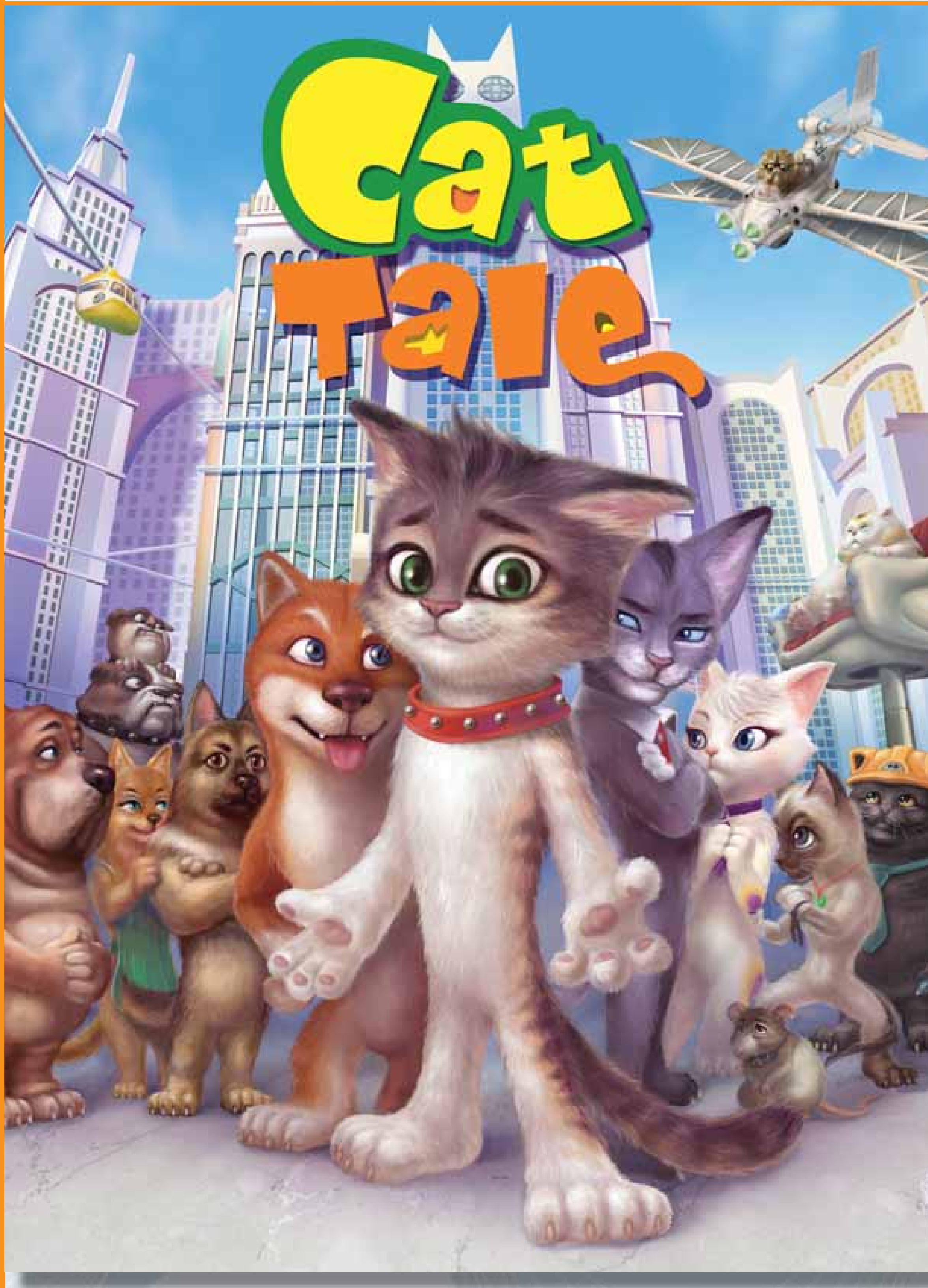
IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司
Stock code 股份代號:585

Annual Report 年報 2010

Contents


Cat
Tale

Corporate Information

BOARD OF DIRECTORS

Chairman & Non-executive Director

Mr. LEUNG Pak To

Executive Director

Ms. MA Wai Man, Catherine

Independent Non-executive Directors

Mr. CHAN Yuk Sang
Mr. CHENG Yuk Wo
Dr. LAM Lee G.

AUDIT COMMITTEE

Mr. CHENG Yuk Wo (Chairman)
Mr. CHAN Yuk Sang
Dr. LAM Lee G.

COMPANY SECRETARY

Ms. LAU Siu Mui

REGISTERED OFFICE

Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

22nd Floor
Eight Commercial Tower
8 Sun Yip Street
Chai Wan
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

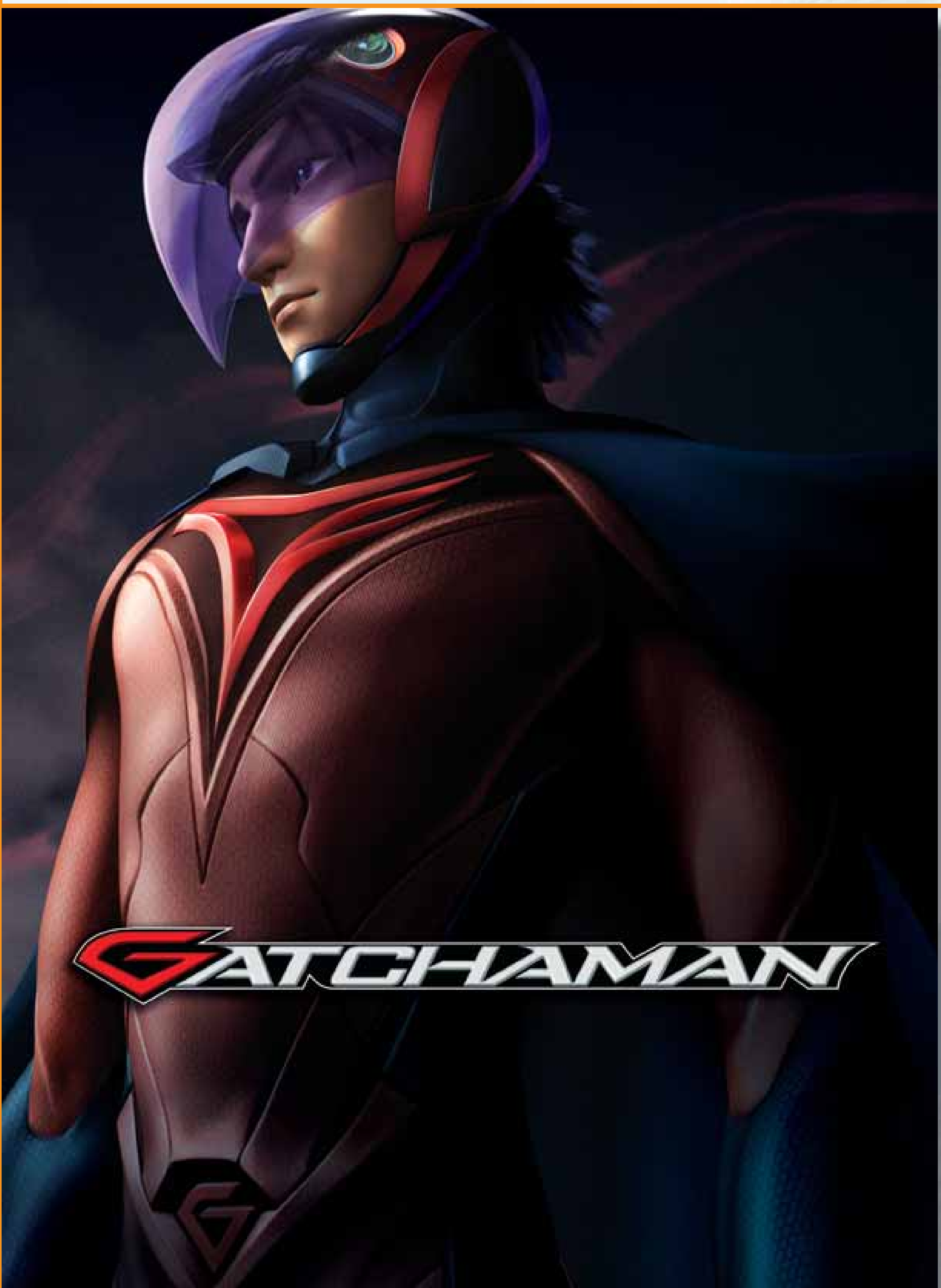
Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

HKEx 585

WEBSITE

www.imagi.com.hk


GATCHAMAN

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of Imagi International Holdings Limited ("Imagi" or the "Company"), I am pleased to present the audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31st March 2010 ("FY2010"). I was appointed Chairman and non-executive Director of the Company on 18th May 2010 – well after the FY2010. This is my first Chairman's Statement to you and I would like to share with you the progress that the Group has made and our strategy going forward.

The Company has undergone substantial changes in the FY2010. As disclosed in the Company's interim report for the six months ended 30th September 2009, the Group's financial position has been severely affected by the disappointing performance of its latest feature film, *Astro Boy*, which was launched in October 2009. Since then, the board of directors of the Company has taken drastic steps to rationalise the Group's operation, including closing down certain subsidiaries in the United States and Hong Kong, with a view to preserving Shareholders' value.

In February 2010, I was invited to participate in a multi-faceted restructuring scheme to restore the Company's financial stability. Following the successful completion of this scheme in May 2010 (details of which were set out in the circular to shareholders dated 24th March 2010), Idea Talent Limited, a company controlled by me, has became the controlling shareholder of the Company; the Company has settled all the amounts due to its core creditors; and the Company is now debt-free and has a healthy balance sheet. In this regard, I would like to take this opportunity to thank the management of the Company, who has done a marvelous job to put the Group back on a sound footing.

I am pleased to report that Imagi is now able to refocus its resources on its main business of producing computer graphic imaging ("CGI") animated motion pictures. The Company's aim is to become one of the leading animation studios in Asia. We will continue to engage in the production, distribution and marketing of CGI animated motion pictures with both licensed classic anime properties and original designs.

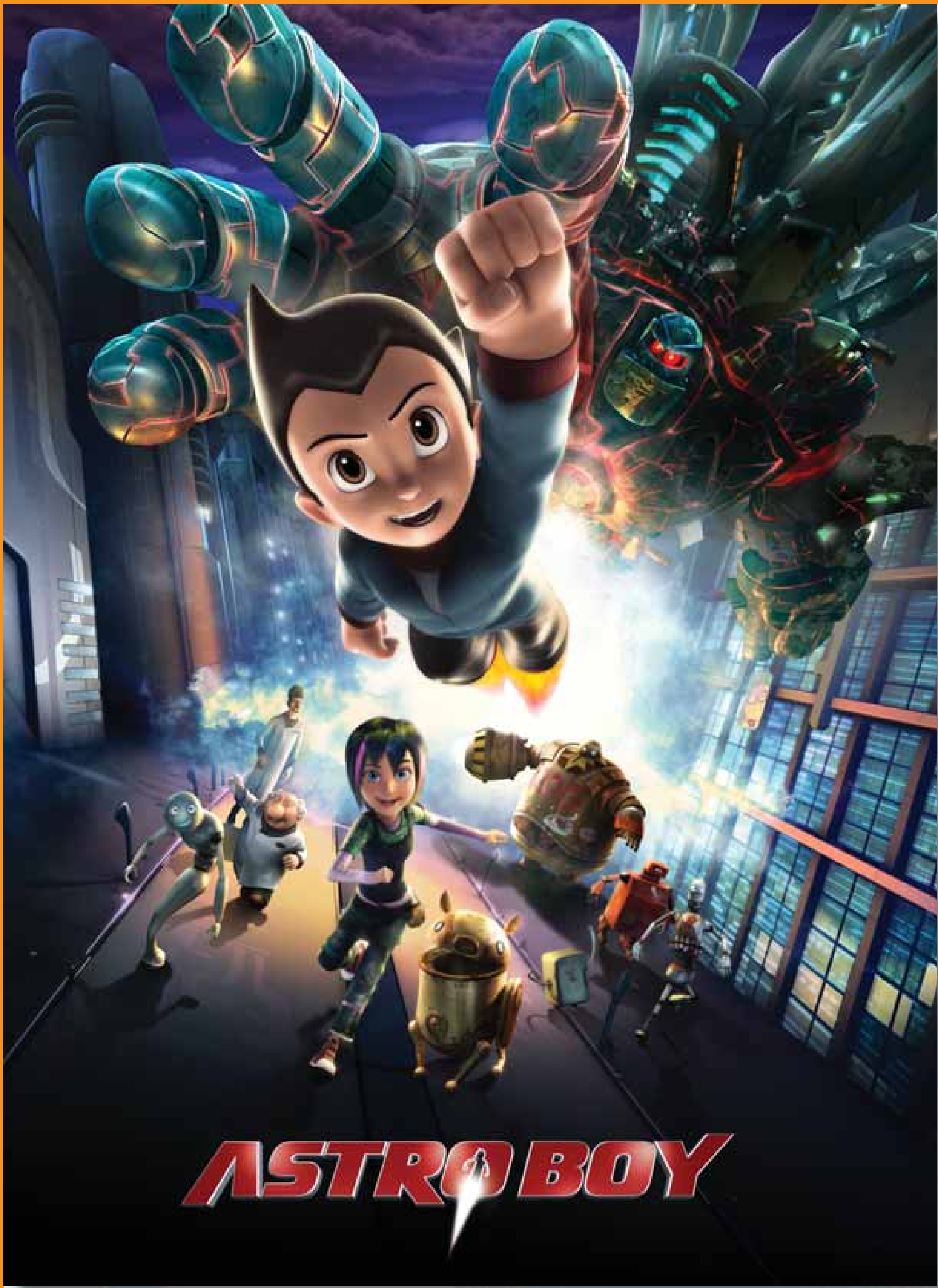
At present, the Company is working on two feature films, namely *Gatchaman* and *Cat Tale*, which are at different stages of production. To further diversify its revenue base, the Company has undertaken other animation projects including the production of visual effect in commercials, music TV and computer animation games. The Company has gained a strong foothold in the area of visual effect production. It was the provider of visual effects for one of Asia's biggest sporting events which was held in Hong Kong last year. The production of visual effects will remain as one of the Company's major focuses in the future.

Under my leadership, the new management team that we have put into place since May 2010 will strive to enhance our core competencies upon which our future growth will be based. Our goal is to create more values for our stakeholders.

On behalf of our board of directors and management team, I would like to take this opportunity to thank our loyal Shareholders, business partners and customers for their continuous support and encouragement and our employees for their hard work and dedication. I look forward to a brighter future ahead.

Leung Pak To
Chairman

21st July 2010


ASTRO BOY

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the production, distribution and marketing of computer graphic imaging ("CGI") animated motion pictures with both licensed classic anime properties and original designs. Our Studio is a full service project management and production house in respect of CGI animation pictures, special CG effects and stereoscopic 3D features. Our Studio provides creative services in character designs to integration services in all CGI products ranging from animated films, visual effects in commercials, music videos, television programs to CGI games.

The production studio in Hong Kong has been revamped to enhance its efficiency and productivity. It resumed normal operations in May 2010.

Stereoscopic 3D CG Animation Pictures

Classic Anime Property – Remakes

Astro Boy

Astro Boy is our second theatrical feature film and was released in October 2009. Video for *Astro Boy* was released in the US in March 2010. The unique technical know-how and quality displayed by our Studio in *Astro Boy* was highly acknowledged in the international CG animation industry. In February 2010, *Astro Boy* received the "The Ten Best 2009 Movies for Families" Award at the Movieguide® Awards.

Consistent with the Group's strategy in bringing the best quality animation into theatres, the Group is planning to produce *Astro Boy* motion picture in stereoscopic 3D version.

Gatchaman

The origin of the movie *Gatchaman* is a TV series in Japan named *Science Ninja Team Gatchaman*, which was one of the longest running anime franchises and pioneering Japanese anime franchises to gain international popularity.

Gatchaman, the upcoming motion picture in stereoscopic 3D, is scheduled for release in 2012. The story reel of the film has been completed and attracted encouraging views from interested distributors and advocates of *Gatchaman*. Our Studio is deploying talents and significant resources in making *Gatchaman* with remarkable stereoscopic 3D quality.

New Anime Property – Original Designs

Cat Tale

Cat Tale is a full-length CG animated film being created, designed, developed and produced by our Studio. It tells a heart-warming adventurous story of "Rover", a kitten which was delivered to and was raised by canine parents by accident. *Cat Tale* has a number of lovely and funny characters. Rover and his friends, in their exciting journey, discovered the never-revealed cat community and the myth of its prosperity. *Cat Tale* is in its early production stage. Our Studio will soon release the story reel of *Cat Tale* and invite viewing by interested distributors.

Management Discussion and Analysis (continued)

CGI and Visual Effects Production

iDream Production Limited ("iDream"), the Group's CGI visual effects production company, has gradually established its foothold in the market of visual effects production for some of the world's biggest events, leading brand names and most acclaimed agencies and studios. iDream created the visual effects in the promotional movie for Hong Kong 2009 East Asian Games, TV commercial for McDonald's in the US region, and stereoscopic 3D promotion trailer for Panasonic 3D Home Theatres launched in March 2010.

FINANCIAL REVIEW

Review of Results

In October 2009, the Group released its second feature film, *Astro Boy*, which generated revenue source (net box office receipts) and incurred distribution expenses (prints and advertising expenses) that were dissimilar to the Group's norm both in nature and magnitude. For the year ended 31st March 2010, the Group reported revenue of HK$107.1 million, representing an increase of HK$103.5 million or 28.6 times when compared to that of last year whilst the prints and advertising expenses amounting to HK$282.2 million, representing a surge of HK$270.4 million.

The sales performance of *Astro Boy* was very disappointing. Its sales revenue attributable to the Group could hardly cover its production costs and distribution expenses. In preparing the Group's consolidated financial statements for the year ended 31st March 2010, the directors of the Company have conducted an impairment review of both the Group's completed and in progress CG animation pictures. In view of the unsatisfactory performance of *Astro Boy* and for the sake of prudence, the directors decided to write off the entire carrying value of *Astro Boy* in the Group's book of accounts and recognised a substantial impairment loss on the carrying value of *Gatchaman*, being a feature film in progress. Impairment loss was also recognised on other smaller projects. As a result, the total impairment loss on the Group's completed and in progress CG animation pictures for the year ended 31st March 2010 amounting to approximately HK$838.8 million, making up 94.9% of the cost of sales for the year.

The dismal result of *Astro Boy* also badly affected the Group's cash flow. With a view to preserving the Group's resources and attracting new investors, the Group significantly cut down its workforce and withdrew funding support for its production houses in the United States and Hong Kong in January 2010 and February 2010 respectively. These moves resulted in a considerable amount of severance payments, production downtime and fixed costs that could not be capitalised. Reflected in the income statement was a significant increase in administrative expenses of HK$35.2 million or 68.3%, and other expenses amounting to HK$64.1 million were also incurred. On the other hand, since the discontinued production houses were loss making, the deconsolidation of subsidiaries resulted in a gain of HK$55.4 million.

The Group had committed various financial arrangements during the year under review in order to fund the production and promotion of *Astro Boy*. Bridge loans raised in February 2009 were converted into shares of the Company on 19th August 2009. Since the conversion price of HK$0.175 per share was lower than the closing price of HK$0.30 per share as at the conversion date, the Company recognised a loss of HK$150.6 million on redemption of bridge loans. In addition, as the proceeds from the loans raised in the year under review have been used for the promotion of *Astro Boy* and for general working capital, the related arrangement fees and interest expenses could not be capitalised. Consequently, finance costs increased by 560 times to HK$55.5 million compared to that of last year.

In sum, the poor performance of *Astro Boy* led to unusually huge amounts of impairment loss on the carrying value of the Group's completed and in progress CG animation pictures, prints and advertising expenses, other expenses, interest expenses and other financing costs. As a result, the Group recorded a loss of HK$1,367.1 million for the year ended 31st March 2010.

Liquidity and Financial Resources

As at 31st March 2010, the Group's bank balances and cash amounted to HK$2.4 million whilst the current ratio was 0.02. The depleted cash position was basically caused by the disappointing performance of *Astro Boy*. As a result of the poor cash flow from the release of *Astro Boy*, many of the Group's financial obligations incurred to fund the production and promotion of *Astro Boy* were not met and remained outstanding as at 31st March 2010. For the same reason, the gearing ratio, measured as total debts over total assets, was at a disapproving figure of 288.1% as at 31st March 2010. Nevertheless, upon the completion of the financial restructuring (details of which are set out in the circular of the Company dated 24th March 2010) in May 2010, the Group has become debt-free and resumed a healthy cash position with strong liquidity.

Capital Structure

As at 31st March 2010, the Company had in issue 3,601,518,384 ordinary shares of HK$0.10 each (the "Shares") and convertible notes in principal amount of HK$132.0 million convertible into 440,000,000 Shares at a conversion price of HK0.30 per Share (the "CNs").

Other than the exercise of certain share options granted under the share option scheme of the Company, the share capital of the Company had the following changes during the year under review:

1. Pursuant to the general mandate granted by the Shareholders in the 2008 annual general meeting and a placing agreement dated 15th June 2009, the Company allotted and issued 230,000,000 Shares at a placing price of HK$0.441 per Share to not less than six independent individual, institutional or professional investors (the "Placing").

   The placing price of HK$0.441 per Share represented a discount of approximately 19.82% to the closing price of HK$0.55 per Share on 15th June 2009, being the date of the placing agreement. The net placing price, after deducting the relevant expenses, was approximately HK$0.43 per Share and the aggregate nominal value of the Shares issued was HK$23.0 million.

   The net proceeds from the Placing of approximately HK$97.9 million were fully utilised for general working capital and to fund film projects.

Management Discussion and Analysis (continued)

2. A rights issue, on the basis of one rights Share for every four Shares held on 28th July 2009, became unconditional on 19th August 2009. Accordingly, 432,738,463 Shares were issued and net proceeds of approximately HK$100.4 million were raised to finance the production and marketing of *Astro Boy*.

3. On 19th August 2009, the Company converted the bridge loans and related interests into 1,204,476,068 new Shares at a conversion price of HK$0.175 per Share.

Subsequent to the year-end date, as part of the financial restructuring to keep the long-term viability of the Group, the capital of the Company has undergone the following changes:

4. On 19th April 2010, a capital reorganisation was effected which included (i) share consolidation of every ten Shares into one consolidated share of HK$1.00 each; (ii) capital reduction of the par value of each issued consolidated share from HK$1.00 to HK$0.001 (the "Adjusted Shares") by the cancellation of HK$0.999 of the paid-up capital on each consolidated share; and (iii) cancellation of the entire balance in the share premium account of the Company.

5. A rights issue on the basis of four rights shares for every Adjusted Share approved by the Shareholders on 16th April 2010 became unconditional on 10th May 2010. Accordingly 1,440,607,352 Adjusted Shares were issued and net proceeds of approximately HK$95.9 million were raised to settle outstanding loans of the Group.

6. As part of the settlement scheme entered into with the Group's major creditors, on 11th May 2010, (i) the liabilities and obligations under the CNs were fully released and discharged; (ii) 790,000,000 Adjusted Shares were allotted and issued as fully paid; and (iii) options to subscribe for 400,000,000 Adjusted Shares at a price of HK$0.08 per Adjusted Share were granted, pursuant to which 61,200,000 Adjusted Shares were issued on 3rd June 2010.

7. On 11th May 2010, 2,863,000,000 Adjusted Shares were issued to Idea Talent Limited, the new controlling shareholder of the Company, at a subscription price of HK$0.07 per Adjusted Share. Net proceeds of approximately HK$200.4 million were raised to settle outstanding loans and to finance the working capital of the Group.

Charges on Assets

As at 31st March 2010, the properties of the Company and certain of its subsidiaries, including *Astro Boy* and the revenue to be generated from *Astro Boy*, were pledged to secure the prints and advertising facility granted by Fortunate City Investment Limited and the loan granted by Endgame Funding, LLC. Further details regarding the facility, the loan and the pledge are disclosed in notes 25, 31 and 32 to the consolidated financial statements.

Exposure to Exchange Rates

During the year, most of the Group's business transactions, assets and liabilities were denominated in Hong Kong dollars, United States dollars, Euros and Japanese Yen. Presently, the Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce the currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures to minimise any adverse impact that may be caused by such fluctuation.

Contingent Liabilities

As at 31st March 2010, the Group had no significant contingent liabilities.

PROSPECTS

The Group has suffered severely in the aftermath of the global financial crisis in 2008 and its financial results for the year ended 31st March 2010 were adversely affected by the ill-prepared launch of *Astro Boy*. The directors of the Company have taken drastic steps to revamp both the operation and financial structure of the Group. Consequently, the Group has restored its financial health and become a much leaner but more focused entity. Although accounting losses are expected to be recognised and included in the consolidated statement of comprehensive income for the year ending 31st March 2011 in respect of the Intercreditors' Agreement, the Share Subscription and the Top-up Subscription all completed in May 2010 (as stated under note 2 to the consolidated financial statements), these losses are technical in nature and have no impact on the Group's cash flow and net assets. The Group is now in a very liquid position and is well placed to start a new chapter. The directors are glad that the financial year ended 31st March 2010 is behind us and are confident that except for the accounting losses mentioned above, the major items contributing to the heavy loss of last year will not recur in this year.

In the ensuing year, the Group intends to focus its resources on higher value-added activities including production of stereoscopic 3D animation movies, creation and marketing of original design properties and other CGI related businesses. Imagi, being an animation studio with a first-class production team based in Hong Kong, is well placed to capture the vast opportunities which may arise in the rapidly growing animation industry in mainland China. Guided by the "Plan to Revitalise China's Culture Industry" policy of the Chinese government, the animation industry in mainland China is expected to expand exponentially in the years to come. The Group is in the process of reviewing a number of projects in the media and entertainment industry. Announcements will be made if and when appropriate.

Imagi has continued to contribute to the local society despite its financial hardship in the past year. Imagi has fully committed to provide support for educating youngsters in computer animation programs organised by SkyHigh Creative Partners – a Hong Kong Jockey Club's initiative for innovative minds, by providing software, hardware and teaching staff since its launch in 2008. With a mission to serve our society, Imagi will continue its dedicated efforts to co-operate with various organisations to help our young generation develop their creativity and succeed in the CGI industry, and in life in general.

HUMAN RESOURCES

Emolument Policy

Emolument policy is reviewed regularly to ensure that compensation and benefit package are in line with the market in the countries where the Group has operations. Remuneration package of the Directors are recommended by the remuneration committee of the Company and approved by the Board, as authorised by shareholders at the annual general meeting of the Company. In addition to the basic salaries, incentives in the form of bonus and share options may also be offered to eligible employees on the basis of individual performance and the Group's results.

Management Discussion and Analysis (continued)

The Group is committed to continuously developing and deploying the potential of its staff to the fullest extent by keeping them abreast with the latest technical, creative and business best practices. The Group's studio is well-equipped with in-house training facilities where structured training programs are regularly provided to staff in technical, creative and managerial disciplines.

Employees

As mentioned in the section headed "Financial Review" above, the Group's production houses in the United State and Hong Kong were closed down in January 2010 and February 2010 and hence the number of employees has been substantially reduced. The Group had 28 staff and 11 consultants as at 31st March 2010. After the completion of the financial restructuring in May 2010, the Group has gradually restored its studio and as at the date of this annual report, the Group had over 60 employees in Hong Kong.

Profile of Directors and Senior Management

CHAIRMAN & NON-EXECUTIVE DIRECTOR

Mr. LEUNG Pak To, aged 55, joined the Company as the Chairman and a Non-executive Director in May 2010. Mr. Leung has over 30 years of experience in investment banking, in particular, the field of corporate finance involving capital raising, mergers and acquisitions, corporate restructuring and reorganisation, investments and other general finance advisory activities in Hong Kong and the PRC. Mr. Leung is currently the Chairman (Greater China) of CVC Asia Pacific Limited, the Vice-Chairman and Managing Director of Yung's Enterprise Holdings Limited. Between June 2001 to July 2006, Mr. Leung was the Chairman of Citigroup Global Markets in Asia. Prior to Citigroup, he was the Chief Executive and Vice Chairman of BNP Paribas Peregrine Ltd. Mr. Leung holds a MBA and an undergraduate degree from the University of Toronto in Canada.

On 13th July 2010, Mr. Leung was appointed as a non-executive director of Sun Hung Kai & Co. Limited, the shares of which are listed on the Hong Kong Stock Exchange.

EXECUTIVE DIRECTOR

Ms. MA Wai Man, Catherine, aged 44, joined the Company in May 2010 as the Company Secretary and was appointed as an Executive Director in July 2010. Ms. Ma is a graduate of the City University of Hong Kong, a chartered secretary, a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Ma has extensive management experience in companies with diversified interests ranging from manufacturing, telecommunications to infrastructure and property investments. She has previously held executive directorships in a number of companies listed on local and overseas stock exchanges.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Yuk Sang, aged 64, joined the Company as an Independent Non-executive Director in May 2010. Mr. Chan has more than 30 years of experience in the banking and finance industry. He was the chairman of Century Legend (Holdings) Limited from September 1999 to July 2002 and a director of Hong Kong Building & Loan Agency Ltd. from 1993 to 1995, both are companies listed on the Hong Kong Stock Exchange. He was a senior general manager of a local bank and an executive director of a joint Chinese foreign bank in Shenzhen.

Mr. CHENG Yuk Wo, aged 49, joined the Company as an Independent Non-executive Director in July 2010. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. He is the managing director of a certified public accounting practice limited and the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng holds a Master of Science (Economics) degree in Accounting and Finance and a Bachelor of Arts (Honours) degree in Accounting.

Dr. LAM Lee G., aged 51, joined the Company as an Independent Non-executive Director in May 2010. Dr. Lam holds a Bachelor of Science in Sciences and Mathematics, a Master of Science in Systems Science and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the United Kingdom, a Master of Law from the University of Wolverhampton in the United Kingdom, a Postgraduate Certificate in Laws (and has completed the Bar Course) from the City University of Hong Kong and a Doctor of Philosophy from the University of Hong Kong.

Profile of Directors and Senior Management (continued)

Dr. Lam is currently a member of the Hong Kong Institute of Bankers, a board member of the East-West Center Foundation, a fellow of the Hong Kong Institute of Directors and a member of its Corporate Governance Committee, a member of the General Committee and Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a founding board member and honorary treasurer of the Hong Kong-Vietnam Chamber of Commerce and the chairman of Monte Jade Science and Technology Association of Hong Kong. Dr. Lam has over 28 years of multinational general management, corporate governance, investment banking and direct investment experience in the telecommunications, media and technology (TMT), retail/consumer, property/hotel and financial services sectors and is vice chairman of Macquarie Capital Advisers Limited and Macquarie Capital (Hong Kong) Limited.

SENIOR MANAGEMENT

Mr. MAK, Chee Hang, Johnny, aged 35, is the Head of Technical Operations. Mr. Mak joined the Group in 2003 and is responsible for establishing and designing the production pipeline. Currently, he is responsible for the Group's overall technology agenda. He leads the IT, R&D and Production Engineer team and manages the overall proprietary tools development and the Group's IT assets as well as its key operational processes. Mr. Mak has over 10 years of experience in computer games production and computer graphic technology. He holds a bachelor's degree in Computer Science from Macquarie University, Australia and a Master of Technology from the University of New South Wales, Australia.

Mr. CHAN, Kin Wa, Desmond, aged 33, is Executive Producer. Mr. Chan holds a Masters Degree in Computer Animation from Teesside University, England. Prior to joining the Group in 2005, he held a broad range of positions with a number of studios in Hong Kong. Mr. Chan is skilled in project management, programme and other animation technical issues. He is responsible for designing and managing the production pipeline and has played a key role in ensuring the completion of *Teenage Mutant Ninja Turtles* and *Astro Boy* on schedule.

Mr. CHOW, Chung Kwok, Jacky, aged 32, is Visual Effects Supervisor. He graduated from the Polytechnic University, Hong Kong with Multimedia Design and Technology Higher Diploma, majoring in 3D animation. He joined the Group in 2001 and has gained experience in various roles including, production designer and assistant art director of production on the Group's first animated TV series *Zentrix*. He was the lighting department supervisor of the TV series *Father of the Pride* and the latest feature film *Astro Boy*. Currently he is working as the development team supervisor for new project developments.

Mr. CHENG Wai Kuen, Wicky, aged 33, is the Human Resources & Administration Manager of the Group. Mr. Cheng joined the Group in 2004 and holds a Bachelor of Business Administration degree from the Hong Kong Baptist University. Mr. Cheng has over 10 years of experience in human resources field. Prior to joining the Group, Mr. Cheng performed human resources at other listed companies in Hong Kong.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31st March 2010, except the deviations described in this Corporate Governance Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as a code of conduct of the Company for Directors' securities transactions.

For the reason that all the existing Directors of the Company were appointed after 31st March 2010, no specific enquiry has been made to the Directors in relation to the compliance with the required standard set out in the Model Code regarding Directors' securities transactions during the year ended 31st March 2010.

BOARD OF DIRECTORS

Currently the Board comprises one Non-executive Director, one Executive Director and three Independent Non-executive Directors.

The composition of the Board's members during the year and up to the date of this report is as follows:

Chairman:

Mr. LEUNG Pak To *(Chairman and Non-executive Director)*	(appointed on 18th May 2010)
Mr. Richard Arthur WITTS	(retired on 17th November 2009)

Executive Directors:

Ms. MA Wai Man, Catherine	(appointed on 1st July 2010)
Mr. Douglas Esse GLEN	(resigned on 8th May 2009)
Mr. PHOON Chiong Kit	(re-designated as Deputy Chairman and Executive Director on 21st April 2009 and resigned on 18th May 2010)
Ms. TING Chuk Kwan	(appointed as Non-executive Director on 8th May 2009, re-designated as Independent Non-executive Director on 5th June 2009, re-designated as Executive Director on 23rd September 2009 and resigned on 1st November 2009)

Non-executive Directors:

Mr. William Montgomerie COURTAULD	(re-designated as Executive Director on 8th May 2009, re-designated as Non-executive Director on 24th October 2009 and deceased on 7th March 2010)
Mr. Paul Steven SERFATY	(retired on 17th November 2009)

Corporate Governance Report (continued)

Independent Non-executive Directors:

Mr. CHAN Yuk Sang	(appointed on 11th May 2010)
Mr. CHENG Yuk Wo	(appointed on 1st July 2010)
Dr. LAM Lee G.	(appointed on 11th May 2010)
Mr. NG See Yuen	(resigned on 13th May 2010)
Mr. OH Kok Chi	(resigned on 1st January 2010)

During the financial year ended 31st March 2010, the Directors have made active contributions to the affairs of the Group and thirteen Board meetings were held. Details of the attendance of individual directors at board meetings during the year are set out in the following table.

Name	Number of meeting held during the director's term of office	Number of meeting attended
Chairman		
Richard Arthur Witts	12	11
Executive Directors		
Douglas Esse Glen	3	3
Phoon Chiong Kit	13	13
Ting Chuk Kwan	7	7
Non-executive Directors		
William Montgomerie Courtauld	13	12
Paul Steven Serfaty	12	12
Independent Non-executive Directors		
Ng See Yuen	13	3
Oh Kok Chi	13	13

The Board is responsible for formulating policies and objectives of the Company, setting targets of the management and monitoring the management's performance. It delegates day-to-day operations of the Company to the executive committee and senior management within the control and authority framework set out by the Board.

The Board includes a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgments. Non-executive Directors are of sufficient calibre and number for their views to carry weight.

Following the retirement of Mr. Richard Arthur Witts on 17th November 2009, the Company had two independent non-executive directors only and did not comply with the requirement under Rule 3.10(1) of the Listing Rules. On 1st January 2010, Mr. Oh Kok Chi, who is a professional in accountancy, resigned as an Independent Non-executive Director and the Company thus failed to comply with Rule 3.10(2) of the Listing Rules. Subsequent to the year ended date, the Company appointed Mr. Chan Yuk Sang and Dr. Lam Lee G. on 11th May 2010 and Mr. Cheng Yuk Wo, who possesses accounting professional qualifications, on 1st July 2010 as Independent Non-executive Directors and henceforth the Company complies with Rules 3.10(1) and (2) of the Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman provides leadership for the Board and the Chief Executive Officer has overall chief executive responsibility for the Group's business development and day-to-day management generally.

During the year, Mr. Richard Arthur Witts was the Chairman of the Company until his retirement on 17th November 2009. Since then, the role of the Chairman was assumed by Mr. Phoon Chiong Kit, the then Deputy Chairman. Responsibilities of chief executive officer were vested with Mr. Douglas Esse Glen and Mr. William Montgomerie Courtauld after Mr. Glen's resignation on 8th May 2009. On 23rd September 2009, Ms. Ting Chuk Kwan was nominated as the Acting Chief Executive Officer to replace Mr. Courtauld. Following the resignation of Ms. Ting on 1st November 2009, Mr. Phoon was appointed as the Chief Executive Officer. Consequently, roles of chairman and chief executive officer were performed by the same individual from 17th November 2009 onwards which deviated from the requirement stipulated under Code A.2.1 of the Code.

Mr. Phoon left the Company on 18th May 2010 and Mr. Leung Pak To was appointed as the Chairman of the Company to lead the Board on the same day. On 1st July 2010, Ms. Ma Wai Man, Catherine was appointed as an Executive Director and took up the function of chief executive officer.

NON-EXECUTIVE DIRECTORS

None of the non-executive Directors of the Company was appointed for any specific fixed term which deviates from Code A.4.1 of the Code. In accordance with the bye-laws of the Company, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Board considers that sufficient measures have been taken to ensure the corporate governance practices of the Company are not less exacting than those in the Code.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 1st August 2005 with specific written terms of reference which deals clearly with its authority and duties. The principal duties of the Remuneration Committee include:

(i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group;

(ii) reviewing and approving performance-based remunerations;

(iii) determining the specific remuneration packages of all Executive Directors and senior management and making recommendations to the Board for the remunerations of Non-executive Director and Independent Non-executive Directors;

(iv) reviewing and approving the compensations payable to Executive Directors and senior management and the compensation arrangements relating to dismissal or removal of Directors for misconducts; and

(v) ensuring that no Directors or any of their associates are involved in deciding their own remuneration.

Members of the Remuneration Committee comprised of Mr. Richard Arthur Witts as the chairman and Mr. Phoon Chiong Kit and Mr. Oh Kok Chi as the members. Since the retirement of Mr. Witts on 17th November 2009, the Company failed to meet the requirement in relation to the composition of the remuneration committee under Code B.1.1 of the Code. Mr. Oh and Mr. Phoon resigned as Directors on 1st January 2010 and 18th May 2010 respectively.

The Board reorganised its Remuneration Committee on 6th July 2010. Ms. Ma Wai Man, Catherine was nominated as the chairman of the Remuneration Committee and Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G., all of whom are Independent Non-executive Directors, were appointed as members of the Remuneration Committee.

During the year, the Remuneration Committee held three meetings to discuss the remuneration package of certain Directors and senior management. The attendance of individual members was set out in the following table.

	Number of meeting held during the committee member's term of office	**Number of meeting attended**
Richard Arthur Witts	3	3
Phoon Chiong Kit	3	3
Oh Kok Chi	3	3

NOMINATION OF DIRECTORS

Appointment of new directors is a matter for consideration by the Board. The Board will review the profiles of the candidates before considering the appointment and re-nomination of directors.

AUDITORS' REMUNERATION

During the year, the remunerations paid to the Company's auditors, Messrs. Deloitte Touche Tohmatsu, are set out as follows:

Services rendered	**Fee paid/payable** HK$'000
Audit services	1,620
Non-audit services:	
Review on interim financial report	334
Taxation services	251
Other professional services	549

AUDIT COMMITTEE

The principal duties of the Audit Committee of the Company include, amongst other things,

(i) overseeing the relationship with the Company's auditors;

(ii) reviewing the interim and annual financial statements; and

(iii) reviewing the Company's financial reporting system and internal control procedures.

Audit Committee of the Company composed of Ms. Ting Chuk Kwan as chairman (after her re-designation as an Independent Non-executive Director on 5th June 2009), Mr. Ng See Yuen and Mr. Oh Kok Chi. Upon the re-designation of Ms. Ting as an Executive Director on 23rd September 2009, Mr. Paul Steven Serfaty was appointed as a member of the Audit Committee and Mr. Oh Kok Chi was nominated as the chairman. However, following the retirement of Mr. Serfaty on 17th November 2009, the number of the Audit Committee members fell below the minimum number set out in Rule 3.21 of the Listing Rules. Mr. Oh and Mr. Ng left the Board on 1st January 2010 and 13th May 2010 respectively. Upon the appointments of Mr. Chan Yuk Sang and Dr. Lam Lee G. on 11th May 2010 and of Mr. Cheng Yuk Wo on 1st July 2010 as the Audit Committee members, the Company henceforth fulfill the requirement under Rule 3.21 of the Listing Rules.

Corporate Governance Report (continued)

During the year, the Audit Committee held three meetings to discuss and approve the annual results for the year ended 31st March 2009 and the interim results for the period ended 30th September 2009 and the attendance of individual members was set out in the following table.

Name	Number of meeting held during the committee member's term of office	Number of meeting attended
Ng See Yuen	3	0
Oh Kok Chi	3	3
Paul Steven Serfaty	0	0
Ting Chuk Kwan	2	2

INTERNAL CONTROLS

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Group at all times.

The system of internal controls aims at achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatements in the financial statements or loss of assets and to manage rather than to eliminate risks of failure when business objectives are being sought.

The Board has engaged an independent external accountancy firm to conduct a review on the effectiveness of the internal control system of the Group for the year ended 31st March 2010. Based on the report on the findings which include recommendations for further improvement, the Board satisfies that the Group has operated an effective internal control system during the year under review.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group. The statement of the auditors of the Company, Messrs. Deloitte Touche Tohmatsu, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 32 of this annual report.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March 2010 are set out in the consolidated statement of comprehensive income on page 33. The Directors have not recommended the payment of a dividend for the year ended 31st March 2010.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 100.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 35 and note 38 to the consolidated financial statements respectively. As at 31st March 2010, the Company did not have any reserves available for distribution (2009: nil).

Directors' Report (continued)

DIRECTORS

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

Chairman:

Mr. LEUNG Pak To *(Chairman and Non-executive Director)*	(appointed on 18th May 2010)
Mr. Richard Arthur WITTS	(retired on 17th November 2009)

Executive Directors:

Ms. MA Wai Man, Catherine	(appointed on 1st July 2010)
Mr. Douglas Esse GLEN	(resigned on 8th May 2009)
Mr. PHOON Chiong Kit	(re-designated as Deputy Chairman and Executive Director on 21st April 2009 and resigned on 18th May 2010)
Ms. TING Chuk Kwan	(appointed as Non-executive Director on 8th May 2009, re-designated as Independent Non-executive Director on 5th June 2009, re-designated as Executive Director on 23rd September 2009 and resigned on 1st November 2009)

Non-executive Directors:

Mr. William Montgomerie COURTAULD	(re-designated as Executive Director on 8th May 2009, re-designated as Non-executive Director on 24th October 2009 and deceased on 7th March 2010)
Mr. Paul Steven SERFATY	(retired on 17th November 2009)

Independent Non-executive Directors:

Mr. CHAN Yuk Sang	(appointed on 11th May 2010)
Mr. CHENG Yuk Wo	(appointed on 1st July 2010)
Dr. LAM Lee G.	(appointed on 11th May 2010)
Mr. NG See Yuen	(resigned on 13th May 2010)
Mr. OH Kok Chi	(resigned on 1st January 2010)

In accordance with Bye-law 86(2) of the Company's bye-laws, Mr. Leung Pak To, Ms. Ma Wai Man, Catherine, Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G., who were appointed as Directors by the Board, will hold office until the forthcoming annual general meeting. They, being eligible, offer themselves for re-election.

The term of office for each Non-executive Director is the period up to his retirement by rotation in accordance with the Company's bye-laws.

No Director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received, from each of the existing Independent Non-Executive Directors (all of them were appointed after 31st March 2010), a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-Executive Directors are independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31st March 2010, the interests and short positions of the Directors and the Chief Executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position

(A) Ordinary shares of HK$0.10 each of the Company

Name of Directors	Number of issued ordinary shares held Personal interest	Corporate interest	Total interest	Percentage of issued share capital
Mr. William Montgomerie Courtauld (Note 1)	5,483,870 (Note 3)	12,170,085	17,653,955	0.49%
Mr. Ng See Yuen (Note 2)	1,000,000	–	1,000,000	0.03%
Mr. Phoon Chiong Kit (Note 2)	2,000,000 (Note 3)	–	2,000,000	0.06%

(B) Share options of the Company

Name of Directors	Capacity	Number of options held	Number of underlying shares
Mr. William Montgomerie Courtauld (Note 1)	Beneficial owner	2,000,000	2,000,000
Mr. Ng See Yuen (Note 2)	Beneficial owner	2,051,088	2,051,088
Mr. Phoon Chiong Kit (Note 2)	Beneficial owner	10,000,000	10,000,000

Note 1: Mr. William Montgomerie Courtauld passed away on 7th March 2010.

Note 2: Subsequent to the end of reporting period, Mr. Ng See Yuen and Mr. Phoon Chiong Kit resigned as a Director on 13th May 2010 and 18th May 2010 respectively.

Note 3: These shares relate to share grants approved by the shareholders on 17th November 2009 and issued (with adjustment for the share consolidation effected on 19th April 2010) subsequent to the end of reporting period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the option holdings and share grants as disclosed above in the section "Directors' and Chief Executive's Interests in Securities", at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangement to enable the Directors or Chief Executive 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' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 37 to the consolidated financial statements, no contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at end of the year or at any time during the year.

Directors' Report (continued)

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 30 to the consolidated financial statements. The following table discloses movements in the Company's share options during the year:

	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	At 1st April 2009	Adjustment on rights issue	Granted during the year	Granted with modification during the year	Cancelled with modification during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	At 31st March 2010
Category 1: Directors													
Mr. Douglas Esse Glen	9th October 2006	Nil to 5 years	5 years	2.332*	5,000,000	510,880	–	–	–	–	–	–	5,510,880
	7th April 2008	2.74 to 4.74 years	5 years	1.976*	3,000,000	306,528	–	–	–	–	–	–	3,306,528
	29th December 2008	Nil to 1 year	5 years	0.365*	7,000,000	715,232	–	–	–	–	–	–	7,715,232
Mr. Ng See Yuen	22nd July 2008	1 to 4 years	5 years	0.780*	500,000	51,088	–	–	–	–	–	–	551,088
	21st August 2009	1 to 3 years	5 years	0.315	–	–	1,500,000	–	–	–	–	–	1,500,000
Mr. Oh Kok Chi	22nd July 2008	1 to 4 years	5 years	0.780*	500,000	51,088	–	–	–	–	(418,827)	(132,261)	–
	21st August 2009	1 to 3 years	5 years	0.315	–	–	1,500,000	–	–	–	(1,500,000)	–	–
Mr. William Montgomerie Courtauld	21st August 2009	1 to 3 years	5 years	0.315	–	–	2,000,000	–	–	–	–	–	2,000,000
Mr. Phoon Chiong Kit	21st August 2009	1 to 3 years	5 years	0.315	–	–	10,000,000	–	–	–	–	–	10,000,000
Mr. Paul Steven Serfaty	21st August 2009	1 to 3 years	5 years	0.315	–	–	2,000,000	–	–	–	(2,000,000)	–	–
Ms. Ting Chuk Kwan	21st August 2009	1 to 3 years	5 years	0.315	–	–	2,000,000	–	–	–	(2,000,000)	–	–
Mr. Richard Arthur Witts	21st August 2009	1 to 3 years	5 years	0.315	–	–	4,000,000	–	–	–	(4,000,000)	–	–
					16,000,000	1,634,816	23,000,000	–	–	–	(9,918,827)	(132,261)	30,583,728
Category 2: Employees													
	24th May 2005	Nil	5 years	0.178*	3,500,000	337,181	–	–	–	(3,550,000)	–	(287,181)	–
	7th June 2005	Nil	5 years	0.177*	5,000,000	510,880	–	–	–	–	–	(5,510,880)	–
	13th February 2006	Nil	3 to 5 years	0.485*	2,300,000	235,005	–	–	(2,204,352)	–	–	(330,653)	–
	8th November 2006	Nil	5 years	2.785*	860,000	87,871	–	–	(947,871)	–	–	–	–
	15th May 2007	0.67 to 3 years	5 years	1.976*	39,525,000	4,018,070	–	–	(38,994,976)	–	(99,895)	(4,448,199)	–
	25th September 2007	0.33 to 3 years	5 years	1.976*	6,750,000	689,688	–	–	(4,022,954)	–	(367,385)	(3,049,349)	–
	17th January 2008	1 to 3 years	5 years	1.976*	1,000,000	102,176	–	–	(1,102,176)	–	–	–	–
	7th April 2008	1 to 3 years	5 years	1.976*	1,690,000	172,677	–	–	(760,501)	–	(734,780)	(367,396)	–
	22nd December 2008	Nil	5 years	0.381*	10,000,000	817,408	–	–	–	(2,000,000)	–	(8,817,408)	–
	21st August 2009	1 to 3 years	5 years	0.315	–	–	167,738,000	–	–	–	(149,326,000)	–	18,412,000
	17th November 2009	Nil to 3 years	3 to 5 years	0.315	–	–	–	48,032,830	–	–	(1,702,225)	(41,962,213)	4,368,392
					70,625,000	6,970,956	167,738,000	48,032,830	(48,032,830)	(5,550,000)	(152,230,285)	(64,773,279)	22,780,392
Category 3: Supplier of services													
	12th January 2009	0.05 to 1.97 years	5 years	0.374*	5,000,000	510,880	–	–	–	–	–	–	5,510,880
Total					91,625,000	9,116,652	190,738,000	48,032,830	(48,032,830)	(5,550,000)	(162,149,112)	(64,905,540)	58,875,000

* after the adjustment for rights issue

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in the section "Directors' and Chief Executive's Interests in Securities", the following persons had relevant interests in the issued share capital of the Company:

(A) Ordinary shares of HK$0.10 each of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of issued share capital
HSBC International Trustee Limited (Note 1)	Trustee	831,057,779	23.07%
Kao Cheung Chong (Note 1)	Beneficial owner Interest of controlled corporation Beneficiary of a trust	12,306,765 9,373,020 597,816,490	0.34% 0.26% 16.60%
Sunni International Limited (Note 1)	Beneficial owner	585,618,505	16.26%
Kao Wai Ho, Francis (Note 1)	Interest of controlled corporation	585,618,505	16.26%
Chu Jocelyn ("Ms. Chu") (Note 2)	Interest of spouse Interest of controlled corporation	100,000,000 655,203,900	2.78% 18.19%
Hung Kam Biu ("Mr. Hung") (Note 2)	Beneficial owner Interest of controlled corporation	100,000,000 655,203,900	2.78% 18.19%
Winnington Capital Limited ("Winnington") (Note 2)	Beneficial owner Investment manager	250,000 654,953,900	0.01% 18.19%
Trophy Asset Management Limited ("Trophy Asset") (Note 2)	Investment manager	654,953,900	18.19%
Trophy Fund (Note 2)	Beneficial owner	597,219,634	16.58%
Citigroup Inc.	Lending agent Person having a security interest in shares	129,200 655,083,100	0.004% 18.19%
Bosrich Holdings (PTC) Inc. (Note 3)	Trustee	209,950,000	5.83%
Lo Hong Sui, Vincent (Note 3)	Founder of discretionary trust	209,950,000	5.83%
Chu Loletta (Note 3)	Interest of spouse	209,950,000	5.83%
Shui On Company Limited (Note 3)	Interest of controlled corporation	209,950,000	5.83%
Shui On Holdings Limited (Note 3)	Interest of controlled corporation	209,950,000	5.83%
Shui On Investment Company Limited (Note 3)	Interest of controlled corporation	209,950,000	5.83%
Smart Will Investments Limited (Note 3)	Beneficial owner	209,950,000	5.83%

Directors' Report (continued)

SUBSTANTIAL SHAREHOLDERS *(Continued)*

(A) Ordinary shares of HK$0.10 each of the Company *(Continued)*

Notes:

1. Sunni International Limited is 54.67% beneficially owned by Mr. Kao Wai Ho, Francis. HSBC International Trustee Limited acts as trustee for The Cheerco Trust, of which Mr. Kao Cheung Chong and his family members excluding, Mr. Kao Wai Ho, Francis are discretionary objects.

2. To the best knowledge of the Directors, having made all reasonable enquiries, the 597,219,634 Shares and 57,734,266 Shares out of Winnington's interest are held by Trophy Fund and Trophy LV Master Fund, respectively, both of which are managed by Trophy Asset, which in turn is wholly owned by Mr. Hung. Trophy Fund and Trophy LV Master Fund are advised by Winnington (delegated management by Trophy Asset), which is 50% owned by each of Mr. Hung and his wife, Ms. Chu.

3. Smart Will Investments Limited is ultimately controlled by Mr. Lo Hong Sui, Vincent through Bosrich Holdings (PTC) Inc., Shui On Company Limited, Shui On Holdings Limited and Shui On Investment Company Limited. Ms. Chu Loletta is the wife of Mr. Lo Hong Sui, Vincent and the sister of Ms. Chu Jocelyn.

(B) Convertible notes of the Company

Name of noteholders	Capacity	Number of underlying shares (Note 1)
Goodyear Group Limited ("Goodyear")	Beneficial owner (Note 2)	313,333,333
Trophy Fund	Interest of controlled corporation (Note 2)	313,333,333
Trophy Asset	Investment manager (Note 2)	440,000,000
Winnington	Investment manager (Note 2)	440,000,000
Mr. Hung	Interest of controlled corporation (Note 2)	440,000,000
Ms. Chu	Interest of controlled corporation (Note 2)	440,000,000

Notes:

1. The underlying shares represented the new shares to be issued upon full conversion of HK$132,000,000 zero coupon convertible notes (the "CNs") held by respective holders of the convertible notes at a conversion price of HK$0.30 per share issued by the Company on 19th August 2009. The liabilities under the CNs have been released on 11th May 2010 upon completion of the Intercreditors' Agreement which was approved on a special general meeting dated 16th April 2010.

2. Goodyear beneficially owns HK$94,000,000 CN. Goodyear is wholly-owned by Trophy Fund which is managed by Trophy Asset. Trophy Asset owns an additional HK$38,000,000 CN and is wholly-owned by Mr. Hung. Trophy Fund is advised by Winnington, an investment manager which is 50% owned by each of Mr. Hung and Ms. Chu. Accordingly, Trophy Asset, Winnington, Mr. Hung and Ms. Chu are deemed to be interested in HK$132,000,000 CNs.

CONNECTED TRANSACTIONS

(A) Evertop Bridge Loan Arrangements

Pursuant to a loan agreement dated 13th February 2009 and a novation deed dated 20th February 2009, the Group was granted with a bridge loan facility from Evertop Capital Limited ("Evertop") of up to US$10 million to finance the working capital of the Group. The bridge loan facility was secured by, among others, fixed and floating charges over all the rights of the Company and certain of its subsidiaries over the film *Astro Boy* and all the intellectual property rights and other assets ("Evertop Bridge Loan Arrangements") and was subsequently increased to a maximum of US$25 million by three supplemental agreements.

Evertop is wholly owned by Mr. Hung Kam Biu ("Mr. Hung"). Winnington Capital Limited ("Winnington") is a substantial shareholder of the Company and is 50% owned by each of Mr. Hung and his wife, Ms. Chu Jocelyn. As such, the Evertop Bridge Loan Arrangements constituted a connected transaction of the Company under the Listing Rules.

The Evertop Bridge Loan Arrangements were approved by the shareholders in a special general meeting held on 30th July 2009 ("SGM") and had been discharged and released upon the completion of the Bridge Loan Conversion Agreement (as defined in item (B) below). Further details regarding the Evertop Bridge Loan Arrangements are set out in the announcement of the Company dated 24th February 2009 and the circular of the Company dated 14th July 2009.

(B) Evertop Bridge Loan Conversion

On 15th May 2009, the Company, and on behalf of certain of its wholly-owned subsidiaries, entered into an agreement with the bridge loan lenders regarding the conversion of the bridge loans into shares of the Company at a price of HK$0.175 per share and the release of security arrangements relating to the bridge loans ("Bridge Loan Conversion Agreement"). Evertop, being one of the bridge loan lenders, was a party of the Bridge Loan Conversion Agreement.

As stated in item (A) above, Evertop is a connected person of the Company and therefore the issue of shares to Evertop pursuant to the Bridge Loan Conversion Agreement constituted a connected transaction of the Company under the Listing Rules. Further details regarding the Bridge Loan Conversion Agreement are set out in the circular of the Company dated 14th July 2009.

The Bridge Loan Conversion Agreement was approved at the SGM and was completed on 19th August 2009. Accordingly the bridge loan due to Evertop (together with the interest thereon) amounting to US$21.76 million was settled by issuing 963,726,718 shares of the Company on 19th August 2009.

CONNECTED TRANSACTIONS *(Continued)*

(C) Issue of New Winnington Convertible Note

The entering of, among others, the Evertop Bridge Loan Arrangements triggered an early redemption provision of a convertible notes in principal amount of HK$132 million issued by the Company in January 2008 ("Jan 08 CN"). In order for the Company to conserve its cash position and defer payment for the amounts due under Jan 08 CN, the Company and Winnington agreed to redeem and release the Jan 08 CN and entered into a subscription agreement on 15th May 2009 ("New Winnington Subscription Agreement") whereby the Company would issue a new 2-year zero coupon convertible note(s) with a principal amount of HK$132 million and convertible into new shares of the Company at a conversion price of HK$0.30 per share.

As stated in item (A) above, Winnington is a substantial shareholder of the Company and thus the transaction contemplated under New Winnington Subscription Agreement was a connected transaction of the Company under the Listing Rules. Further details of the New Winnington Subscription Agreement are set out in the circular of the Company dated 14th July 2009.

The New Winnington Subscription Agreement was approved by the shareholders of the Company at the SGM and the relevant convertible notes were issued on 19th August 2009.

(D) Share Grant to Directors

The Company entered into a service agreement with Mr. William Montgomerie Courtauld on 21st August 2009 in relation to his appointment as the acting chief executive officer of the Group. As part of the remuneration, 1,000,000 fully-paid shares of the Company would be allotted and issued to Mr. Courtauld for each month of service.

The Company also issued a grant letter to Mr. Phoon Chiong Kit on 21st August 2009 whereby the Company would allot and issue 2,000,000 fully-paid shares of the Company to Mr. Phoon as one-time non-cash bonus to recognise the contribution and services of Mr. Phoon.

The share grant to Mr. Courtauld and Mr. Phoon as part of their remuneration package ("Share Grant") enabled the Company to provide incentives to Mr. Courtauld and Mr. Phoon whilst lessened the onerous burden on the cash flow of the Company. Both Mr. Courtauld and Mr. Phoon were the then directors of the Company and therefore the Share Grant to each of them were connected transactions of the Company under the Listing Rules. Further details of the Share Grant are set out in the circular of the Company dated 30th October 2009.

The Share Grant was approved by the shareholders of the Company in a special general meeting held on 17th November 2009 and, after adjusting for the share consolidation of the Company effected on 19th April 2010, 548,387 shares and 200,000 shares of the Company were allotted and issued as fully paid to Mr. Courtauld and Mr. Phoon on 18th May 2010.

CONNECTED TRANSACTIONS *(Continued)*

(E) Financial Assistance from FCI

In order for the Group to secure prints and advertising financing for the release of its feature film, *Astro Boy*, Fortunate City Investments Limited ("FCI") agreed to provide a cash collateral of US$10 million to the financier to secure the Company's obligation under prints and advertising financing (the "Collateral"). In consideration of and as a condition to the provision of the Collateral, the Company and certain of its subsidiaries entered into a fee and security package on 9th September 2009 ("Fee and Security Package") which comprised, among others, (i) a fee letter setting out the fixed fee and the bonus payable to FCI; (ii) a counter indemnity provided by the Company in favour of FCI; and (iii) charges on all the exploitation rights relating to *Astro Boy* throughout the territories of Japan, China and Hong Kong.

On 9th September 2009, FCI was wholly-owned by Mr. Hung, a connected person of the Company as stated in item (A) above and hence provision of the Collateral and the Fee and Security Package constituted connected transactions under the Listing Rules. Details of the Collateral and the Fee and Security Package are disclosed in the circular of the Company dated 30th November 2009.

Subsequently and before the approval on the transactions in a special general meeting held on 17th December 2009, Mr. Hung disposed his entire interest in FCI and FCI ceased to be a connected person of the Company.

(F) Loan Restructuring with Core Creditors

On 10th February 2010, the Company entered into an intercreditors' agreement ("Intercreditors' Agreement") with, among others, Goodyear Group Limited ("Goodyear"), Trophy LV Master Fund, Trophy Fund and FCI pursuant to which the creditors agreed, subject to the fulfillment of certain conditions, to accept in full settlement of their respective debts by a combination of (i) cash settlement; (ii) issue of conversion shares; and (iii) grant of options to subscribe shares of the Company at a price of HK$0.08 per share pursuant to the respective options agreements entered into on 10th February ("Options Agreements") as follows:

Creditor	**Respective debt** HK$	**Cash settlement amount** HK$	**Number of conversion shares**	**Number of option shares**
Goodyear	94,000,000	24,498,832	277,477,800	145,300,000
Trophy LV Master Fund	38,000,000	9,903,783	112,171,900	61,200,000
Trophy Fund	19,983,160	6,312,033	71,491,100	63,900,000
FCI	89,125,000	29,035,351	328,859,200	129,600,000

The Company's financial and liquidity position was adversely impacted by the disappointing performance of its feature film, *Astro Boy*. The Intercreditors' Agreement was part of the transactions executed by the Company in February 2010 to restructure its balance sheet and recapitalise the Group so as the restore the long-term viability of the Group. Details of the Intercreditors' Agreement and the Option Agreements are set out in the circular of the Company dated 24th March 2010.

Directors' Report (continued)

CONNECTED TRANSACTIONS *(Continued)*

(F) Loan Restructuring with Core Creditors *(Continued)*

Trophy Fund is a substantial shareholder of the Company and Goodyear is a wholly owned subsidiary of Trophy Fund. Both Trophy Fund and Trophy LV Master Fund are managed by Trophy Asset Management Limited, which in turn is wholly owned by Mr. Hung. Accordingly, the transactions between the Company and each of Trophy Fund, Trophy LV Master Fund and Goodyear pursuant to the Intercreditors' Agreement and the Option Agreements constituted connected transactions of the Company under the Listing Rules.

The Intercreditors' Agreement and the Option Agreements were approved in a special general meeting of the Company held on 16th April 2010 and were completed on 11th May 2010.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2010, revenue attributable to the largest and the five largest customers accounted for 44.98% (2009: 47.66%) and 97.18% (2009: 99.39%) of the revenue respectively. Due to the nature of the Group's business, no supply of raw materials or finished products is required for carrying out the Group's business and no supplier is therefore required to be disclosed.

None of the Directors, their associates (as defined in the Listing Rules), or any shareholders of the Company (who or which, to the knowledge of the Directors, owns more than 5 per cent of the issued share capital of the Company) has any interest in any of the Group's five largest customers.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Company's Directors, as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$34,000.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Leung Pak To
Chairman
Hong Kong, 21st July, 2010

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF IMAGI INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Imagi International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 95, which comprise the consolidated statement of financial position as at 31st March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, 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 as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March 2010 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.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 21st July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2010

	NOTES	2010 HK$'000	2009 HK$'000 (restated)
Revenue	8	**107,123**	3,613
Cost of sales	9	**(883,499)**	(90,879)
Gross loss		**(776,376)**	(87,266)
Other income	10a	**1,295**	1,260
Other gains and losses	10b	**(506)**	(602)
Prints and advertising expenses		**(282,200)**	(11,780)
Administrative expenses		**(86,713)**	(51,516)
Other expenses		**(64,103)**	–
Impairment loss on goodwill	20	**(3,228)**	–
Loss on redemption of bridge loans	24	**(150,560)**	–
Loss on re-measurement of liability component of convertible loan notes	26	**–**	(34,490)
Loss on redemption on convertible loan notes	26	**(5,332)**	–
Gain on deconsolidation of subsidiaries	31	**55,354**	–
Finance costs	11	**(55,542)**	(99)
Loss before tax	12	**(1,367,911)**	(184,493)
Income tax credit	13	**825**	7,066
Loss for the year		**(1,367,086)**	(177,427)
Exchange differences arising on translation of foreign operations		**2,497**	(38)
Total comprehensive expenses for the year		**(1,364,589)**	(177,465)
Loss per share			
– basic and diluted	17	**(HK$1.035)**	(HK$0.229)

Consolidated Statement of Financial Position

At 31st March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	18	1,446	71,392
Computer graphic ("CG") animation pictures	19	82,572	738,647
Goodwill	20	–	3,228
Long term rental deposits	22	–	11,017
Club debentures	21	–	2,510
		84,018	826,794
Current assets			
Trade and other receivables, deposits and prepayments	22	1,264	10,935
Tax recoverable		–	10
Bank balances and cash	23	2,368	3,808
		3,632	14,753
Current liabilities			
Other payables and accruals		36,435	39,286
Unearned revenue		–	5,090
Tax payable		1,788	338
Bridge loans	24	36,000	93,600
Prints and advertising loan	25	78,000	–
Convertible loan notes	26	34,403	132,000
Obligations under finance lease – due within one year	27	–	693
		186,626	271,007
Net current liabilities		(182,994)	(256,254)
Total assets less current liabilities		(98,976)	570,540
Non-current liabilities			
Obligations under finance lease – due after one year	27	–	1,341
Convertible loan notes	26	59,597	–
Deferred tax	28	6,270	2,396
		65,867	3,737
Net (liabilities) assets		(164,843)	566,803
Capital and reserves			
Share capital	29	360,152	172,875
Reserves		(524,995)	393,928
Total equity attributable to owners of the Company		(164,843)	566,803

The consolidated financial statements on pages 33 to 95 were approved and authorised for issue by the Board on 21st July 2010 and were signed on its behalf by:

LEUNG PAK TO
DIRECTOR

MA WAI MAN, CATHERINE
DIRECTOR

Consolidated Statement of Changes In Equity

For the year ended 31st March 2010

	Share capital HK$'000	Share premium HK$'000	Deemed contribution reserve HK$'000 (note a)	Merger reserve HK$'000 (note b)	Translation reserve HK$'000	Convertible loan notes equity reserve HK$'000	Share options reserve HK$'000	Share award reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April 2008	163,795	576,216	–	909	1,034	42,972	95,435	–	(242,518)	637,843
Exchange differences arising on translation of foreign operations	–	–	–	–	(38)	–	–	–	–	(38)
Loss for the year	–	–	–	–	–	–	–	–	(177,427)	(177,427)
Total comprehensive expenses for the year	–	–	–	–	(38)	–	–	–	(177,427)	(177,465)
Shares issued (Note 29(ii))	9,060	46,622	22,650	–	–	–	–	–	–	78,332
Share issue expenses	–	(416)	–	–	–	–	–	–	–	(416)
Decrease in opening deferred tax liability due to a decrease in applicable rate (Note 28)	–	–	–	–	–	521	–	–	–	521
Recognition of equity-settled share-based payments (Note 30(c))	–	–	–	–	–	–	27,949	–	–	27,949
Exercise of share options (Note 29(i))	20	47	–	–	–	–	(28)	–	–	39
Share options forfeited during the year (Note 30(b)(v))	–	–	–	–	–	–	(8,484)	–	8,484	–
At 31st March 2009	172,875	622,469	22,650	909	996	43,493	114,872	–	(411,461)	566,803
Exchange differences arising on translation of foreign operations	–	–	–	–	2,497	–	–	–	–	2,497
Loss for the year	–	–	–	–	–	–	–	–	(1,367,086)	(1,367,086)
Total comprehensive income (expenses) for the year	–	–	–	–	2,497	–	–	–	(1,367,086)	(1,364,589)
Placement of shares (Note 29(v))	23,000	78,430	–	–	–	–	–	–	–	101,430
Rights issue (Note 29(vi))	43,274	64,911	–	–	–	–	–	–	–	108,185
Share issue expenses	–	(6,748)	–	–	–	–	–	–	–	(6,748)
Conversion of bridge loans (Note 24)	120,448	240,896	–	–	–	–	–	–	–	361,344
Recognition of equity-settled share-based payments (Note 30)	–	–	–	–	–	–	18,600	1,355	–	19,955
Exercise of share options (Note 29(iv))	555	1,875	–	–	–	–	(904)	–	–	1,526
Share options forfeited during the year (Note 30(b)(iii))	–	–	–	–	–	–	(105,265)	–	105,265	–
Redemption of convertible loan notes	–	–	–	–	–	(43,493)	–	–	43,493	–
Recognition of equity component of convertible loan notes	–	–	–	–	–	56,588	–	–	–	56,588
Deferred tax liability on recognition of equity component of convertible loan notes	–	–	–	–	–	(9,337)	–	–	–	(9,337)
At 31st March 2010	**360,152**	**1,001,833**	**22,650**	**909**	**3,493**	**47,251**	**27,303**	**1,355**	**(1,629,789)**	**(164,843)**

notes:

(a) Deemed contribution reserve represents the difference between the subscription price in a share subscription by a new shareholder and the diluted subscription price after taking into account of the transfer of gift shares from an existing shareholder to the new shareholder (details as per Note 29(ii)).

(b) Merger reserve represents the difference between the nominal value of shares of subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a previous corporate reorganisation.

Consolidated Statement of Cash Flows

For the year ended 31st March 2010

	NOTES	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES			
Loss before tax		(1,367,911)	(184,493)
Adjustments for:			
Amortisation of CG animation pictures		44,675	3,639
Bank interest income		(15)	(800)
Depreciation of property, plant and equipment		2,097	1,406
Finance costs		55,542	99
Impairment loss recognised in respect of CG animation pictures		838,824	87,090
Impairment loss recognised on goodwill		3,228	–
Loss on impairment and disposal of club debentures		850	411
Loss on disposal of property, plant and equipment		1,019	109
Gain on deconsolidation of subsidiaries	31	(55,354)	–
Loss on re-measurement of liability component of convertible loan notes		–	34,490
Loss on redemption of convertible loan notes		5,332	–
Loss on redemption of bridge loans		150,560	–
Share-based payment expenses		6,098	2,606
Allowance for trade and other receivables		1,072	–
Operating cash flow before movements in working capital		(313,983)	(55,443)
Decrease in trade and other receivables, deposits and prepayments and long term rental deposits		6,738	174
Increase in other payables		53,611	13,811
(Decrease) increase in unearned revenue		(5,090)	5,023
Net cash used in operations		(258,724)	(36,435)
Overseas tax (paid) refunded		(779)	331
NET CASH USED IN OPERATING ACTIVITIES		(259,503)	(36,104)
INVESTING ACTIVITIES			
Cost incurred in CG animation pictures		(182,153)	(297,363)
Purchase of property, plant and equipment		(431)	(12,853)
Deconsolidation of subsidiaries	31	(81)	–
Proceeds from disposal of property, plant and equipment		1,964	1,961
Proceeds from disposal of a club debenture		1,600	–
Purchase of a club debenture		–	(60)
Interest received		15	800
NET CASH USED IN INVESTING ACTIVITIES		(179,086)	(307,515)

	NOTES	2010 HK$'000	2009 HK$'000
FINANCING ACTIVITIES			
Prints and advertising loan raised		**195,000**	1,120
Bridge loans raised		**136,581**	93,600
Proceeds from rights issue		**108,185**	–
Proceeds from issue of shares		**101,430**	78,332
Proceeds from exercise of share options		**1,526**	39
Repayment of prints and advertising loan		**(51,809)**	–
Interest paid		**(32,796)**	(149)
Arrangement fees in connection with borrowing paid		**(12,480)**	–
Share issue expenses		**(6,748)**	(416)
Repayment of obligations under finance leases		**(2,034)**	(670)
NET CASH FROM FINANCING ACTIVITIES		**436,855**	171,856
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,734)**	(171,763)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**3,808**	175,530
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**294**	41
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		**2,368**	3,808

Notes to the Consolidated Financial Statements

For the year ended 31st March 2010

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Subsequent to the completion of 2010 Rights Issue, the Share Subscription, the Intercreditors' Agreement and the Top-up Subscription (as defined in Note 2 below), Idea Talent Limited (incorporated in the British Virgin Islands) became the parent and ultimate holding company of the Company since 11th May 2010. The addresses of the Company's registered office and principal place of business are disclosed in the "Corporate Information" to the annual report.

The consolidated financial statements are presented in Hong Kong dollar ("HKD"), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 40.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group incurred a net loss of HK$1,367 million for the year ended 31st March 2010 and, as of that date, it had net current liabilities and net liabilities of HK$183 million and HK$165 million, respectively. These conditions indicate the existence of a fundamental uncertainty as at 31st March 2010 which may cast doubt on the Group's ability to continue as a going concern. In order to address this fundamental uncertainty, the directors have been actively pursuing various financing activities as set out below to improve the Group's financial position and to meet in full the Group's financial obligations as they fall due.

(a) On 10th February 2010, the Company, Idea Talent Limited (the "Investor"), a then independent third party to the Group, and the core creditors of the Group, comprising Goodyear Group Limited, Trophy LV Master Fund, Trophy Fund and Fortunate City Investment Limited (the "Core Creditors"), entered into an agreement (the "Intercreditors' Agreement") pursuant to which the Core Creditors agreed not to exercise or enforce any of its rights or remedies or take or commence any legal proceedings or accelerate or demand repayment of any principal or interest owing to them (the "Standstill") and, subject to fulfilment of certain conditions, to accept full settlement of their relevant debts as at 10th February 2010 in the manner as set out below:

		To be settled by		
Relevant debts	**Amount** HK$	**Cash** HK$	**Number of conversion shares**	**Number of option shares**
CN Aug 2009 (as defined in Note 26)	132,000,000	34,402,615	389,649,700	206,500,000
Trophy US bridge loan (as defined in Note 24)	19,983,160	6,312,033	71,491,100	63,900,000
P&A Loan (as defined in Note 25)	89,125,000	29,035,351	328,859,200	129,600,000
	241,108,160	69,749,999	790,000,000	400,000,000

The conversion shares were to be issued at HK$0.07 per Adjusted Share (as defined below) upon conversion and the option shares were to be issued at an exercise price of HK$0.08 per Adjusted Share.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(b) On 10th February 2010, the Company and the Investor entered into a share subscription agreement pursuant to which the Investor agreed, subject to fulfillment of certain conditions, to subscribe for 1,880,000,000 Adjusted Shares at a subscription price of HK$0.07 per Adjusted Share for a total amount of HK$131,600,000 (the "Share Subscription").

In addition to the aforementioned subscription and depending on the amount of shares that the Investor might acquire by virtue of its participation in the 2010 Rights Issue (as defined below), pursuant to the share subscription agreement, the Investor could at its option further subscribe for up to a maximum of 988,000,000 top-up shares (the "Top-up Subscription") within a period of 45 days from completion of the Share Subscription at a subscription price of HK$0.07 per Adjusted Share such that immediately after issuance thereof, the Investor shall beneficially own approximately 52.5% of the then enlarged issued share capital of the Company.

(c) On 17th February 2010, the Company announced that it proposed to raise approximately HK$100.8 million, before expenses, by issuing not less than 1,440,607,352 rights shares (the "2010 Rights Issue") at a subscription price of HK$0.07 per rights share, on the basis of four rights shares for every Adjusted Share in issue, subject to fulfillment of certain conditions.

The net proceeds of the 2010 Rights Issue were approximately HK$95.9 million. The 2010 Rights Issue was fully underwritten by Get Nice Securities Limited. The Company intends to use the net proceeds principally to settle outstanding financial obligations and as working capital of the Group.

Details of the above transactions are set out in the Company's circular dated 24th March 2010. The completions of the above transactions were subject to fulfillment of certain conditions, some of which were not yet fulfilled as of 31st March 2010, including:

(i) the approval by the Company's shareholders of the Intercreditors' Agreement, the Share Subscription, the Top-up Subscription, the 2010 Rights Issue and the Capital Reorganisation (as defined below) in a special general meeting (the "SGM"); and

(ii) the completion of the capital reorganisation pursuant to which every ten issued and unissued shares of par value HK$0.10 each in the Company were to be consolidated into one consolidated share of par value HK$1.00 each; and the par value of the each consolidated share was then to be reduced from HK$1.00 to HK$0.001 by the cancellation of HK$0.999 of the par value, resulting in a new par value of HK$0.001 for each adjusted share (the "Adjusted Share") (the "Capital Reorganisation").

The SGM was held on 16th April 2010 and all the contemplated transactions were approved.

The Company announced that all conditions precedent to completion of the 2010 Rights Issue were fulfilled on 10th May 2010 and on 11th May 2010, the conditions precedent to both Intercreditors' Agreement and Share Subscription were also fulfilled. As such, these transactions were completed on the respective dates. Accordingly,

(i) the relevant debts contemplated in the Intercreditors' Agreements were settled in the manner as described above;

(ii) an aggregate of 2,863,000,000 Adjusted Shares, comprising 1,880,000,000 subscription shares and 983,000,000 top-up shares, were issued and allotted to the Investor, representing approximately 52.5% of the enlarged issued shares of the Company following the completion of the 2010 Rights Issue, the Share Subscription, the Intercreditors' Agreement and the Top-up Subscription. The Investor thereby became the controlling shareholder of the Company;

(iii) a total of 1,440,607,352 Adjusted Shares were issued pursuant to the 2010 Rights Issue, raising gross proceeds of approximately HK$100.8 million, before expenses.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

After the completion of the above transactions, the Group's net assets have been increased by approximately HK$437 million, despite the fact that accounting losses are expected to be recognised and included by the Group in the consolidated statement of comprehensive income for the financial year ending 31st March 2011 in respect of the Intercreditors' Agreement, Share Subscription and Top-up Subscription, representing the following:

(i) the difference between the carrying amounts of the relevant debts of the Intercreditors' Agreement and the fair value of the consideration paid by the Group as detailed in Note 2(a), and

(ii) the financial effect of Share Subscription and Top-up Subscription.

The Group is still in the process of assessing both the fair value of the consideration paid by the Group in settlement of the relevant debts under the Intercreditors' Agreement and the financial effect of the Share Subscription and the Top-up Subscription. The accounting losses, which have no impact on the Group's cash flow and net assets, are expected to be significant to the consolidated statement of comprehensive income for the year ending 31st March 2011.

Given that the above financing measures were successfully completed in May 2010, the directors are of the opinion that the Group will have sufficient resources to meet its financial obligations as they fall due in the next twelve months from the end of the reporting period. Accordingly the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
Hong Kong Financial Reporting Standard ("HKFRS") 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation ("HK(IFRIC) – Int") 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

(Continued)

Adoption of new and revised HKFRSs effective in the year

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see Note 8).

Change in presentation of consolidated statement of comprehensive income

In current year, the directors of the Company decided to change the classification of impairment loss on CG animation pictures in the consolidated statement of comprehensive income by presenting the impairment loss on CG animation pictures as part of the Group's cost of sales instead of a separate line in the consolidated statement of comprehensive income to better reflect the Group's costs incurred in generating its revenue. The reclassification has no effect on the results of the Group for 2009.

The effect of change in presentation for the prior year by line items presented in the consolidated statement of comprehensive income is as follows:

	Year ended 31st March 2009 HK$'000
Increase in cost of sales	87,090
Decrease in impairment loss on CG animation pictures	(87,090)
Change in loss for the year	–

No consolidated statement of financial position as at 1st April 2009 has been presented as the reclassification disclosed above had no effect on the financial position of the Group in the consolidated statement of financial position in respect of the end of the previous financial year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

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

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1st July 2009
2 Amendments that are effective for annual periods beginning on or after 1st July 2009 and 1st January 2010 as appropriate
3 Effective for annual periods beginning on or after 1st July 2010 and 1st January 2011, as appropriate
4 Effective for annual periods beginning on or after 1st January 2010
5 Effective for annual periods beginning on or after 1st February 2010
6 Effective for annual periods beginning on or after 1st July 2010
7 Effective for annual periods beginning on or after 1st January 2011
8 Effective for annual periods beginning on or after 1st January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April 2010. HKAS 27 (Revised 2008) will affect the Group's accounting treatment for changes in the parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1st April 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date was before 1st January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisitions of net assets and operations of another entity after 1st April 2001, the Group has discontinued amortisation from 1st April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit (the "CGU") to which the goodwill relates may be impaired.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill, arising from an acquisition is allocated to each of the relevant CGUs, or groups of CGUs, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair values of considerations received or receivable.

Revenue from broadcasting of the Group's CG animation pictures is recognised as follows:

(i) When a distribution arrangement has been made with a distributor whereby the distributor is responsible for broadcasting and distribution costs and such broadcasting and distribution costs are to be recovered by the distributor from box office receipts in accordance with the arrangement, revenue is recognised based on net box office receipts reported by the distributor when the Group is not required to reimburse the distributor any shortfall between the box office receipts and the broadcasting and distribution costs.

(ii) When the Group is required to reimburse the distributor any shortfall between the box office receipts and the recoupable broadcasting and distribution costs, revenue is recognised based on box office receipts reported by the distributor with the relevant recoupable broadcasting and distribution costs being recognised as prints and advertising expenses in the consolidated statement of comprehensive income.

Production service income is recognised when the services are provided. Payments received prior to the provision of services are recorded as unearned revenue and are classified as current liabilities in the consolidated statement of financial position.

Income from the licensing of rights to exploit CG animation pictures is recognised when the Group's entitlement to such payments has been established which is upon the delivery of products manufactured by licensee to ultimate customers.

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

Prepaid expenditures on advertising and promotional activities

Prepaid expenditures on advertising and promotional activities are recognised as an asset when payment for goods or services have been made in advance of the Group's obtaining a right to access the goods or receiving the services. Prepaid expenditures are expensed to the consolidated statement of comprehensive income when the Group has the right to access the goods or when it receives the services.

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

CG animation pictures

CG animation pictures, which represent CG animation pictures in which the Group retains ownership, consist of film rights of completed CG animation pictures and CG animation pictures of which the productions are still in progress.

CG animation pictures in progress are stated at costs incurred to date, including all the costs directly attributable to the CG animation pictures in progress and borrowing costs capitalised, less accumulated impairment losses. Upon completion and release of the CG animation pictures, the costs are amortised based on the proportion of actual income earned during the year to the estimated total income expected to be generated from the relevant CG animation pictures.

Completed CG animation pictures are stated at cost incurred to date, representing all the costs directly attributable to the completed CG animation pictures and borrowing costs capitalised, less accumulated amortisation and accumulated impairment losses.

CG animation pictures are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the relevant CG animation pictures, which is calculated as the difference between the sale proceeds and the carrying value of the item is recognised in the consolidated statement of comprehensive income.

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.

Assets held under finance leases are 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 charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to 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 below).

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant leases.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated equity (the translation reserve).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

4. 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.

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

Taxation

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit 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 is realised, based on tax rate (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. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit cost

Payments to the Mandatory Provident Fund Scheme/defined contribution retirement benefit plans are charged as expenses when employees have rendered service entitling them to the contributions.

Intangible assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables.

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 on 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.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

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

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Convertible loan notes contain liability and equity components

Convertible loan notes issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rates for similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Convertible loan notes contain liability and equity components *(Continued)*

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

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

Other financial liabilities

Other financial liabilities including other payables, bridge loans and P&A Loan are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

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

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

When an existing financial liability's terms are modified and such modification results in the discounted present value of the cash flows under the new terms including any fees paid net of any fees received is at least 10 per cent different from the discounted present values of the remaining cash flows of the original financial liability, it is accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability or equity instrument or compound instrument with the difference, being the carrying amount of the financial liability extinguished and the fair value of the financial liability or equity instrument or compound instrument issued, recognises in profit or loss.

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by issuing equity instruments, it is accounted for as an extinguishment of the original financial liability and a recognition of equity instrument at the fair value upon issue with the difference, being the carrying amount of the financial liability (or part of a financial liability) extinguished and the consideration paid, recognises to profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Share options granted to directors, employees and others providing similar services rendered by employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. For forfeiture of share options where the vesting period of the share options has completed, the relevant recognised share-based payment previously charged to profit or loss is not reversed but credited to accumulated losses, with a corresponding adjustment to share options reserve.

At the time when the Group modifies the terms and conditions of the share options previously granted, the Group continues to recognise the share-based payment expense for the existing share options and measures the effect of such modifications that increase the total fair value of the share-based payment arrangements at the date of modifying the terms and conditions of the share options and recognises fair value increment in accordance with the revised vesting period, if applicable.

Impairment losses other than goodwill (see the accounting policy in respect of goodwill above)

At each the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of goodwill and CG animation pictures

Determining whether goodwill and CG animation pictures are impaired requires an estimation of the value in use of the CGU to which goodwill and CG animation pictures have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. As at 31st March 2010, the carrying amount of goodwill and CG animation pictures were nil (2009: HK$3,228,000) and HK$82,572,000 (2009: HK$738,647,000), respectively. Details of the recoverable amount calculation are disclosed in Note 20.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Revenue from release of *Astro Boy*

The amount of revenue that the Group recognises for its CG animation pictures, *Astro Boy*, is dependent on the timing, accuracy and sufficiency of the information provided by the distributors. As typical in the film industry, the distributors may make adjustments in future periods to information, i.e., the box office, previously provided to the Group that could have a material impact on the Group's operating results in later periods. Such adjustments are mostly updated in subsequent periods as more information could be collected. Furthermore, management may, in their judgment, make material adjustments to the information including the box office reported by the distributors to ensure that revenues are accurately reflected in the financial statements. Up to the date of approval of these financial statements, neither the distributors nor the management has made material adjustments to information provided by the distributors and used in the preparation of the financial statements for the year ended 31st March 2010.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include bridge loans, P&A Loan and convertible loan notes disclosed in Notes 24, 25 and 26, respectively, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The capital structure is reviewed regularly. As part of this review, the cost of capital and the risks associated with each class of capital are considered. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	3,222	12,734
Financial liabilities		
Amortised cost	224,101	228,291

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, deposits, bank balances and cash, other payables, bridge loans, P&A Loan, convertible loan notes and obligations under finance lease. Details of the 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 Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The Group's sale are denominated in HKD, Japanese Yen ("JPY") and United States dollar ("USD") and it pays its costs and expenses substantially in the functional currency of the respective group entities, i.e., HKD and JPY.

The carrying amounts of the Group's net monetary liabilities mainly in the form of Trophy US Bridge Loan, P&A Loan, arrangement fee payable (included in other payables) and bank balances (2009: USD 2009 Bridge Loans and bank balances), denominated in a currency other than the functional currency of the relevant group entities at the end of the reporting period, are as follows:

	Net monetary liabilities	
	2010	2009
	HK$'000	HK$'000
USD	**108,690**	95,260

As HKD is pegged to USD, the currency risk exposure of Trophy US Bridge Loan, P&A Loan, arrangement fee payable and bank balances are considered insignificant.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, and exposed to fair value interest rate risk in relation to bridge loans (see Note 24), P&A Loan (see Note 25), liability component of convertible loan notes (see Note 26) and obligations under finance lease (see Note 27). It is the Group's policy to keep its bank balances at floating rate of interests so as to minimise the fair value interest rate risk as the amount involved is not significant. The Group's policy on financial liabilities is to keep at fixed rate of interests so as to minimise the cash flow interest rate risk having regard the magnitude of the borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Company considers the variable-rate bank balances are within short maturity period, and the fluctuation in interest rate and the cash flow interest rate risk arising from the bank balances is insignificant.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and polices *(Continued)*

Credit risk

As at 31st March 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the various receivables as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Group's credit risk is significantly reduced.

The Group has a number of counterparties and customers, however, the Group's credit risks are concentrated on certain major customers, which are renowned distributors with high credit rating in the film industry. At 31st March 2009, the Group's total trade receivable balance was represented by one customer. However, taking into account for the strong financial background and good creditability of the customer, the Company considered that there was no significant uncovered credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Company monitors the utilisation of borrowings and ensures compliance with loan covenants.

As stated in Note 2, the directors are of the opinion that the Group will be able to operate on a going concern basis in the next twelve months from the end of the reporting period.

The completion of the Intercreditors' Agreement in May 2010 has substantially reduced the Group's major financial obligations arising from CN Aug 2009, Trophy US Bridge Loan and P&A Loan. The completion of Share Subscription and 2010 Rights Issue also provided extra working capital to the Group. Accordingly, the directors believe that the Group has the ability to continue with its current line of business in the production of CG animation pictures and meet its other financial obligations. As such, the liquidity risk of the Group is substantially reduced.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and polices *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms and as adjusted for completion of the Intercreditors' Agreement. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 to 3 months HK$'000 (note)	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31st March 2010 HK$'000
2010							
Non-derivative financial liabilities							
Other payables (note)	5.0	4,426	11,700	–	–	16,126	16,101
Bridge loans (note)	15.0	3,541	33,656	–	–	37,197	36,000
P&A Loan (note)	–	–	78,000	–	–	78,000	78,000
Convertible loan notes (note)	24.80	–	132,000	–	–	132,000	94,000
		7,967	255,356	–	–	263,323	224,101

note: In May 2010, Trophy US Bridge Loan (included in 2010 Bridge Loans), the P&A Loan, arrangement fee of P&A Loan (included in other payables) and convertible loan notes (CN Aug 2009) were settled in cash in aggregated amount of approximately HK$69.7 million and the remaining balances were settled by conversion shares and grant of option shares in accordance with Intercreditors' Agreement as detailed in Note 2.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and polices *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31st March 2010 HK$'000
2009							
Non-derivative financial liabilities							
Other payables	5.0	1,644	–	1,071	–	2,715	2,691
Bridge loans	22.25	–	–	100,083	–	100,083	93,600
Convertible loan notes	16.6	132,000	–	–	–	132,000	132,000
Obligations under finance lease	6.5	68	136	594	1,433	2,231	2,034
		133,712	136	101,748	1,433	237,029	230,325

7c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their respective fair values.

8. REVENUE AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of assets i.e., the United States of America (the "US"), Hong Kong and others. The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The management of the Group regularly reviews revenue as set out below in respect of the Group's CG animation pictures and the consolidated loss for the year for the purpose of performance assessment and marking decision about resources allocation. As no other discrete financial information is available for the assessment of performance of different business activities, no segment information is presented other than entity-wide disclosures.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue analysis in respect of the Group's CG animation pictures is as follows:

	2010 HK$'000	2009 HK$'000
Revenue from broadcasting CG animation pictures	102,300	388
Production service income from CG animation pictures	1,378	803
Income from licensing ancillary rights of CG animation pictures	3,445	2,422
	107,123	3,613

Entity-wide disclosures

Geographical information

(a) *Revenue from external customers*

The following is an analysis of the Group's revenue by geographical market based on the location of customers irrespective of the origin of the goods and services:

	Revenue by geographical market	
	2010 HK$'000	2009 HK$'000
US	43,626	3,225
People's Republic of China (the "PRC")	13,160	–
Hong Kong	1,935	–
Japan (note)	–	–
Others	48,402	388
	107,123	3,613

note: According to the distribution arrangement made with a distributor in respect of the release of *Astro Boy* in Japan, the distributor is responsible for broadcasting and distribution costs and such broadcasting and distribution costs are to be recovered by the distributor from box office receipts in accordance with the arrangement. Revenue is recognised based on net box office receipts reported by the distributor and the Group is not required to reimburse the distributor any shortfall between the box office receipts and the broadcasting and distribution costs. Because the broadcasting and distribution costs to be recovered by the distributor exceeded the related box office receipts in Japan, no net revenue in respect of the release of *Astro Boy* in Japan is recognised for the year ended 31st March 2010.

The Group had no revenue arising from Japan for the year ended 31st March 2009.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Entity-wide disclosures *(Continued)*

Geographical information *(Continued)*

(b) *Non-current assets*

The following is an analysis of the carrying amounts of non-current assets based on the geographical locations of the assets:

	Carrying amount of non-current assets	
	2010	2009
	HK$'000	HK$'000
US	–	30,418
Hong Kong	84,018	796,287
Japan	–	89
	84,018	826,794

Information about major customers

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

	Revenue	
	2010	2009
	HK$'000	HK$'000
Customer A (note 1)	39,162	–
Customer B (note 1)	13,160	–
Customer C (note 2)	–	2,400

note:

1. There was no revenue from customers A and B in 2009.

2. There was no revenue from customer C in 2010.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

9. COST OF SALES

	2010 HK$'000	2009 HK$'000 (restated)
Amortisation of CG animation pictures	44,675	3,639
Impairment loss on CG animation pictures	838,824	87,090
Others	–	150
	883,499	90,879

10a. OTHER INCOME

	2010 HK$'000	2009 HK$'000
Interest income	15	800
Others	1,280	460
	1,295	1,260

10b. OTHER GAINS AND LOSSES

	2010 HK$'000	2009 HK$'000
Loss on impairment and disposal of club debentures	850	411
Loss on disposal of property, plant and equipment	1,019	109
Net foreign exchange (gains) losses	(1,363)	82
	506	602

11. FINANCE COSTS

	2010 **HK$'000**	2009 HK$'000
Interest wholly repayable within five years on:		
– obligations under finance leases	**75**	149
– bridge loans and P&A Loan	**33,948**	2,049
Effective interest expense on convertible loan notes (Note 26)	**13,256**	14,415
Arrangement fees incurred in connection with:		
– prints and advertising loan due to Endgame (Note 31)	**12,480**	–
– P&A Loan (Notes 25 and 37(1))	**11,700**	–
	71,459	16,613
Less: amounts capitalised in CG animation pictures	**(15,917)**	(16,514)
	55,542	99

Effective interest expense on the 2009 Bridge Loans and convertible loan notes issued on 30th January 2008 were fully capitalised as they were specific borrowings used for the production of CG animation pictures. Upon the completion of *Astro Boy*, no further finance costs were capitalised.

Borrowing costs capitalised during the year arose on the general borrowing pool and were calculated by applying a capitalisation rate of 24.51% (2009: 5.80%) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

12. LOSS BEFORE TAX

	2010 HK$'000	2009 HK$'000
Loss before tax has been arrived at after charging and (crediting):		
Directors' emoluments (Note 14)	13,685	9,595
Contribution to retirement benefit scheme	3,118	3,411
Other staff costs	190,187	249,338
Equity-settled share-based payments expenses other than directors	14,467	26,788
Total staff costs (note)	221,457	289,132
Less: amounts capitalised in CG animation pictures	(139,904)	(264,849)
	81,553	24,283
Depreciation of property, plant and equipment	17,594	25,756
Less: amounts capitalised in CG animation pictures	(15,497)	(24,350)
	2,097	1,406
Rentals in respect of premises under operating leases	27,987	22,609
Less: amounts capitalised in CG animation pictures	(24,119)	(20,716)
	3,868	1,893
Auditor's remuneration	1,620	1,600
Allowance for trade and other receivables	1,072	–
Loss on impairment and disposal of club debentures	850	411
Loss on disposal of property, plant and equipment	1,019	109
Net foreign exchange (gains) losses	(1,363)	82

note: Approximately HK$46 million (2009: nil) was included in other expenses in the consolidated statement of comprehensive income.

13. INCOME TAX CREDIT

	2010 HK$'000	2009 HK$'000
The charge comprises:		
Hong Kong Profits Tax	–	–
Other jurisdictions		
– current tax	2,647	103
– overprovision in the prior years	(487)	(113)
	2,160	(10)
Deferred tax (Note 28)		
– current year	(2,985)	(12,013)
– reversal of deferred tax asset previously recognised (note)	–	4,957
	(2,985)	(7,056)
Total	(825)	(7,066)

note: The reversal of deferred tax asset was due to a decrease in tax losses available for offset against deferred tax liabilities upon finalisation of tax losses by Inland Revenue Department in a prior year.

On 26th June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

13. INCOME TAX CREDIT *(Continued)*

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

	2010 **HK$'000**	2009 HK$'000
Loss before tax	**(1,367,911)**	(184,493)
Tax at the Hong Kong Profits Tax rate of 16.5%	**(225,705)**	(30,441)
Tax effect of expenses not deductible for tax purpose	**126,272**	310
Tax effect of income not taxable for tax purpose	**(19)**	(72)
Tax effect of tax losses not recognised	**97,881**	20,142
Overprovision in respect of prior years	**(487)**	(113)
Utilisation of tax losses previously not recognised	**(54)**	(160)
Reversal of deferred tax asset previously recognised	**–**	4,957
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,287**	(1,689)
Tax charge for the year	**(825)**	(7,066)

Details of deferred tax at the end of the reporting period and during the year are set out in Note 28.

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 8 (2009: 12) directors were as follows:

For the year ended 31st March 2010

	Mr. Douglas Esse Glen HK$'000 (note (a))	Ms. Ting Chuk Kwan HK$'000 (note (b))	Mr. Paul Steven Serfaty HK$'000 (note (c))	Mr. Richard Arthur Witts HK$'000 (note (c))	Mr. Oh Kok Chi HK$'000 (note (d))	Mr. William Montgo-merie Courtauld HK$'000 (note (e))	Mr. Ng See Yuen HK$'000 (note (f))	Mr. Phoon Chiong Kit HK$'000 (note (g))	Total 2010 HK$'000
Fees	–	–	338	588	394	135	413	101	1,969
Other emoluments:									
Salaries and other benefits	4,252	900	–	–	–	1,069	–	–	6,221
Equity-settled share-based payment expense	3,378	–	–	–	(14)	1,100	126	898	5,488
Contributions to retirement benefit scheme	7	–	–	–	–	–	–	–	7
Total emoluments	7,637	900	338	588	380	2,304	539	999	13,685

notes:

(a) Mr. Douglas Esse Glen resigned as executive director of the Company on 8th May 2009.

(b) Ms. Ting Chuk Kwan was appointed as non-executive director on 8th May 2009 and resigned as executive director on 1st November 2009.

(c) Mr. Paul Steven Serfaty and Mr. Richard Arthur Witts retired as non-executive director and independent non-executive director respectively on 17th November 2009.

(d) Mr. Oh Kok Chi resigned as independent non-executive director on 1st January 2010.

(e) Mr. William Montgomerie Courtauld passed away on 7th March 2010.

(f) Mr. Ng See Yuen resigned as independent non-executive director on 13th May 2010.

(g) Mr. Phoon Chiong Kit resigned as executive director on 18th May 2010.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

14. DIRECTORS' EMOLUMENTS *(Continued)*

For the year ended 31st March 2009

	Mr. Kao Cheung Chong, Michael HK$'000 (note (a))	Mr. Lam Pak Kin, Philip HK$'000 (note (b))	Mr. Douglas Esse Glen HK$'000	Mr. Tse Chi Man, Terry HK$'000 (note (c))	Mr. Lai Chi Kin, Lawrence HK$'000 (note (d))	Mr. Kao Wai Ho, Francis HK$'000 (note (e))	Mr. Paul Steven Serfaty HK$'000 (note (f))	Mr. Phoon Chiong Kit HK$'000 (note (f))	Mr. William Montgomerie Courtauld HK$'000 (note (f))	Mr. Richard Arthur Witts HK$'000 (note (g))	Mr. Oh Kok Chi HK$'000	Mr. Ng See Yuen HK$'000	Total 2009 HK$'000
Fees	–	20	–	–	70	–	79	31	79	114	356	356	1,105
Other emoluments:													
Salaries and other benefits	–	–	3,785	819	–	2,701	–	–	–	–	–	–	7,305
Equity-settled share-based payment expense	–	–	5,614	(4,549)	–	–	–	–	–	–	48	48	1,161
Contributions to retirement benefit scheme	–	–	12	2	–	10	–	–	–	–	–	–	24
Total emoluments	–	20	9,411	(3,728)	70	2,711	79	31	79	114	404	404	9,595

notes:

(a) Mr. Kao Cheung Chong, Michael retired as executive director of the Company on 9th April 2008.

(b) Mr. Lam Pak Kin, Philip resigned as non-executive director of the Company on 1st May 2008.

(c) Mr. Tse Chi Man, Terry resigned as executive director of the Company on 2nd June 2008.

(d) Mr. Lai Chi Kin, Lawrence resigned as independent non-executive director of the Company on 14th July 2008.

(e) Mr. Kao Wai Ho, Francis resigned as executive director of the Company on 11th February 2009.

(f) Mr. Paul Steven Serfaty, Mr. Phoon Chiong Kit and Mr. William Montgomerie Courtauld were appointed as non-executive directors of the Company on 16th February 2009.

(g) Mr. Richard Arthur Witts was appointed as independent non-executive director of the Company on 16th February 2009.

Except for Mr. Paul Steven Serfaty, no other directors waived any emoluments for both years ended 31st March 2009 and 2010.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2009: two) were directors of the Company whose emoluments are included in the disclosures in Note 14. The emoluments of the three employees (2009: three employees and one former director who resigned to become an employee during 2009) are as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	**9,596**	10,188
Equity-settled share-based payment expenses	**(216)**	2,605
Contributions to retirement benefit scheme	**17**	759
	9,397	13,552

15. EMPLOYEES' EMOLUMENTS *(Continued)*

The emoluments of the above individuals in their role as an employee were within the following bands:

	2010 Number of employee	2009 Number of employee
HK$nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$4,000,000	**2**	1
HK$4,000,001 to HK$7,000,000	**–**	2

16. DIVIDENDS

The directors have not recommended the payment of a dividend for any of the two years ended 31st March 2009 and 2010.

17. 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:

	2010 HK$'000	2009 HK$'000
Loss for the year attributable to owners of the Company	**1,367,086**	177,427
Number of shares (note):		
		(restated)
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**1,320,418,963**	774,920,773

The computation of diluted loss per share does not assume the exercise of share options and the conversion of convertible loan notes since their exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

note: For the year ended 31st March 2010, the weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share has been retrospectively adjusted for the effect of the Capital Reorganisation and the bonus element in connection with the 2010 Rights Issue completed in April 2010 and May 2010 respectively.

For the year ended 31st March 2009, the weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share has been retrospectively adjusted for the effect of the bonus element in connection with the 2009 Rights Issue (Note 29(vi)) completed on 19th August 2009, and the Capital Reorganisation and the bonus element in connection with 2010 Rights Issue completed in April 2010 and May 2010 respectively.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1st April 2008	22,709	120,020	8,357	151,086
Exchange realignment	1	10	–	11
Additions	1,100	11,753	–	12,853
Disposals	–	(4,280)	(2,830)	(7,110)
At 31st March 2009	23,810	127,503	5,527	156,840
Exchange realignment	1	27	–	28
Additions	181	248	–	429
Disposals	(25)	(766)	(5,527)	(6,318)
Eliminated on deconsolidation of subsidiaries	(20,905)	(123,945)	–	(144,850)
At 31st March 2010	**3,062**	**3,067**	**–**	**6,129**
DEPRECIATION				
At 1st April 2008	9,763	52,809	2,150	64,722
Exchange realignment	1	9	–	10
Provided for the year	4,021	20,672	1,063	25,756
Eliminated on disposals	–	(4,034)	(1,006)	(5,040)
At 31st March 2009	13,785	69,456	2,207	85,448
Exchange realignment	1	22	–	23
Provided for the year	2,977	14,133	484	17,594
Eliminated on disposals	(22)	(622)	(2,691)	(3,335)
Eliminated on deconsolidation of subsidiaries	(14,378)	(80,669)	–	(95,047)
At 31st March 2010	**2,363**	**2,320**	**–**	**4,683**
CARRYING VALUE				
At 31st March 2010	**699**	**747**	**–**	**1,446**
At 31st March 2009	10,025	58,047	3,320	71,392

The above items of property, plant and equipment are depreciated, after taking into account their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over a period of 5 years or the term of relevant lease, whichever is shorter
Furniture, fixtures and equipment	Over a period of 5 years
Motor vehicles	Over a period of 5 years

At 31st March 2009, the carrying value of property, plant and equipment of the Group included an amount of approximately HK$3,245,000 in respect of motor vehicles held under finance leases.

19. CG ANIMATION PICTURES

	Completed CG animation pictures HK$'000	CG animation pictures in progress HK$'000	Total HK$'000
COST			
At 1st April 2008	399,054	503,166	902,220
Additions	260	365,359	365,619
At 31st March 2009	399,314	868,525	1,267,839
Additions	–	227,424	227,424
Transfer	440,853	(440,853)	–
Eliminated on deconsolidation of subsidiaries	(568,545)	(67,152)	(635,697)
At 31st March 2010	**271,622**	**587,944**	**859,566**
AMORTISATION AND IMPAIRMENT			
At 1st April 2008	395,675	42,788	438,463
Provided for the year	3,639	–	3,639
Impairment loss recognised	–	87,090	87,090
At 31st March 2009	399,314	129,878	529,192
Provided for the year	44,675	–	44,675
Impairment loss recognised	396,178	442,646	838,824
Eliminated on deconsolidation of subsidiaries	(568,545)	(67,152)	(635,697)
At 31st March 2010	**271,622**	**505,372**	**776,994**
CARRYING VALUE			
At 31st March 2010	**–**	**82,572**	**82,572**
At 31st March 2009	–	738,647	738,647

Completed CG animation pictures and CG animation pictures in progress are internally generated.

Completed CG animation pictures are amortised based on the proportion of actual income earned during the year to the estimated total income expected to be generated from the relevant CG animation pictures.

CG animation pictures in progress are stated at production costs incurred to date, including borrowing costs capitalised, less accumulated impairment losses, if any.

The Group's CG animation pictures mainly consist of a completed CG animation picture, *Astro Boy*, and another major CG animation picture in progress.

As part of their review of the Group's consolidated financial statements for the reporting period, the directors have conducted an impairment review of both the Group's completed and in progress CG animation pictures. Details of the impairment test on the Group's CG animation pictures are set out in Note 20.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

20. GOODWILL

	HK$'000
COST	
At 1st April 2008 and 31st March 2009	3,228
Eliminated on deconsolidation of a subsidiary	(2,726)
At 31st March 2010	**502**
IMPAIRMENT	
At 1st April 2008 and 31st March 2009	–
Impairment loss recognised	3,228
Eliminated on deconsolidation of a subsidiary	(2,726)
At 31st March 2010	**502**
CARRYING VALUE	
At 31st March 2010	**–**
At 31st March 2009	3,228

For the purpose of impairment testing, goodwill and CG animation pictures are allocated to the Group's single individual CGU, being the production, broadcasting and licensing of CG animation pictures.

The recoverable amount of the CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets prepared by management covering a 4-year period and a discount rate of 28.2%. The cash flows beyond the 4-year period are extrapolated with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash flows and budged box office and other receipts including receipt from licensing ancillary rights of CG animation pictures and gross margin. Such estimations are based on the CGU's past performance and management's expectations of the market performance including the launch of *Astro Boy* in October 2009 and the subsequent box office falling short of the budgeted box office. In addition, the estimates are also based on the Group's revised marketing strategy in releasing future CG animation pictures in view of *Astro Boy*'s performance in 2009. The management of the Company therefore was of the opinion that their previous expectation on the potential market performance in respect of the CGU could not be met and as a result, goodwill and CG animation pictures were impaired accordingly.

During the year ended 31st March 2010, the Group recognised an impairment loss of approximately HK$3.2 million (2009: nil) to fully write down the amount of goodwill and approximately HK$839 million (2009: HK$87 million) in respect of the Group CG animation pictures.

The impairment loss recognised for the CGU is first to reduce the carrying amount of goodwill and then to the CG animation pictures.

21. CLUB DEBENTURES

	2010 HK$'000	2009 HK$'000
Club debentures	–	2,510

During the year ended 31st March 2010, club debentures of HK$450,000 and HK$2,000,000 were impaired and disposed of by the Group respectively and a loss on impairment and disposal of HK$850,000 was recognised in profit or loss. Moreover, a club debenture of HK$60,000 was eliminated on deconsolidation of a subsidiary as per Note 31.

For the year ended 31st March 2009, the directors were of the opinion that there was no impairment on the club debentures since the second hand market prices were higher than their carrying values.

22. LONG TERM RENTAL DEPOSITS, TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2010 HK$'000	2009 HK$'000
Long term rental deposits	–	11,017
Trade receivables	–	201
Other receivables, deposits and prepayments	1,264	10,734
	1,264	21,952
Shown as		
– non-current	–	11,017
– current	1,264	10,935
	1,264	21,952

Long term rental deposits represented the rental deposits for the office premises and were stated at amortised cost as at the end of the reporting period.

The Group allows its trade customers a credit period in accordance with the terms specified in the contracts, normally ranging from 0 to 90 days. The trade receivable at 31st March 2009 was aged over one year based on the invoice date at the end of the reporting period.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory credit history. Credit limits attributed to customers are reviewed regularly.

Included in the Group's trade receivable balance at 31st March 2009 was a debtor with a carrying amount of approximately HK$201,000 which was past due at the reporting date but for which the Group did not provide for impairment loss because the amount is considered recoverable as a portion of the amount was subsequently settled. The Group did not hold any collateral over this balance. The age of this receivable was about one year.

During the year ended 31st March 2010, a trade receivable of approximately HK$123,000 (2009: nil) was impaired as uncollectible due to deterioration in credit quality of the customer.

At the end of the reporting period, trade and other receivables included nil (2009: approximately HK$201,000) that are denominated in USD, which is not the functional currency of the relevant group entity.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

23. BANK BALANCES AND CASH

Bank balances

Bank balances carried interest at market rates which range from 0.001% to 2% per annum (2009: 0.001% to 2% per annum). Bank balances included approximately HK$510,000 (2009: HK$181,000) that are denominated in USD, which is not the functional currency of the relevant group entities.

24. BRIDGE LOANS

During the year, the Company was granted unsecured USD and HKD loan facilities (the "2010 Bridge Loans") (2009: secured USD loan facilities (the "2009 Bridge Loans")) by various bridge loan lenders. The details are set out as follows:

Lenders	At 31st March 2010 Maximum loan facilities HK$'000	Loan balances HK$'000	Fixed interest rate	Maturity date
Trophy Fund	19,500 (US$2,500)	19,500 (US$2,500)	10% per annum	12th February 2010 (note)
Trophy Fund	3,500	3,500	20% per annum	Repayable on demand
Idea Talent Limited	20,000	13,000	20% per annum	10th June 2010
	43,000	36,000		

note: The amount was subject to the Standstill under the Intercreditors' Agreement as detailed in Note 2(a).

Lenders	At 31st March 2009 Maximum loan facilities HK$'000	Loan balances HK$'000	Fixed interest rate	Maturity date
Evertop Capital Limited ("Evertop")	117,000 (US$15,000)	67,080 (US$8,600)	2% per month	31st July 2009
Asia CGI Investments Limited	50,700 (US$6,500)	19,695 (US$2,525)	2% per month	30th June 2009
Mehta-Imagi LLC	39,000 (US$5,000)	6,825 (US$875)	9% per annum	31st March 2009
	206,700	93,600		

24. BRIDGE LOANS *(Continued)*

2010 Bridge Loans

On 10th February 2010, the USD2.5 million (equivalent to approximately HK$19.5 million) due to Trophy Fund (the "Trophy US Bridge Loan") was included in the Intercreditors' Agreement. The principal amount of HK$19,500,000 and its accrued interest of HK$483,160 (included in other payables), amounting to HK$19,983,160 in aggregate, would be settled through a combination of (i) cash, (ii) conversion shares; and (iii) option shares (Note 2(a)).

On 11th May 2010, the conditions precedent to the completion of the Intercreditors' Agreement were fulfilled and the Trophy US Bridge Loan was settled in the manner as described above.

2009 Bridge Loans

The 2009 Bridge Loans were secured by the Group's CG animation picture, *Astro Boy*, and all its related intellectual property rights, and to be repayable on maturity date. However, on 15th May 2009, a conversion agreement was entered into between the Company and the 2009 Bridge Loans lenders whereby each of the 2009 Bridge Loans lenders agreed, subject to, inter-alia, completion of a 2009 Rights Issue (as defined in Note 29(vi)), to convert, contemporaneously with the redemption of CN Jan 2008 (as defined in Note 26), all its respective outstanding 2009 Bridge Loan principal and accrued interest into shares in the Company at a conversion price of HK$0.175 per share.

On 19th August 2009, the 2009 Bridge Loans conversion was completed. The principal amount of approximately HK$192,936,000, comprising approximately HK$93,600,000 as at 31st March 2009 and a further drawdown of approximately HK$99,336,000 from 1st April 2009 up to the date of conversion, and an interest of approximately HK$17,848,000, amounting to approximately HK$210,784,000 in aggregate, were converted into 1,204,476,068 new shares which were issued to the 2009 Bridge Loans lenders (Note 29) accordingly.

Upon the 2009 Bridge Loans conversion, the 2009 Bridge Loans were extinguished by the issue of the Company's shares and the difference, being the carrying amount of the 2009 Bridge Loans and the fair value of the shares issued, which was HK$0.30 per share as quoted on the Stock Exchange on the conversion date, of approximately HK$150,560,000 was recognised as a redemption loss and charged to the consolidated statement of comprehensive income for the year ended 31st March 2010.

Bridge loans included approximately HK$19.5 million (2009: HK$93.6 million) that are denominated in USD, which is not the functional currency of the relevant group entities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

25. PRINTS AND ADVERTISING LOAN

During the year, a bank granted the Group a credit facility of US$10 million (equivalent to HK$78 million) to be utilised by the Group for the specific purpose of funding the promotion expenses to be incurred in connection with the launch of *Astro Boy* (the "P&A Facility").

The P&A Facility was fully drawn down by the Group on 30th November 2009 and was secured by a cash collateral provided to the bank by Fortunate City Investment Limited ("FCI"), a company in which Mr. Hung Kam Bui ("Mr. Hung"), a substantial shareholder of the Company, was interested.

The Group agreed to indemnify and keep FCI indemnified against all liabilities arising from the cash collateral in a written notice dated 9th September 2009 and the draw-down of the P&A Facility effected a contemporaneous incurrence of liability to FCI by the Group (the "P&A Loan").

The P&A Loan was interest-free and had no fixed repayment term while the fixed arrangement fee of US$1.5 million (approximately HK$11.7 million) was payable by the Group to FCI in respect of this P&A Loan on or before 8th January 2010, which was recognised as a finance cost to consolidated statement of comprehensive income during the year.

On 10th February 2010, FCI entered into the Intercreditors' Agreement and the P&A Loan's principal amount of HK$78 million and the fixed arrangement fee of HK$11,125,000 (included in other payables), amounting to HK$89,125,000 in aggregate, would be settled through a combination of (i) cash, (ii) conversion shares; and (iii) option shares (Note 2(a)).

On 11th May 2010, the conditions precedent to the completion of the Intercreditors' Agreement were fulfilled and the P&A Loan was settled in the manner as described above.

The P&A Loan that denominated in USD is not the functional currency of the relevant group entity.

26. CONVERTIBLE LOAN NOTES

The Company issued convertible loan note with a principal amounts of HK$132,000,000 on 30th January 2008 ("CN Jan 2008"). CN Jan 2008 was denominated in Hong Kong dollars with zero coupon rate.

CN Jan 2008 was convertible by the holder into shares of the Company at a conversion price of HK$1.768 per share during the period from the 90th day after its issue to the 15th day prior to its maturity which is 29th January 2011. Unless previously converted or early redeemed, CN Jan 2008 would be redeemed at its principal sum of HK$132,000,000 upon maturity.

CN Jan 2008 entitled the holder to require the Company to redeem, in whole or in part, the outstanding principal during the period commencing from the 30th month from the date of issue and ending on the date which was not later than 60 days prior to the maturity date at their principal amount plus a premium equal to the accrued interest thereon at a rate of 10% per annum, compounded on an annual basis. However, upon occurrence of certain events including (i) a delisting of the Company's shares on the Stock Exchange, (ii) a change in control in the Company (as defined in the CN Jan 2008 agreement) or (iii) a pledge of the Group's assets on other liabilities, the holders of CN Jan 2008 could early exercise their redemption right by issuing early redemption notices. The early redemption feature of CN Jan 2008 was included in the liability portion as it was closely related to the host liability contract.

During the year ended 31st March 2009, the Group pledged assets of the Group in favour of its 2009 Bridge Loans lenders and hence breached certain covenants contained in CN Jan 2008 and as a result of which the holder of CN Jan 2008 was entitled to exercise its early redemption right. The carrying amount of CN Jan 2008 was re-measured at its redemption amount of HK$132,000,000, resulting in a loss on re-measurement of approximately HK$34,490,000. Accordingly, the convertible loan note was classified as current liabilities in the consolidated statement of financial position as at 31st March 2009.

On 15th May 2009, the Company and the holders of CN Jan 2008 entered into another agreement whereby, subject to, inter-alia, completion of the 2009 Rights Issue (as defined in Note 29(vi)) and the contemporaneous completion of the 2009 Bridge Loans conversion, CN Jan 2008 would be redeemed by the issue of a new convertible loan note (the "CN Exchange").

On 19th August 2009, upon the completion of the 2009 Rights Issue and 2009 Bridge Loans conversion, the Company effected the CN Exchange by the issue of a new zero coupon convertible loan note (the "CN Aug 2009") with the same principal amount.

CN Aug 2009 was convertible by the holder thereof into shares of the Company at a conversion price of HK$0.30 per share during the period from the 90th day after its issue to the 15th day prior to its maturity which was 18th August 2011. Unless converted, CN Aug 2009 would be redeemed at its principal sum of HK$132,000,000 upon maturity. However, upon occurrence of certain events including (i) a delisting of the Company's shares on the Stock Exchange, (ii) a change in control in the Company (as defined in the CN Aug 2009 agreement) or (iii) a pledge of the Group's assets on other liabilities, the holders of CN Aug 2009 could early exercise their redemption right by issuing early redemption notices.

The effect of the CN Exchange represents the extinguishment of CN Jan 2008 having a carrying amount of HK$132,000,000 by the issue of CN Aug 2009 having a fair value of approximately HK$137,332,000 comprising liability portion of approximately HK$80,744,000 and equity portion of approximately HK$56,588,000. The difference of approximately HK$5,332,000 between CN Jan 2008 and CN Aug 2009 on the date of the CN Exchange was charged to the consolidated statement of comprehensive income.

The fair value of the entire CN Aug 2009 was calculated using Binomial Option Pricing model while the fair value of the liability portion of CN Aug 2009 was calculated based on the present value of the contractually determined stream of future cash flows discounted at 24.8%, being the effective interest rate of CN Aug 2009.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

26. CONVERTIBLE LOAN NOTES *(Continued)*

The valuation of the entire CN Aug 2009 including the equity portion and liability portion was performed by Greater China Appraisal Limited. The following assumptions were used to calculate the fair value using Binomial Option Pricing model:

	19th August 2009
Grant date share price	HK$0.30
Exercise price	HK$0.30
Expected life	2 years
Expected volatility	86.94%
Expected dividend yield	0%
Risk free interest rate	0.56%

On 10th February 2010, the Company and holders of CN Aug 2009 entered into the Intercreditors' Agreement and pursuant to which the holders have agreed, subject to the completion of the Share Subscription and the 2010 Rights Issue, to settle CN Aug 2009 in its principal amount of HK$132 million with a combination of (i) cash, (ii) conversion shares; and (iii) option shares (Note 2(a)).

On 11th May 2010, the conditions precedent to the completion of the Intercreditors' Agreement were fulfilled and CN Aug 2009 was settled in the manner as described above. Accordingly, the cash settlement of approximately HK$34,403,000, which became falling due on 11th May 2010, is classified as current liabilities in the consolidated statement of financial position.

The movement of the liability portions for the year is set out below:

	CN Jan 2008 HK$'000	**CN Aug 2009 HK$'000**	Total HK$'000
At 1st April 2008	83,095	–	83,095
Interest charged and capitalised in CG animation pictures	14,415	–	14,415
Loss on re-measurement of liability component	34,490	–	34,490
At 31st March 2009	132,000	–	132,000
Redemption during the year	(132,000)	–	(132,000)
Issue during the year	–	**80,744**	80,744
Interest charged	–	**13,256**	13,256
At 31st March 2010	–	**94,000**	94,000

27. OBLIGATIONS UNDER FINANCE LEASE

The Group leased certain of its motor vehicles under finance leases. The average lease term in 2009 was four years and the average effective interest rate was 7.8%. Interest rates underlying all obligations under finance lease were fixed at the contract date ranging from 4% to 9% for both years. All leases were on a fixed repayment basis and no arrangements were entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance lease:				
Within one year	–	799	–	693
In the second to fifth year inclusive	–	1,433	–	1,341
	–	2,232	–	2,034
Less: future finance charges	–	(198)	–	–
Present value of lease obligations	–	2,034	–	2,034
Less: Amount due within one year and shown under current liabilities			–	(693)
Amount due after one year			–	1,341

The Group's obligations under finance leases were secured by the lessors' charge over the leased assets.

28. DEFERRED TAX

The followings are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Recognised tax losses HK$'000	Convertible loan notes HK$'000	Total HK$'000
At 1st April 2008	(9,560)	8,702	(9,115)	(9,973)
Effect of change in tax rate	497	(497)	521	521
Credit (charge) to profit or loss	1,371	(2,909)	8,594	7,056
At 31st March 2009	(7,692)	5,296	–	(2,396)
Charge to equity for the year	–	–	(9,337)	(9,337)
Credit (charge) to profit or loss	126	(208)	3,067	2,985
Relating to deconsolidation of subsidiaries	7,566	(5,088)	–	2,478
At 31st March 2010	**–**	**–**	**(6,270)**	**(6,270)**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

28 DEFERRED TAX *(Continued)*

At the end of the reporting period, the Group had unused tax losses of approximately HK$743,280,000 (2009: HK$288,078,000) available to offset against future assessable profits. No deferred tax has been recognised in respect of these tax losses (2009: amount recognised was HK$32,097,000) due to the unpredictability of future profit streams. Unused tax losses can be carried forward indefinitely.

29. SHARE CAPITAL

	Number of ordinary shares '000	Values HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1st April 2008 and 31st March 2009	2,500,000	250,000
Increase during the year (note iii)	7,500,000	750,000
At 31st March 2010	10,000,000	1,000,000
Issued and fully paid:		
At 1st April 2008	1,637,954	163,795
Exercise of share options (note i)	200	20
Placement of shares (note ii)	90,600	9,060
At 31st March 2009	1,728,754	172,875
Exercise of share options (note iv)	5,550	555
Placement of shares (note v)	230,000	23,000
Conversion of 2009 Bridge Loans (Note 24)	1,204,476	120,448
2009 Rights Issue (note vi)	432,738	43,274
At 31st March 2010	**3,601,518**	**360,152**

29. SHARE CAPITAL *(Continued)*

The movements in the ordinary share capital for the year ended 31st March 2009 were as follows:

(i) The Company issued 200,000 ordinary shares of HK$0.10 each in the Company for cash at HK$0.196 per share as a result of the exercise of share options.

(ii) Pursuant to a subscription agreement entered on 2nd September 2008, the Company agreed to issue, and the subscriber, Smart Will Investment Limited ("Smart Will"), a wholly owned subsidiary of Shui On Holdings Limited, agreed to subscribe for 90,600,000 new ordinary shares at a subscription price of HK$0.86 per share (the "SW Share Subscription"). The subscription price represents a premium of approximately 40.98% to the closing market price of the Company's share on 2nd September 2008, being the last trading day immediately preceding the date of the placing agreement. Smart Will held 3.01% of the Company before the SW Share Subscription. The subscription shares represented approximately 5.53% and 5.24% of the issued share capital of the Company before and after the SW Share Subscription.

Sunni International Limited ("Sunni"), the then controlling shareholder of the Company interested in approximately 35.75% of the issued share capital of the Company before the completion of the SW Share Subscription, executed two deed polls, pursuant to which, upon completion of the SW Share Subscription, Sunni would transfer 70,000,000 share ("the Gift Shares") by way of gift at nil consideration to Smart Will. The Gift Shares represented approximately 4.27% of the issued share capital of the Company before the SW Share Subscription and approximately 4.05% of the issued share capital as enlarged by the SW Share Subscription.

After taking into account of the SW Share Subscription and the transfer of Gift Shares as a whole, Smart Will's subscription price was diluted to HK$0.485 per share (the "Diluted Subscription Price"), representing a discount of approximately 20.47% to the closing market price of the Company's share on 2nd September 2008, being the last trading day immediately preceding the date of the placing agreement. The difference arising from the par value and the Diluted Subscription Price of the shares of approximately HK$46,622,000 was credited to share premium and approximately HK$22,650,000 was credited to a reserve account as deemed contribution from Sunni.

The SW Share Subscription and the transfer of Gift Shares were completed on 22nd September 2008. The gross proceeds from the SW Share Subscription of approximately HK$77,916,000 were used for the development of Group's CG animation pictures.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

29. SHARE CAPITAL *(Continued)*

The movements in the ordinary share capital for the year ended 31st March 2010 were as follows:

(iii) Pursuant to a special general meeting held on 30th July 2009, the increase in authorised share capital by HK$750,000,000 was approved.

(iv) The Company issued 2,000,000, 200,000, 2,800,000 and 550,000 ordinary shares of HK$0.10 each in the Company for cash at HK$0.420, HK$0.196, HK$0.196 and HK$0.178 per share, respectively, as a result of the exercise of share options.

(v) Pursuant to a placing agreement entered into on 15th June 2009, a placing agent agreed to subscribe or procure subscription for 130,000,000 shares and an additional 100,000,000 shares at the price of HK$0.441 per placing share, which represented a discount of 8.13% over the average closing price of HK$0.48 per share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 15th June 2009. The placing was completed on 29th July 2009 and an aggregate of 230,000,000 ordinary share of the Company were issued.

(vi) On 19th August 2009, a rights issue at a subscription price of HK$0.25 per rights share on the basis of one rights share for every four shares in issue then held by the shareholders on the register of members on 28th July 2009 was became unconditional and the transaction was completed (the "2009 Rights Issue"). A total of 432,738,463 rights shares were issued resulting in gross proceeds of approximately HK$108 million to the Company.

All the shares issued during the years ranked pari passu with the then existing shares in all respect.

30. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

(a) General terms and conditions of the share option scheme

On 16th August 2002, the Company adopted a share option scheme (the "2002 Scheme") for the primary purpose of providing incentives to employees, executives or officers, directors of the Company or any of its subsidiaries and any business consultants, agents, legal or financial advisers or any supplier or provider of goods and services of the Company or any of its subsidiaries (the "Participants") for their contribution to the Group. The 2002 Scheme will be ending on 15th August 2012. Under the 2002 Scheme, the directors may grant options to the Participants to subscribe for shares in the Company for a consideration of HK$10 for each lot of share options granted. Options granted must be taken up within 28 days of date of grant. The exercise price is determined by the directors and shall not be less than the highest of:

(i) the official closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of the grant which must be a business day;

(ii) the average of the official closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the 5 business days immediately preceding the offer date; and

(iii) the nominal value of a share.

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(a) General terms and conditions of the share option scheme *(Continued)*

Pursuant to the 2002 Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company is not permitted to exceed 10% of the issued share capital of the Company as at 16th August 2002. Subject to the approval of the shareholders of the Company in general meeting and such other requirements prescribed under the Listing Rules from time to time, the directors may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meetings. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time.

At 31st March 2010, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 58,875,000 (2009: 91,625,000), representing 1.63% (2009: 5.30%) of the total number of shares of the Company in issue at that date.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of total number of shares in issue at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of the shareholders in general meetings, such Participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the directors are empowered to impose at their discretion any such minimum period at the time of grant of any particular options. The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(b) Movements of share options

The following table discloses details of the Company's share options held by directors, employees and consultant, who is an individual providing service similar to an employee including planning and directing certain activities of the Group, and movements in such holdings during the current and prior years:

For the year ended 31st March 2010

	Number of share options			
	Directors	Employees	Consultant	Total
Outstanding at 1st April 2009	16,000,000	70,625,000	5,000,000	91,625,000
Before 2009 Rights Issue				
Exercised during the year (note i)	–	(5,000,000)	–	(5,000,000)
Cancelled during the vesting period (note ii)	–	(80,000)	–	(80,000)
Forfeited during the year (note iii)	–	(120,000)	–	(120,000)
Adjustment due to 2009 Rights Issue (note iv)	1,634,816	6,970,956	510,880	9,116,652
After 2009 Rights Issue				
Granted during the year (note v)	23,000,000	167,738,000	–	190,738,000
Granted with modification during the year (note vi)	–	48,032,830	–	48,032,830
Cancelled with modification during the year (note vi)	–	(48,032,830)	–	(48,032,830)
Exercised during the year (note vii)	–	(550,000)	–	(550,000)
Cancelled during the vesting period (note ii)	(9,918,827)	(152,150,285)	–	(162,069,112)
Forfeited during the year (note iii)	(132,261)	(64,653,279)	–	(64,785,540)
Outstanding at 31st March 2010 (note viii)	**30,583,728**	**22,780,392**	**5,510,880**	**58,875,000**

The number of options exercisable, representing options vested, as at 31st March 2010 was 16,883,000 (2009: 54,920,000).

	Weighted average exercise price		
	Directors	Employees	Consultant
Outstanding at 1st April 2009	1.441	1.648	0.412
Before 2009 Rights Issue			
Exercised during the year	–	0.286	–
Cancelled during the vesting period	–	2.178	–
Forfeited during the year	–	2.178	–
Adjustment due to 2009 Right Issue	1.441	1.687	0.374
After 2009 Rights Issue			
Granted during the year	0.315	0.315	–
Granted with modification during the year	–	0.315	–
Cancelled with modification during the year	–	1.924	–
Exercised during the year	–	0.178	–
Cancelled during the vesting period	0.335	0.315	–
Forfeited during the year	0.780	0.540	–
Outstanding at 31st March 2010	0.879	0.315	0.374

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(b) Movements of share options *(Continued)*

notes:

(i) 2,000,000, 200,000 and 2,800,000 share options were exercised by the employees on 2nd July 2009, 9th July 2009 and 12th August 2009 at exercise price of HK$0.420, HK$0.196 and HK$0.196 respectively before 2009 Right Issue. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$0.454.

(ii) During the current reporting period, 162,149,112 share options were cancelled as a result of the resignation of director and resignation or termination of employment of employees prior to the vesting of relevant share options. The impact of the cancellation is either to adjust the CG animation pictures where the share options were previously capitalised or to recognise in the profit and loss, with a corresponding adjustment to the share options reserve.

(iii) 64,905,540 share options were forfeited due to the resignation of directors and resignation or termination of employment of employees subsequent to the vesting period.

(iv) As a result of the 2009 Rights Issue as set out in Note 29(vi), the number of the outstanding share options was adjusted accordingly based on the adjustment factor of 1.102 of the 2009 Rights Issue and the exercise prices of the share options were also adjusted as follows:

Date of grant	Original exercise price HK$	Revised exercise price HK$	Vesting period
Directors			
9th October 2006	2.570	2.332	Nil to 5 years
7th April 2008	2.178	1.976	2.74 to 4.74 years
22nd July 2008	0.860	0.780	1 to 4 years
29th December 2008	0.402	0.365	Nil to 1 year
Employees			
24th May 2005	0.196	0.178	Nil
7th June 2005	0.195	0.177	Nil
13th February 2006	0.535	0.485	Nil
8th November 2006	3.070	2.785	Nil
15th May 2007	2.178	1.976	0.67 to 3 years
25th September 2007	2.178	1.976	0.33 to 3 years
17th January 2008	2.178	1.976	1 to 3 years
7th April 2008	2.178	1.976	1 to 3 years
22nd December 2008	0.420	0.381	Nil
Consultant			
12th January 2009	0.412	0.374	0.05 to 1.97 years

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31st March 2010

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(b) Movements of share options *(Continued)*

notes: *(Continued)*

(v) On 21st August 2009, 190,738,000 share options were granted at an exercise price of HK$0.315 per share. The closing price of the Company's shares immediately before the grant date was HK$0.285.

(vi) On 17th November 2009, 48,032,830 unexercised share options previously granted were cancelled and the same number of share options were re-granted to the affected grantees with a modified exercise price of HK$0.315 per share. The closing price of the Company's shares immediately before the re-grant date was HK$0.181. Apart from the modified exercise price, there is no modification to the terms of the affected share options.

The replacements were accounted for as a modification of the original grant. The incremental fair value arising from the modification of the exercise price is approximately HK$2,272,000. The assumptions in the calculation of the fair value are set out in Note 30(c).

(vii) 550,000 share options were exercised by an employee on 16th September 2009 at a exercise price of HK$0.178 after the 2009 Rights Issue. The closing price of the Company's shares immediately before the date on which the options were exercised was HK$0.450.

(viii) Directors, employees and consultant are entitled to a gradual increase in the number of share options being vested upon increase in the years of services to the Group. Details of date of grant, vesting period, exercisable period and exercise price of the share options outstanding at 31st March 2010 for directors, employees and consultant are as follows:

Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 31st March 2010
Directors				
9th October 2006	Nil to 5 years	5 years	2.332	5,510,880
7th April 2008	2.74 to 4.74 years	5 years	1.976	3,306,528
22nd July 2008	1 to 4 years	5 years	0.780	551,088
29th December 2008	Nil to 1 year	5 years	0.365	7,715,232
21st August 2009	1 to 3 years	5 years	0.315	13,500,000
				30,583,728
Employees				
21st August 2009	1 to 3 years	5 years	0.315	18,412,000
17th November 2009	Nil to 3 years	5 years	0.315	4,368,392
				22,780,392
Consultant				
12th January 2009	0.05 to 1.97 years	5 years	0.374	5,510,880
			Total:	58,875,000

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(b) Movements of share options *(Continued)*

For the year ended 31st March 2009

	Number of share options			
	Directors	Employees	Consultant	Total
Outstanding at 1st April 2008	17,000,000	66,891,000	–	83,891,000
Granted during the year (note i)	4,000,000	11,690,000	5,000,000	20,690,000
Granted with modification during the year (note i and ii)	7,000,000	–	–	7,000,000
Cancelled with modification during the year (note ii)	(7,000,000)	–	–	(7,000,000)
Exercised during the year (note iii)	–	(200,000)	–	(200,000)
Cancelled during the vesting period (note iv)	(3,500,000)	(4,992,000)	–	(8,492,000)
Forfeited during the year (note v)	(1,500,000)	(2,764,000)	–	(4,264,000)
Outstanding at 31st March 2009	16,000,000	70,625,000	5,000,000	91,625,000

	Weighted average exercise price		
	Directors	Employees	Consultant
Outstanding at 1st April 2008	2.455	1.880	–
Granted during the year	1.849	0.674	0.412
Granted with modification during the year	0.402	–	–
Cancelled with modification during the year	2.570	–	–
Exercised during the year	–	0.196	–
Cancelled during the vesting period	2.178	2.178	–
Forfeited during the year	2.178	2.305	–
Outstanding at 31st March 2009	1.441	1.648	0.412

notes:

(i) On 7th April 2008, 22nd July 2008, 22nd December 2008, 29th December 2008 and 12th January 2009, 4,690,000, 1,000,000, 10,000,000, 7,000,000 and 5,000,000 share options were granted respectively. The closing prices of the Company's shares immediately before the respective date of grant were HK$1.49, HK$0.58, HK$0.39, HK$0.39 and HK$0.38 respectively.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(b) Movements of share options *(Continued)*

notes: *(Continued)*

(ii) During the year, 7,000,000 share options previously granted on 9th October 2006 with an exercise price of HK$2.570 per share were cancelled and the same number of share options were granted to the option holder with revised terms as follows:

Date of grant	Number of share options	Option exercise price	Exercisable period	Vesting period
29th December 2008	5,000,000	0.402	29th December 2008 to 28th December 2013	Nil
	2,000,000	0.402	29th December 2009 to 28th December 2014	29th December 2008 to 28th December 2009
Total:	7,000,000			

The replacements were accounted as a modification of the original grant. The incremental fair value arising from the modification of terms is approximately HK$802,000.

(iii) The weighted average closing market price of the Company's shares immediately before the dates on which the share options were exercised was HK$0.753.

(iv) 8,492,000 share options were cancelled due to resignation of a director and the employees during the vesting period which have been reflected in the estimate of the number of options to be vested in the calculation of share-based payment expenses.

(v) 4,264,000 share options were forfeited due to resignation of a director and employees after the vesting period.

(vi) Total consideration received for the grant of options during the year was approximately HK$100 (2008: HK$3,080).

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(b) Movements of share options *(Continued)*

notes: *(Continued)*

(vii) Directors, employees and consultant are entitled to a gradual increase in the number of share options being vested upon increase in the years of services to the Group. Details of date of grant, vesting period, exercisable period and exercise price of the share options outstanding at 31st March 2009 for directors, employees and consultant are as follows:

Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding at 31st March 2009
Directors				
9th October 2006	Nil to 5 years	5 years	2.570	5,000,000
7th April 2008	2.74 to 4.74 years	5 years	2.178	3,000,000
22nd July 2008	1 to 4 years	5 years	0.860	1,000,000
29th December 2008	Nil to 1 year	5 years	0.402	7,000,000
				16,000,000
Employees				
24th May 2005	Nil	5 years	0.196	3,500,000
7th June 2005	Nil	5 years	0.195	5,000,000
13th February 2006	Nil	3 to 5 years	0.535	2,300,000
8th November 2006	Nil	5 years	3.070	860,000
15th May 2007	0.67 to 3 years	5 years	2.178	39,525,000
25th September 2007	0.33 to 3 years	5 years	2.178	6,750,000
17th January 2008	1 to 3 years	5 years	2.178	1,000,000
7th April 2008	1 to 3 years	5 years	2.178	1,690,000
22nd December 2008	Nil	5 years	0.420	10,000,000
				70,625,000
Consultant				
12th January 2009	0.05 to 1.97 years	5 years	0.412	5,000,000
			Total:	91,625,000

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(c) Recognition of share-based payment expenses

The total fair value of the share options granted during the year, at the respective dates of grant, is approximately HK$35,640,000 (2009: HK$7,923,000), calculated using the Binomial option pricing model with the following inputs:

Date of grant	Share price on date of grant HK$	Fair value per option HK$	Vesting period	Exercisable period	Expected volatility %	Expected dividend yield %	Risk free rate %	Expected life
For the year ended 31st March 2010								
21st August 2009	0.280	0.144 to 0.184	1 to 3 years	5 years	69.39 to 93.31	0	1.99 to 2.30	6 to 8 years
17th November 2009	0.181	0.044 to 0.097	Nil to 3 years	5 years	71.12 to 109.16	0	0.41 to 1.76	5 to 8 years
For the year ended 31st March 2009								
7th April 2008	1.460	0.468 to 0.770	1 to 4.74 years	5 years	79.87 to 115.67	0	2.24 to 2.58	6 to 9.75 years
22nd July 2008	0.570	0.249 to 0.279	1 to 4 years	5 years	80.39 to 94.08	0	3.40 to 3.60	6 to 9 years
22nd December 2008	0.420	0.204	Nil	5 years	71.04	0	1.21	5 years
29th December 2008	0.400	0.194	Nil to 1 year	5 years	66.51 to 70.98	0	1.19 to 1.21	5 to 6 years
12th January 2009	0.385	0.181 to 0.226	0.05 to 1.97 years	5 years	66.88 to 95.20	0	1.14 to 1.25	5.05 to 6.97 years

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

The Binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme *(Continued)*

(c) Recognition of share-based payment expenses *(Continued)*

The fair value of the share options granted during the year, together with the unamortised fair value of the share options granted in previous years, were amortised to various financial periods with reference to the vesting periods attached to the respective share options on a straight-line basis. On such basis, share-based payment expenses attributable to the year ended 31st March 2010 amounted to approximately HK$18,600,000 (2009: HK$27,949,000) and were analysed between:

	2010 HK$'000	2009 HK$'000
Directors' emoluments	4,133	1,161
Other staff cost	13,929	26,479
Consultant	538	309
	18,600	27,949

The above staff costs were partly capitalised as CG animation picture work in progress and partly accounted for as operating expenses as follows:

	2010 HK$'000	2009 HK$'000
Capitalised in CG animation pictures	13,857	25,343
Charged to profit or loss	4,743	2,606
	18,600	27,949

Share award

In accordance with a service agreement dated 21st August 2009 entered into between the Company and late Mr. William Montgomerie Courtauld, a then non-executive director of the Company, and a grant letter dated 21st August 2009 issued by the Company to Mr. Phoon Chiong Kit, the then executive director, deputy chairman and chief executive officer of the Company, the Company would issue 5,483,870 shares and 2,000,000 shares to Mr. William Montgomerie Courtauld and Mr. Phoon Chiong Kit, respectively, as part of their service compensation. Shares would be issued subject to the approval by shareholders.

The grants were approved in a special general meeting dated 17th November 2009 and the Group recognised an equity-settled shared-based payment expense of HK$1,355,000 in aggregate with a corresponding credit to share award reserve. The closing price of the Company's share on 17th November 2009 was HK$0.181 per share.

The shares were issued subsequently in May 2010.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

31. DECONSOLIDATION OF SUBSIDIARIES

The Group's subsidiaries in the US (the "US Subsidiaries") were placed by the Group under a procedure called Assignment for the Benefit of Creditor ("ABC"), which is a California state recognised form of voluntary liquidation, on 25th January 2010. The filing for ABC is governed by California state law and upon the appointment of an assignee, the Group delivered all control over these US Subsidiaries to the assignee. Accordingly, the US Subsidiaries were deconsolidated by the Group.

In addition, on 5th February 2010, a wholly-owned subsidiary of the Company, Imagi Production Limited ("IPL"), made an application to the High Court of the Hong Kong Special Administration Region ("High Court") for voluntary liquidation and the appointment of provisional liquidators. On 8th February 2010, the liquidators were appointed pursuant to an order granted by the High Court. Accordingly, IPL was deconsolidated by the Group.

The net assets of the US Subsidiaries and IPL at the respective dates of deconsolidation were as follows:

	US Subsidiaries HK$'000	IPL HK$'000	Total HK$'000
NET LIABILITIES DECONSOLIDATED			
Property, plant and equipment	13,123	36,680	49,803
Club debentures	–	60	60
Trade and other receivables, deposits and prepayment	10,940	2,817	13,757
Tax recoverable	40	–	40
Bank balances and cash	66	15	81
Other payables and accruals	(7,270)	(44,156)	(51,426)
Prints and advertising loan due to Endgame (note)	(65,191)	–	(65,191)
Deferred tax	(1,388)	(1,090)	(2,478)
Gain on deconsolidation	(49,680)	(5,674)	(55,354)
Net cash outflow arising on bank balances and cash deconsolidated	66	15	81

note: The loan was granted by Endgame Funding, LLC ("Endgame"), a California limited liability company not connected to the Group, for the specific purpose of funding the promotion expenses to be incurred in connection with the launch of *Astro Boy* in October 2009. The loan carried interest at a rate equal to 3-month LIBOR plus 5% per annum and was repayable upon maturity on 15th May 2010. Included in the amount is an arrangement fee, arising from the loan, of US$1.6 million (approximately HK$12.5 million) payable to Endgame with a corresponding expense recognised as finance costs in the consolidated statement of comprehensive income.

32. PLEDGE OF ASSETS

At 31st March 2010, the P&A Loan and the loan from Endgame as per Note 25 and Note 31 respectively, were secured by certain assets of the group including, *Astro Boy*, together with the revenue to be generated from *Astro Boy*. The carrying value of *Astro Boy* at 31st March 2010 is nil.

At 31st March 2009, *Astro Boy* and all its related intellectual property rights, with an aggregate carrying value of approximately HK$340,946,000 were pledged as collateral for the 2009 Bridge Loans as per Note 24 and CN Jan 2008 as per Note 26.

33. CAPITAL COMMITMENTS

	2010 HK$'000	2009 HK$'000
Capital expenditure in respect of CG animation pictures authorised but not contracted for in the consolidated financial statements	–	35,690
Capital expenditure in respect of CG animation pictures and property, plant and equipment contracted for but not provided in the consolidated financial statements	–	5,645

34. OPERATING LEASE COMMITMENTS

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

	2010 HK$'000	2009 HK$'000
Within one year	140	20,513
In the second to fifth years inclusive	64	40,438
Over five years	–	8,703
	204	69,654

Operating lease payments represent rentals payable by the Group for office premises and staff quarters. Leases were negotiated for an average term of two years (2009: three years) and rentals were fixed for an average term of two years (2009: two years).

35. RETIREMENT BENEFITS SCHEME

The Group participates in a MPF Scheme established under the Mandatory Provident Fund Scheme Ordinance for all its employees in Hong Kong. The scheme is a defined contribution scheme effective from December 2000 and is funded by contributions from employer and employees according to the rules of the MPF Scheme. The assets of the scheme are held separately from those of the Group, in funds under the control of an independent trustee. During the year, the total amount contributed by the Group to the scheme was approximately HK$3,125,000 (2009: HK$3,435,000), of which HK$2,487,000 (2009: HK$3,032,000) was capitalised in CG animation pictures and HK$638,000 (2009: HK$403,000) charged to profit or loss and no contributions were forfeited. The Group contributes at the lower of HK$1,000 or 5% of the relevant payroll costs to the MPF Scheme.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

36. MAJOR NON-CASH TRANSACTIONS

During the year ended 31st March 2010, the major non-cash transactions were as follows:

(a) The Group recognised share-based payment expenses of approximately HK$19,955,000 of which approximately HK$13,857,000 was capitalised in CG animation pictures and approximately HK$6,098,000 was charged to the consolidated statement of comprehensive income.

(b) The 2009 Bridge Loans as mentioned in Note 24 were converted into 1,204,476,068 ordinary shares of the Company of HK$0.10 each at a conversion price of HK$0.175 per share.

(c) CN Jan 2008 was redeemed by the issue of CN Aug 2009 with the same principal amount of HK$132 million as detailed in Note 26.

During the year ended 31st March 2009, the Company recognised share-based payment expenses of approximately HK$27,949,000 of which approximately HK$25,343,000 was capitalised in CG animation pictures and approximately HK$2,606,000 was charged to the consolidated statement of comprehensive income.

37. RELATED PARTY DISCLOSURES

For the year ended 31st March 2010

(1) The P&A Facility as stated in Note 25 was secured by a cash collateral provided to the bank by FCI, a company in which Mr. Hung was interested.

In consideration of and as a condition to the provision of the cash collateral by FCI, the Group has agreed to, among other things, (i) pay a fixed fee of US$1,500,000 (approximately HK$11.7 million and included in finance costs) and (ii) charge all exploitation rights of *Astro Boy* including certain of its future revenue in favour of FCI. Details of the P&A Facility are set out in the Company's announcement dated 9th September 2009.

Shareholders' approval of the P&A Facility was obtained in a special general meeting held on 17th December 2009.

(2) The Group obtained bridge loan facilities to the extent of HK$23 million from Trophy Fund, a company related to Mr. Hung. Detailed terms of the facilities and the amount utilised by the Group at 31st March 2010 are set out in Note 24.

(3) The Group effected the CN Exchange (Note 26) whereby the Company issued CN Aug 2009 to, and redeemed CN Jan 2008 from, Goodyear Group Limited and Trophy LV Master Fund, companies related to Mr. Hung.

(4) Upon the completion of the 2009 Bridge Loans conversion on 19th August 2009, the outstanding loan principal and accrued interest due to Evertop, a company related to Mr. Hung, were converted into shares in the Company at a conversion price of HK$0.175 per share. Details of the 2009 Bridge Loans conversion are set out in Note 24.

For the year ended 31st March 2009

(1) In February 2009, the Company obtained a bridge loan facility to the extent of HK$117 million from Evertop. Detailed terms of the facility and the amount utilised by the Group at 31st March 2009 are set out in Note 24.

37. RELATED PARTY DISCLOSURES *(Continued)*

Compensation of key management personnel

The remunerations of key management personnel during the year were as follows:

	2010 HK$'000	2009 HK$'000
Short-term benefits	**35,574**	36,201
Post-employment benefits	**80**	1,881
Equity-settled share-based payment expenses	**5,329**	5,729
	40,983	43,811

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial positions of the Company as at 31st March 2010 is as follows:

	Note	2010 HK$'000	2009 HK$'000
Total assets		**79,630**	933,773
Total liabilities		**(244,473)**	(366,970)
		(164,843)	566,803
Capital and reserves			
Share capital		**360,151**	172,875
Reserves	(i)	**(524,994)**	393,928
		(164,843)	566,803

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

(i) Reserves of the Company:

	Share premium HK$'000	Deemed contribution reserve HK$'000	Convertible loan notes equity reserve HK$'000	Share options reserve HK$'000	Share award reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April 2008	576,216	–	42,972	95,435	–	(250,160)	464,463
Loss for the year	–	–	–	–	–	(167,880)	(167,880)
Shares issued (Note 29(ii))	46,622	22,650	–	–	–	–	69,272
Share issue expenses	(416)	–	–	–	–	–	(416)
Decrease in opening deferred tax liability due to a decrease in applicable rate (Note 28)	–	–	521	–	–	–	521
Recognition of equity-settled share-based payments (Note 30(c))	–	–	–	27,949	–	–	27,949
Exercise of share options (Note 29(i))	47	–	–	(28)	–	–	19
Share options forfeited during the year (Note 30(b)(v))	–	–	–	(8,484)	–	8,484	–
At 31st March 2009	622,469	22,650	43,493	114,872	–	(409,556)	393,928
Loss for the year	–	–	–	–	–	(1,364,588)	(1,364,588)
Placement of shares (Note 29(v))	78,430	–	–	–	–	–	78,430
Rights issue (Note 29(vi))	64,911	–	–	–	–	–	64,911
Share issue expenses	(6,748)	–	–	–	–	–	(6,748)
Conversion of bridge loans (Note 24)	240,896	–	–	–	–	–	240,896
Recognition of equity-settled share-based payments (Note 30)	–	–	–	18,600	1,355	–	19,955
Exercise of share options (Note 29(iv))	1,875	–	–	(904)	–	–	971
Share options forfeited during the year (Note 30(b)(iii))	–	–	–	(105,265)	–	105,265	–
Redemption of convertible loan notes	–	–	(43,493)	–	–	43,493	–
Recognition of equity component of convertible loan notes	–	–	56,588	–	–	–	56,588
Deferred tax liability on recognition of equity component of convertible loan notes	–	–	(9,337)	–	–	–	(9,337)
At 31st March 2010	1,001,833	22,650	47,251	27,303	1,355	(1,625,386)	(524,994)

The Company's deemed contribution reserve represents the difference between the subscription price in a share subscription by a new shareholder and the diluted subscription price after taking into account of the transfer of gift shares from an existing shareholder to the new shareholder (details as per Note 29(ii)).

39. EVENTS AFTER THE REPORTING PERIOD

Significant events after the reporting period are set out in Note 2.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company				Principal activities
			Directly		Indirectly		
			2010 %	2009 %	2010 %	2009 %	
Diamond Century International Limited	British Virgin Islands/ Hong Kong	US$4	–	–	100	100	Investment holding
Great Trend International Limited	British Virgin Islands/ Hong Kong	US$4	100	100	–	–	Investment holding
Highland Fling Inc. (note i)	United States of America	US$5,000	–	–	–	100	Production management of CG animation pictures
iDream Production Limited	Hong Kong	HK$2	–	–	100	100	Provision of CG and special effects production services in respect of pictures
Imagi Animation Studios Limited	Hong Kong	HK$2	–	–	100	100	Investment holding and holding and licensing of intellectual property rights in respect of CG animation pictures
Imagi Character Licensing B.V.	Netherlands	EUR18,100	–	–	100	100	Sub-licensing of intellectual property rights in respect of CG animation pictures
Imagi Character Limited	Labuan	US$100	–	–	100	100	Holding and licensing of intellectual property rights in respect of CG animation pictures
Imagi Crystal Limited	Hong Kong	HK$1	–	–	100	100	Holding and licensing of intellectual property rights in respect of CG animation pictures
Imagi Diamond Limited	Hong Kong	HK$1	–	–	100	100	Holding and licensing of intellectual property rights in respect of CG animation pictures

Notes to the Consolidated Financial Statements (continued)

For the year ended 31st March 2010

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
Imagi Emerald Limited	Hong Kong	HK$1	–	–	100	100	Holding and licensing of intellectual property rights in respect of CG animation pictures
Imagi Global Distribution Inc. (note i)	United States of America	US$100	–	–	–	100	Distribution and licensing of intellectual property rights in respect of CG animation pictures
Imagi Platinum Limited	Hong Kong	HK$1	–	–	100	100	Inactive
Imagi Production Limited (note ii)	Hong Kong	HK$28,572	–	–	–	100	Production of CG animation pictures and holding and licensing of intellectual property rights in respect of CG animation pictures
Imagi (Zentrix) Licensing B.V.	Netherlands	EUR18,000	–	–	100	100	Sub-licensing of intellectual property rights in respect of CG animation pictures
Imagi International Japan Company Limited	Japan	JPY30,000,000	–	–	100	100	Provision of marketing services on project licensing and acting as a full-service project management house in respect of CG animation pictures
Imagi Intellectual Properties Limited	Labuan	US$1,000	–	–	100	100	Holding and licensing of intellectual property rights in respect of CG animation pictures
Imagi Services Limited	Hong Kong	HK$2	–	–	100	100	Provision of administrative services
Imagi Services (USA) Limited (note i)	United States of America	US$100	–	–	–	100	Marketing of CG animation pictures
Imagi Studios (USA) Inc. (note i)	United States of America	US$5,000	–	–	–	100	Production management of CG animation pictures
King's Quest Inc. (note i)	United States of America	US$5,000	–	–	–	100	Production management of CG animation pictures

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
Magic Marble Investments Limited	British Virgin Islands/ Hong Kong	US$4	100	100	–	–	Investment holding
Neo-Mad House Intellectual Properties Licensing B.V.	Netherlands	EUR18,000	–	–	100	100	Sub-licensing of intellectual property rights in respect of CG animation pictures
Neo-Mad House (X.S.I.) Limited	Labuan	US$1	–	–	100	100	Holding and licensing of intellectual property rights in respect of CG animation pictures
Rover's Trek Inc. (note i)	United States of America	US$5,000	–	–	–	100	Production management of CG animation pictures
Top Bond Technology Limited	Hong Kong	HK$2	–	–	100	100	Development of intellectual property rights in respect of CG games
Topway Asset Limited	British Virgin Islands/ Hong Kong	US$4	100	100	–	–	Investment holding
Turbo Money Investments Limited	British Virgin Islands/ Hong Kong	US$4	–	–	100	100	Financing of CG animation pictures
Victory Gem International Limited	British Virgin Islands/ Hong Kong	US$4	100	100	–	–	Investment holding

note i: These companies were placed under ABC on 25th January 2010 and were no longer controlled by the Company.

note ii: IPL was placed under voluntary liquidation on 8th February 2010 and was no longer controlled by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

Unaudited Pro Forma Statement of Consolidated Assets and Liabilities

1. UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES OF THE GROUP

As set out in note 2 to the consolidated financial statements for the year ended 31st March 2010 (the "Basis of Preparation"), the 2010 Rights Issue, the Intercreditors' Agreement, the Share Subscription and the Top-up Subscription (all as defined in the Basis of Preparation and are collectively referred to as the "Transactions") were completed in May 2010. The following unaudited pro forma statement of consolidated assets and liabilities of the Group (the "Unaudited Pro Forma Financial Information") is prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Transactions on the Group's consolidated assets and liabilities as if the Transactions had been completed on 31st March 2010.

The Unaudited Pro Forma Financial Information has been prepared for illustration purposes only, and because of its nature, it may not give a true picture of the financial position of the Group following completion of the Transactions.

The Unaudited Pro Forma Financial Information is prepared based on the Group's audited consolidated statement of financial position as at 31st March 2010, as extracted from the published annual report and the adjustments described below.

	Consolidated assets and liabilities as at 31st March 2010 (audited) HK$'000 (note i)	Settlement of debts upon completion of the Intercreditors' Agreement HK$'000 (note ii)	Proceeds from the Share Subscription HK$'000 (note iii)	Proceeds from the Top-up Subscription HK$'000 (note iii)	Estimated net proceeds from the 2010 Rights Issue HK$'000 (note iv)	Unaudited pro forma consolidated assets and liabilities HK$'000
Non-current assets						
Property, plant and equipment	1,446					1,446
CG animation pictures	82,572					82,572
	84,018					84,018
Current assets						
Trade and other receivables, deposits and prepayments	1,264					1,264
Bank balances and cash	2,368	(69,750)	131,600	68,810	95,950	228,978
	3,632					230,242
Current liabilities						
Other payables and accruals	36,435	(12,583)				23,852
Tax payable	1,788					1,788
Bridge loans	36,000	(19,500)				16,500
Prints and advertising loan	78,000	(78,000)				–
Convertible loan notes	34,403	(34,403)				–
	186,626					42,140
Net current (liabilities) assets	(182,994)					188,102
Total assets less current liabilities	(98,976)					272,120
Non-current liabilities						
Convertible loan notes	59,597	(59,597)				–
Deferred tax	6,270	(6,270)				–
	65,867					–
Net (liabilities) assets	(164,843)					272,120

Notes:

i. The audited consolidated assets and liabilities of the Group as at 31st March 2010 is extracted from the audited consolidated statement of financial position of the Group as at 31st March 2010 as set out on page 34 of this annual report.

ii. Pursuant to the Intercreditors' Agreement completed on 11th May 2010, the total amount due to the Core Creditors (as defined in the Basis of Preparation) of approximately HK$204.08 million was settled through a combination of cash payment of approximately HK$69.75 million, the issue of 790,000,000 Adjusted Shares (as defined in the Basis of Preparation) and the grant of options to subscribe for 400,000,000 Adjusted Shares. Upon settlement of the convertible loan notes, the related deferred tax is also reversed.

iii. Pursuant to the Share Subscription and the Top-up Subscription, 1,880,000,000 Adjusted Shares and 983,000,000 Adjusted Shares were issued at a subscription price of HK0.07 per Adjusted Share on 11th May 2010. Accordingly, the Company raised proceeds of HK$131.60 million and HK$68.81 million from the Share Subscription and the Top-up Subscription respectively.

iv. The estimated net proceeds of the 2010 Rights Issue comprising 1,440,607,352 rights shares at a subscription price HK$0.07 per Adjusted Share, after deduction of the estimated related expenses of approximately HK$4.89 million, were approximately HK$95.95 million.

Unaudited Pro Forma Statement of Consolidated Assets and Liabilities (continued)

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES OF THE GROUP

Deloitte.
德勤

To the directors of Imagi International Holdings Limited

We report on the unaudited pro forma statement of consolidated assets and liabilities ("Unaudited Pro Forma Financial Information") of Imagi International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in the Company's annual report for the year ended 31st March 2010 (the "Annual Report") which has been prepared by the directors of the Company for illustration purpose only, to provide information about how the completion of the Intercreditors' Agreement, the Share Subscription, the Top-up Subscription and the 2010 Rights Issue (all as defined in the Basis of Preparation) might have affected the financial information presented, for inclusion in the Annual Report. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the accompanying introduction and notes thereto.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustration purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31st March 2010 or at any future date.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 21st July 2010

Financial Summary

RESULTS

	Year ended 31st March				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
Continuing operation					
Revenue	479	243,485	17,189	3,613	**107,123**
Loss before tax	(71,508)	(138,345)	(56,964)	(184,493)	**(1,367,911)**
Income tax (expense) credit	(717)	(617)	(865)	7,066	**825**
Loss for the year from continuing operation	(72,225)	(138,962)	(57,829)	(177,427)	**(1,367,086)**
Discontinued operation					
Loss for the year from discontinued operation	(27)	–	–	–	**–**
Loss for the year	(72,252)	(138,962)	(57,829)	(177,427)	**(1,367,086)**
Attributable to:					
Owners of the Company	(72,214)	(138,923)	(57,829)	(177,427)	**(1,367,086)**
Minority interests	(38)	(39)	–	–	**–**
	(72,252)	(138,962)	(57,829)	(177,427)	**(1,367,086)**

ASSETS AND LIABILITIES

	At 31st March				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
Total assets	393,222	608,403	754,532	841,547	**87,650**
Total liabilities	(221,529)	(93,862)	(116,689)	(274,744)	**(252,493)**
	171,693	514,541	637,843	566,803	**(164,843)**
Equity attributable to owners of the Company	171,635	514,541	637,843	566,803	**(164,843)**
Minority interests	58	–	–	–	**–**
	171,693	514,541	637,843	566,803	**(164,843)**

IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司