hold the equity interests in an advertising and media company. Foreign companies are allowed to acquire 100% equity interests in the advertising enterprise in the PRC in accordance with the provision of Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors and Regulations on the Administration of Foreign-funded Advertising Enterprises.

Hence, the contractual arrangement are designed to provide the Group with effective control over and the right to enjoy the economic benefits in and assets of Zhongteng and Sixuan. Upon the contractual arrangement becoming effective, the Group is able to consolidate 60% and 100% of the interests in Zhongteng and Sixuan respectively by treating these two companies as indirectly non-wholly owned subsidiaries.

23. INTERESTS IN SUBSIDIARIES *(continued)*

Notes: *(continued)*

(e) Cash and short-term deposits of RMB held in the PRC are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends.

(f) The following table lists out the information relating to Keen Renown Limited and its subsidiaries ("Keen Renown Group") which have material non-controlling interest (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

	2014	2013
	HK$'000	HK$'000
NCI percentage	**40%**	40%
Current assets	**49,513**	29,045
Non- current assets	**743**	364
Current liabilities	**(25,571)**	(7,864)
Net assets	**24,685**	21,545
Carrying amount of NCI	**9,873**	8,617
Revenue	**19,160**	9,985
Profit/(loss) for the year/period	**2,683**	(174)
Total comprehensive income	**457**	418
Profit allocated to NCI	**1,256**	98
Cash flows from operating activities	**(5,604)**	(4,905)
Cash flows from investment activities	**(576)**	12,004
Cash flows from financing activities	**–**	–

24. DEPOSITS FOR INVESTMENT

During the year ended 31 March 2014, the Company entered into a sale and purchase agreement with BWC Holdings Limited ("BWC Holdings") in respect of the acquisition of the entire issued share capital of BWC Securities Limited ("BWC Securities") at a consideration of HK$11,685,000 (subject to adjustment), of which HK$500,000 had been paid as a deposit and payment of the consideration. Details are set out in the Company's announcement dated on 29 November 2013, 29 January 2014 and 17 April 2014.

On 13 December 2012, Hugo Sliver Limited ("HSL"), a wholly owned subsidiary of the Company, entered into a conditional agreement with Mr. Lui Wing Fong, Alexander ("Mr Lui"), an executive director of the Company, to further acquire 40% of the issued share capital of Keen Renown Group at a consideration of HK$22,000,000, of 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, 28 May 2013, 30 July 2013, 26 September 2013, 5 December 2013 and 29 January 2014.

During the year ended 31 March 2014, the Company anticipated that the acquisition may take longer than expected to complete due to the fluctuation of market condition, the management of the Company decided not to extend the completion date of the acquisition and the agreement lapsed. The deposit for investment of HK$17,000,000 will be refunded by Mr. Lui. Details of the transaction are set out in the Company's announcement dated 1 April 2014. At 31 March 2014, the deposit for investment has been reclassified to other receivable.

25. AVAILABLE-FOR-SALE INVESTMENTS

	2014	2013
	HK$'000	HK$'000
The Group		
Unlisted shares, at cost		
– Equity securities incorporated in Hong Kong (Note (a))	**6,000**	6,000

Note:

(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 2014, the Group identified no impairment loss related to the unlisted equity securities (2013: HK$Nil) and the group does not intend to dispose of them in the near future.

26. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (Note (a))	**49,385**	49,027	**–**	–
Deposits (Note (b))	**33,345**	12,197	**311**	–
Prepayments	**5,060**	8,486	**485**	217
Other receivables (Note (c))	**52,611**	13,974	**1**	–
	140,401	83,684	**797**	217

Notes:

(a) An aged analysis of the Group's trade receivables (which included in trade and other receivables), based on the date of revenue recognition, if earlier) and net of allowance for doubtful debts, at the end of the reporting period is as follows:

	2014	2013
	HK$'000	HK$'000
0 – 30 days	**16,280**	21,469
31 – 60 days	**–**	263
61 – 90 days	**1,842**	2,561
Over 90 days	**31,263**	24,734
	49,385	49,027

Details on the Group's credit policy are set out in note 4.

The following is an aged analysis of trade receivables which were past due but not impaired based on the due date:

	2014	2013
	HK$,000	HK$,000
0 – 30 days	**207**	–
31 – 61 days	**227**	–
61 – 90 days	**83**	–
Over 90 days	**21,194**	–
	21,711	–

Trade receivables that were past due but not impaired relate to the credits available to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

26. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(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 of management of 2 power plants to HSL. HSL deposited a sum of HK$3,000,000 to the vendor as a security deposit and the priority right expired on 31 December 2013 and extended to 31 December 2014. The deposit is interest free and guaranteed by the vendor.

(ii) On 9 August 2013, Activemix Investment Limited ("Activemix"), a wholly owned subsidiary of the Company entered into a memorandum with a vendor, an independent third party, for acquiring the shares of a power producer company and Activemix deposited a sum of HK$9,000,000 to the vendor as a security and refundable deposit. On 11 March 2014 and 27 March 2013, Activemix entered into supplemental memorandums with the vendor. Pursuant to the supplemental memorandums, Activemix deposited a further sum of HK$8,000,000 to the vendor as security and refundable deposit at 31 March 2014. At 31 March 2014, the total amount of HK$17,000,000 has been deposited to the vendor by Activemix as security and refundable deposit.

(c) (i) At 31 March 2013, included in other receivables of RMB10,000,000 (approximately HK$12,506,000), represented a deposit paid by a wholly owned subsidiary of the Keen Renown Group ("Subsidiary") to Ms. Kang Qian, a shareholder of Subsidiary, for the purpose of acquiring 50% share capital of a company at a consideration of RMB40,000,000 (approximately to HK$50,025,000). The acquisition was terminated on 13 September 2012 and the deposit was therefore reclassified as other receivables on that date.

(ii) 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. The possible acquisition was lapsed during the year ended 31 March 2014 and the deposit for investment was therefore reclassified as other receivables. Details of the transaction are set out in the Company's announcement dated 1 April 2014 and note 24.

(iii) On 25 July 2013, 梓懿管理咨询(上海)有限公司 ("Ziyi"), a non-wholly owned subsidiary of the Company entered into a letter of intent with a vendor, an independent third party, for acquiring an associate company of the vendor. Pursuant to the letter of intent, the Group paid RMB9,700,000 as a refundable acquisition earnest money to the vendor. The vendor was unable to fulfill the conditions stated in the letter of intent and the proposed acquisition lapsed during the year ended 31 March 2014. At 31 March 2014, the outstanding balance of the refundable acquisition earnest money classified as other receivables was RMB9,200,000.

27. BANK BALANCES AND CASH

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in hand and at bank:				
Hong Kong Dollar	**3,856**	16,181	**3,282**	15,711
Renminbi	**1,267**	7,595	**26**	26
US Dollar	**29**	21	**–**	–
Canadian Dollar	**663**	1,089	**–**	–
	5,815	24,886	**3,308**	15,737

Cash at bank earns interest at floating rates based on daily bank deposit rates which range from 0% to 0.1% for both years. Short term time deposits are denominated in HK$, RMB, USD and CAD 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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (Note (a))	**6,118**	8,904	**–**	–
Accruals and other payables	**7,818**	6,901	**4,015**	1,576
Tenant deposits	**42**	46	**–**	–
Receipt in advance	**65**	40	**–**	–
Amounts due to key officer (Note (b))	**121**	188	**–**	–
Other non-income tax payable	**2,152**	1,483	**–**	–
	16,316	17,562	**4,015**	1,576

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:

	2014	2013
	HK$'000	HK$'000
0 – 30 days	**222**	717
31 – 60 days	**969**	110
61 – 90 days	**–**	91
Over 90 days	**4,927**	7,986
	6,118	8,904

(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:

	2014	2013
	HK$'000	HK$'000
Bank loan:		
– Secured	**–**	373
Repayable:		
– On demand or within one year	**–**	373
Current portion	**–**	373

At 31 March 2013, 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 at 31 March 2013 as disclosed in note 20.

During the year ended 31 March 2014, the bank loan was fully repaid.

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:

	2014	2013
	HK$'000	HK$'000
Deferred tax liabilities	**3,348**	3,558

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

	Accelerated tax depreciation	**Revaluation of investment properties**	**Temporary differences**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2012	1,130	1,935	(884)	2,181
Exchange adjustments	(25)	(44)	(6)	(75)
Charged to consolidated statement of profit or loss (note 13)	64	498	890	1,452
At 31 March 2013 and 1 April 2013	1,169	2,389	–	3,558
Exchange adjustments	(93)	(194)	–	(287)
Charged to consolidated statement of profit or loss (note 13)	–	77	–	77
At 31 March 2014	**1,076**	**2,272**	–	**3,348**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profit earned by the PRC subsidiaries from 1 January 2009 onwards. Deferred taxation has not been provided for in the consolidated financial statement in respect of temporary differences attributable to the profits earned by the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 March 2014, the Group has unused tax losses of approximately HK$99,127,000 (2013: HK$69,837,000) 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$56,924,000 (2013: HK$41,157,000).

31. SHARE CAPITAL

	2014 Number of shares	Amount HK$'000	2013 Number of shares	Amount HK$'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	**326,575,066**	**3,266**	321,615,066	3,216
Placing of new shares (Note (a))	**59,060,000**	**591**	–	–
Exercise of share options (Note (b) & (c))	**31,700,000**	**317**	4,960,000	50
At 31 March, ordinary shares of HK$0.01 each	**417,335,066**	**4,174**	326,575,066	3,266

Notes:

For the year ended 31 March 2014:

(a) On 24 June 2013, the Company and SBI E2-Capital Financial Services Limited (the "Placing Agent") entered into a conditional placing agreement, pursuant to which, the Placing Agent has conditionally agreed, on a best effort basis, for and on behalf of the Company, to place an offer which is not less than six independent places of up to 65,000,000 placing shares at a placing price of HK$0.427 per placing share. The Placing of 59,060,000 placing shares was completed on 18 July 2013.

(b) During the year ended 31 March 2014, certain option holders exercised their option rights to subscribe for an aggregate of 13,040,000 shares at an exercise price of HK$0.197; an aggregate of 6,720,000 shares at an exercise price of HK$0.66 and an aggregate of 11,940,000 shares at an exercise price of HK$0.73.

For the year ended 31 March 2013:

(c) 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.

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 35 to the consolidated financial statements.

The Company

	Share premium (Note (iii)) HK$'000	Contributed surplus (Note (ii)) HK$'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 2012	1,207,308	325,866	991	351,687	(1,189,523)	696,329
Total comprehensive income 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 and 1 April 2013	1,208,558	325,866	2,647	–	(1,135,820)	401,251
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(161,225)**	**(161,225)**
Recognition of equity-settled share-based payments	**–**	**–**	**14,314**	**–**	**–**	**14,314**
Exercise of share options	**22,816**	**–**	**(7,870)**	**–**	**–**	**14,946**
Lapsed of share options	**–**	**–**	**(1,059)**	**–**	**1,059**	**–**
Placing of shares	**24,628**	**–**	**–**	**–**	**–**	**24,628**
Share issuing expenses	**(632)**	**–**	**–**	**–**	**–**	**(632)**
At 31 March 2014	**1,255,370**	**325,866**	**8,032**	**–**	**(1,295,986)**	**293,282**

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 2014 and 2013.

(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.

(iii) Share premium

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

(iv) Share-based compensation reserve

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

(v) Convertible bonds reserve

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

32. RESERVES *(continued)*

Nature and purpose of reserves *(continued)*

(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.

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.

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 outstanding balances of convertible bonds were cancelled due to the shortfall in EBITDA. Detail of the acquisition of Sunny Chance Group were set out in the Company's announcement dated 9 July 2009 and circular date 25 August 2009.

33. CONVERTIBLE BONDS *(continued)*

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

	2014	2013
	HK$'000	HK$'000
At 1 April	**–**	200,635
Effective interest expenses (note 12)	**–**	12,069
Cancellation of convertible bonds	**–**	(212,704)
At 31 March	**–**	–

34. ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2013

(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 settled by cash. The acquisition of Joint Vision Group was completed on 11 July 2012 (the "date of acquisition") and the abovementioned control agreement is effective from 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

34. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2013 *(continued)*

(a) Acquisition of Joint Vision Group *(continued)*

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

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

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

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 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") and the above mentioned control agreement is effective from the date of acquisition. Details of the acquisition are set out in the Company's announcement dated 20 February 2012.

Upon the completion of the acquisition, Mr. Lui was appointed as executive director and chief executive director of the Group.

34. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2013 *(continued)*

(b) Acquisition of Keen Renown Group *(continued)*

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

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.

34. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2013 *(continued)*

(b) Acquisition of Keen Renown Group *(continued)*

	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 statement of profit or loss for the year ended 31 March 2013.

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

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$10,146,000 and HK$225,000 respectively.

35. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2014 and 2013, the Group did not have major non-cash transaction.

36. PLEDGED OF ASSETS

At 31 March 2014, the Group has pledged its investment property located in Canada with a fair value of HK$24,083,000 (2013: HK$25,715,000) to secure banking facilities.

37. COMMITMENTS

Operating lease commitments

As lessor

The Group leases its investment properties (note 20 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 5 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. The investment property of the Group is held for rental purpose and expected to generate rental yield of 7.4% (2013: 7.7%) on an ongoing basis.

At 31 March 2014 and 2013, the Group had total future minimum lease receivables under non-cancellable operating leases lad contracted with its tenants falling due as follows:

	2014	2013
	HK$'000	HK$'000
The Group		
Within one year	**1,555**	1,697
In the second to fifth years, inclusive	**1,374**	3,182
	2,929	4,879

During the year ended 31 March 2014 and 2013, the Group did not recognise any contingent rentals receivables.

As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 2 years, and those for office equipment are for 1 year terms.

At 31 March 2014 and 2013, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**1,367**	2,539
In the second to fifth years, inclusive	**477**	1,062
	1,844	3,601

37. COMMITMENTS *(continued)*

Other commitments

In addition to the operating lease commitments detailed above, the Group and the Company had the following capital commitments at the end of the reporting period:

	The Group	
	2014	2013
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of subsidiaries contracted for	**89,165**	5,000

Note:

For the year ended 31 March 2014:

On 2 December 2013, Innovate, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with a vendor. Pursuant to which, the vendor agreed to sell and Innovate has agreed to purchase in aggregate 100% of the issued and paid up capital of a production company from the vendor. The total consideration for the sale and purchase shall be HK$200,000. A deposit of HK$20,000 has been paid to the vendor and the balance of HK$180,000 shall be paid on completion.

During the year ended 31 March 2014, the Company entered into a sale and purchase agreement with BWC Holdings Limited in respect of the acquisition of entire issued share capital of BWC Securities Limited at a consideration of HK$11,685,000 (subject to adjust), in which HK$500,000 had been paid as deposit and payment of the consideration. Details of the transaction are set out in the Company's announcements dated 29 November 2013, 29 January 2014 and 17 April 2014.

In January 2014, the Company has obtained approval from Economy, Trade and Information Commission of Shenzhen Municipality for the registration of a PRC company in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen in relation to the provision of financial leasing services with a registered capital of US$10 million (approximately HK$77.8 million). Details of the transaction are set out in the Company's announcements dated 17 January 2014.

For the year ended 31 March 2013:

On 13 December 2012, HSL, 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 sales and purchase 40% of total issued share capital of Keen Renown Group (the "Acquisition") with 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.

During the year ended 31 March 2014, the Company anticipates that the acquisition may take longer time than expected due to the fluctuation of market condition, the management of the Company decided not to extend the date of the acquisition and the agreement lapsed. The deposit for investment of HK$17,000,000 will be refunded by Mr. Lui. Details of the transaction are set out in the Company's announcement dated 1 April 2014. At 31 March 2014, the deposit for investment was reclassified to other receivables and the details are set out in note 24 and note 26.

38. 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, and Mr. Lui, an executive director and chief executive officer of the Company, entered into a conditional sale and purchase agreement. Pursuant to which Mr. Lui has agreed to sell and HSL has agreed to purchase 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 for the consideration 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.

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.

During the year ended 31 March 2014, the Company anticipates that the acquisition may take longer time than expected due to the fluctuation of market condition, the management of the Company decided not to extend the date of the acquisition and the agreement lapsed. The deposit for investment of HK$17,000,000 will be refunded by Mr. Lui. Details of the transaction are set out in the Company's announcement dated 1 April 2014. At 31 March 2014, the deposit for investment was reclassified to other receivables and the details are set out in note 24 and note 26.

(b) Compensation to key management personnel

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

	2014 **HK$'000**	2013 HK$'000
Salaries and allowance	**6,906**	4,894
Retirement scheme contribution	**30**	15
Share-based payment expense	**–**	1,059
	6,936	5,968

38. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation to key management personnel *(continued)*

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. Further details of directors' and the chief executive's emoluments are included in note 14 to the consolidated financial statements.

(c) Amount due to key officers

Details of the amount due to key officers at the end of the reporting period are set out in note 26 to the consolidated financial statements.

39. DEFINED BENEFIT PLANS

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$15,000, 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 statement of profit or loss of approximately HK$93,000 (2013: HK$95,000) represents contributions payable to the MPF Scheme by the Group in respect of the current year. As at 31 March 2014, no contribution of the Group and the Company due in respect of the reporting period had not been paid over to the MPF Scheme (2013: 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 defined contribution schemes pursuant to the local labour rules and regulations.

40. SHARE OPTION SCHEME

Pursuant to a resolution passed at the annual 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 New Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

(b) The participants include:

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

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

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

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

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

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

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

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

40. SHARE OPTION SCHEME *(continued)*

(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

   (iii) 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.

(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 New 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 New 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 New Share Option Scheme (the "Limit") provided that share options lapsed in accordance with the terms of the New 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 was 26,420,000 (2013: 32,600,000), representing 6% (2013: 9%) of shares of the Company in issue at that date. As at 31 March 2014, 71,160,000 share options were granted under the New Option Scheme since its adoption.

40. SHARE OPTION SCHEME *(continued)*

During the years ended 31 March 2014 and 31 March 2013 the Company's share options granted under the share option schemes are as follows:

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 1 April 2012	Exercised during the year	Granted during the year	Lapsed during the year	Outstanding at 31 March 2013 and 1 April 2013	Exercised during the year	Granted during the year	Lapsed during the year	Outstanding at 31 March 2014
20 September 2011	Employees	0.212	20 September 2011 to 19 September 2012	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	–	–	–	6,520,000
	Employees	0.197	4 December 2012 to 3 December 2015	–	–	26,080,000	–	26,080,000	(13,040,000)	–	(13,040,000)	–
4 December 2013	Employees	0.73	4 December 2013 to 3 December 2016	–	–	–	–	–	–	3,980,000	–	3,980,000
	Consultants	0.73	4 December 2013 to 3 December 2016	–	–	–	–	–	(11,940,000)	27,860,000	–	15,920,000
7 January 2014	Consultants	0.66	7 January 2014 to 6 January 2017	–	–	–	–	–	(6,720,000)	6,720,000	–	–
			Total	19,840,000	(4,960,000)	32,600,000	(14,880,000)	32,600,000	(31,700,000)	38,560,000	(13,040,000)	26,420,000
			Exercisable at the end of the year	19,840,000				32,600,000				26,420,000
			Weighted average Exercise price	HK$0.21	HK$0.21	HK$0.20	HK$0.21	HK$0.20	HK0.50	HK$0.72	HK$0.20	HK$0.60

The fair value of options granted under the New Share Option Scheme measured at the date of grant during the year ended 31 March 2014 was approximately HK$14,314,000. The following significant assumptions were used to derive the fair values using the Black-Scholes Option Pricing Model:

Date of grant	**7 January 2014**	**4 December 2013**
Total number of share options	6,720,000	31,840,000
Option value	0.3437	0.3770
Option life	3 year	3 year
Expected tenor	3 year	3 year
Exercise price	0.66	0.73
Stock price at the date of grant	0.66	0.73
Volatility	80.768%	80.499%
Risk free rate	0.737%	0.497%

40. SHARE OPTION SCHEME *(continued)*

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$14,314,000 for the year ended 31 March 2014 (2013: HK$2,647,000) in relation to share option granted by the Company.

41. EVENTS AFTER THE REPORTING PERIOD

The following events have occurred subsequent to 31 March 2014:

(i) On 30 April 2014, 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$0.81 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 13 May 2014, the Company issued and allotted 30,000,000 shares with the gross and net proceeds of approximately HK$24,300,000 and HK$23,800,000 respectively.

(ii) On 29 January 2014, the Company, through its wholly owned subsidiary, entered into the agreement with BWC Holdings, the independent third party, pursuant to which the Company shall purchase the entire issued share capital of BWC Securities from BWC Holdings at a consideration of HK$11,685,000 (subject to adjustment) and HK$500,000 paid as refundable deposit. Details of which are set out in the Company's announcements dated 29 January 2014 and 17 April 2014. The acquisition is not yet completed at the date when the consolidated financial statements are authorised for issue.

(iii) On 13 December 2012, the Company, through its wholly owned subsidiary, entered into a conditional agreement with Mr. Lui, an executive director 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, 28 May 2013 and 30 July 2013, 26 September 2013, 5 December 2013 and 29 January 2014. On 31 March 2014, the acquisition as above lapsed since the agreement had not yet been fulfilled and the Board had decided not to extend the date.

In view of the lapsed of the agreement, Mr. Lui shall return the deposit paid to the Company, details are set out in the Company's announcement dated 1 April 2014.

42. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year presentation. In the opinion of the directors of the Company, such reclassifications provide a more appropriate presentation on the Group's business segments.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 June 2014.

Group Financial Summary

Results

	Years ended 31 March				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Turnover	18,963	19,953	21,445	35,132	**31,458**
Loss before taxation	(70,853)	(650,276)	(484,798)	(334,742)	**(107,889)**
Income tax credit/(expenses)	(657)	(109)	458	(1,801)	**(4,566)**
Loss for the year from continuing operations	(71,510)	(650,385)	(484,340)	(336,543)	**(112,455)**
Discontinued operations					
Loss for year from discontinued operations	(2,692)	–	–	–	**–**
Loss for the year	(74,202)	(650,385)	(484,340)	(336,543)	**(112,455)**
Loss attributable to					
owners of the Company	(74,202)	(650,385)	(484,340)	(336,474)	**(113,528)**
non-controlling interest	–	–	–	(69)	**1,073**
	(74,202)	(650,385)	(484,340)	(336,543)	**(112,455)**

Assets and Liabilities

	As at 31 March				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	1,364,245	1,084,720	730,980	272,785	**177,962**
Current assets	352,834	247,657	157,658	108,570	**146,216**
Current liabilities	16,135	9,607	11,639	18,676	**20,756**
Non-current liabilities	493,125	181,650	204,080	3,558	**3,348**