DORE HOLDINGS LIMITED
多金控股有限公司*

Incorporated in Bermuda with limited liability
Stock Code : 628

* For identification purposes only

Annual Report 2011

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Corporate Information

BOARD OF DIRECTORS

Executive directors:

Mr. Yeung Heung Yeung
(Appointed on 28 October 2010)
Mr. Yao Wai Kwok, Daniel
(Resigned on 1 November 2010)

Independent non-executive directors:

Mr. Leung Chi Hung
(Resigned on 1 June 2010)
Mr. Cheung Yim Kong, Johnny
(Resigned on 1 June 2010)
Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy
(Appointed on 1 June 2010)
Mr. Tang Chi Ho, Francis
(Appointed on 1 June 2010)

COMPANY SECRETARY

Ms. Chow Fuk Wai
(Appointed on 6 July 2011)

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL BANKERS

BEA
ICBC (Asia)

SOLICITORS

As to Hong Kong Law

Michael Li & Co.

As to Bermuda Law

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3903, 39/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
HM08 Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

INVESTOR RELATIONS

www.dore-holdings.com.hk

Management Discussion and Analysis

BUSINESS REVIEW

With a rapid increase in VIP gaming rooms in 2010 and 2011, VIP junkets offer higher rebates and extend unsecured credits to VIP customers aggressively in order to maintain their rolling turnover. As a result, most of the junkets in Macau have encountered liquidity problem due to the difficulties in debt collection.

Our junkets partners even manage their credit risk prudential but, due to the keen competition, the rolling turnover has dropped. The main factors which lead the drop include visa restriction, global financial crisis, decreased liquidity, squeeze in junkets' profit margin and loss of quality VIP customers. Regarding the sustained deterioration on rolling turnover of Joli Entretenimento Sociedade Unipessoal Limitada ("Joli"), the Group had disposed Top Jade Limited, Leading Century International Limited, East & West International Inc. and Pacific Force Inc. which include the Joli Profit Agreement on 12 May 2010. Although the Group's principal business activity in gaming and entertainment related business will be streamlined following the disposal of Joli, the Group continues to have a sufficient level of operations because its interest in the VIP gaming at The Venetian via Triple Gain and the revenue generated is stable.

Mr. Chen Yi-Ming is the sole owner of Nove Sociedade Unipessoal Limitada ("Nove") and is a general manager of the Company who is responsible for the operations of Nove at the Venetian gaming room for the purpose of the Nove Profit Agreement. The Group can maintain strict control over the outstanding receivables to minimise our credit risk.

However, our partner recently maintains strict control over the outstanding receivables and withdraws unsecured credits to VIP customers which finally lead the drop on rolling turnover at The Venetian. As such, our junkets partner cannot meet its profit expectation and a provision in impairment of the Group's intangible asset is required.

Unlike other listed issuers in similar businesses, the Group has never experienced any delay in receiving profit streams from our junket partners under the relevant profit agreements despite they may having a tight cash flow in their junket operations caused by the competition in VIP gaming activities. It is largely reliant upon the business relationship and trust that has built up between the Company and our junket partners.

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group was only engaged in core business stream: gaming and entertainment sector. With the strong foundation established during the years over the Macau gaming and entertainment sector, the Group would continue focusing on the gaming and entertainment business in the years to come while keeping an eye in identifying profitable and safe trading business.

Turnover of the Group was approximately HK$51,757,000 representing a 85.33% decrease over the corresponding figure of approximately HK$352,806,000 in 2010. The Group's revenue was lower than that of last year and this was in line with the difficulties facing the Macau gaming sector during the year. The main reason for the decrease was attributed to the disposal of Joli Profit Agreement on 12 May 2010. If an apple is compared with an apple, the rolling turnover of the junket partners, is satisfied but at the deteriorating trend. However, the turnover of Nove still provides stabilizing profit stream of the Group relativity.

Similar to 2010, as the Group's revenue is derived from the sharing of profit streams from investments in gaming and entertainment related business in Macau, there is no cost directly associated with it and hence, no cost of sales has been recorded. Gross margin is 100% (2010: 100%). The Group's operating cost is restricted to administrative expenses.

Administrative expenses was approximately HK$9,100,000 for the year ended 31 March 2011, a 2.86% decrease from approximately HK$9,368,000 for 2010. The decrease was mainly attributed to the expenses relating to the promotion, traveling and publicity role.

For the year ended 31 March 2011, finance cost was approximately HK$23,674,000 representing 81.63% decrease over the corresponding figure of approximately HK$128,904,000 in 2010. The main reason was attributable to the decrease of interest arisen on financial instruments due to the cancellation of convertible bonds and promissory notes for the disposal of several subsidiaries, capitalization and early repayment.

The Group's net figure still resulted in a net loss position of approximately HK$407,572,000, as compared to the net loss of approximately HK$632,224,000 for 2010. Similar to the annual result of 2009/10, the net loss was a result of non-cash impairment – a net profit before non-cash items of approximately HK$43,506,000 is a better reflection of the Group's actual operation result. The ultimate loss is a result of the impairment losses due to the inability to achieve the sales expectation.

	Year ended 31 March 2011 HK$'000
Net loss for the year	(407,572)
Adjusted for non-cash items	
Fair value changes on financial assets at fair value through profit or loss	31
Fair value changes on derivative financial instruments	2,803
Impairment loss recognised in respect of intangible assets	243,870
Loss on disposal of subsidiaries	60,322
Loss on cancellation of convertible bonds	81,931
Loss on early repayment of promissory notes	38,447
Notional interest cost of convertible bonds and promissory notes	23,674
Profit after striping out non-cash items	43,506

During the year, the Group had no other debt except for convertible bonds and promissory notes. If these are excluded, the Group would have a net cash position and a bank interest income of approximately HK$9,000 has been recorded.

As there is a general drop in rolling turnover generated by VIPs during the year and the inability to achieve the sales expectation by our business partner, the Group recognized impairment loss in respect of the Nove Profit Agreement of approximately HK$243,870,000.

Basic and diluted loss per share for the year under review were both HK22.54 cents (2010: HK85.91 cents).

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group funded its operation mainly through an equity financing, including issuance of new shares and contribution from its investee company. Financial position of the Group has remained reasonable during the year. As at 31 March 2011, total assets of the Group were approximately HK$239,347,000 (2010: HK$977,638,000) which were financed by capital and reserves of approximately HK$238,269,000 (2010: HK$308,494,000), current liabilities of approximately HK$1,078,000 (2010: HK$15,135,000) and did not have any non-current liabilities (2010: HK$654,009,000).

Equity attributable to owners of the Company at 31 March 2011 was approximately HK$238,269,000 (2010: HK$308,494,000). The decrease was mainly attributable to the impairments of intangible assets due to our business markets' recession.

At 31 March 2011, the cash and cash equivalents of the Group amounted to approximately HK$76,248,000 and the Group's current ratio was 116.69 (2010: 40.98). The increase is mainly attributed to the current liabilities classified as other payables in which the interest payable of promissory notes and convertible bonds has been decreased due to the early repayment of promissory notes and cancellation of convertible bonds during the year.

At 31 March 2011, the total liabilities of the Group amounted to approximately HK$1,078,000, mainly representing the accruals (2010: HK$669,144,000). The decrease was attributed to the early repayment of promissory note and cancellation of convertible bonds during the year under review. The Group's gearing ratio as at 31 March 2011, expressed as a percentage of total liabilities over total equity was 0.004 (2010: 2.17).

CAPITAL STRUCTURE

During the year ended 31 March 2011, the Company issued 352,941,176 ordinary shares of HK$0.01 each at a subscription price of HK$0.17 per share on 8 September 2010 to a subscriber, Mr. Ng Cheuk Fai, in order to settle part of the borrowings in the promissory note.

On 19 October 2010, the Company issued 349,000,000 ordinary shares of HK$0.01 each at a subscription price of HK$0.112 per share to Sur Limited, a strategic investor, for the purpose of raising additional capital for the Company in order to strengthen the capital base of the Company for any possible diversified investment in the future.

On 21 October 2010, 60,010,074 ordinary shares of HK$0.01 each were issued by the Company as a result of the exercise of the conversion rights attached to the three convertible bonds of an aggregate principal amount of approximately HK$105,863,000, HK$83,634,000 and HK$127,748,000 issued by the Company on 18 December 2007 and 6 November 2008.

BORROWINGS

At 31 March 2011, the Group do not have any borrowings in promissory notes (2010: HK $95,145,000) and convertible bonds (2010: HK$507,807,000). The decrease was attributed to the early repayment of promissory note and cancellation of convertible bonds during the year under review.

Finance costs for 2011 amounted to approximately HK$23,674,000 (2010: HK$128,904,000) and decrease of approximately HK$105,230,000 as compared with corresponding period in 2010.

CHARGES ON GROUP ASSETS

At 31 March 2011, none of the Group's assets was pledged to any financial institution for facilities (2010: Nil).

CONTINGENT LIABILITIES

At 31 March 2011, the Group had no contingent liabilities (2010: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group continues to adopt a conservative treasury policy with all bank deposits in Hong Kong dollars, keeping a minimum exposure to foreign exchange risks. As a majority of the inflow and outflow is denominated in Hong Kong dollars, the Group has not adopted any hedging policy or entered into any derivative products which are considered not necessary for the Group's treasury management activities.

MATERIAL DISPOSAL OF SUBSIDIARIES

On 9 November 2009, the Company entered into a sale and purchase agreement with Mr. Sin Chun Shing to sell the entire issued share capital of Team Jade and the sale debts at a total consideration of HK$500,000,000. The consideration is satisfied by offsetting against the outstanding principal amount of convertible bonds. On 12 May 2010, the transaction was completed. For further details, please refer to the Company's circular dated 26 April 2010. The above transaction constituted very substantial disposal under the Listing Rules.

EMPLOYEES

At 31 March 2011, the Group has a total of 4 employees (2010: 5 employees). The decrease in the number of employees was due to optimisation of our operation. Total staff costs (including directors' emoluments) during the year amounted to approximately HK$2,726,000 (2010: HK$2,907,000).

Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee and the Board of the Company on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. The Group has also implemented a share option scheme to reward eligible employees (including executive directors) according to their individual performance. During the year, no employees of the Group were granted options under the share option scheme of the Company.

PROSPECTS

The directors consider that the Macau VIP gaming business is highly sensitive to economic cycles and highly volatile. As such, outlook for the future of Macau gaming sector is not that positive. Hence, the Company has adopted the painful move in disposing the profit streams from Joli and has prepared for this through:

(1) adopting the prudent policy;

(2) remain focusing on improving operational efficiencies; and

(3) identifying suitable projects and/or investments that would be reasonably expected to generate profits and/or have potential for capital appreciation.

Whilst the Company has continuously placed priority on restructuring the existing gaming businesses of the Group, it has also been actively seeking possible investment opportunities to diversify its businesses as well as to broaden its revenue base.

Introduction of a new substantial shareholder, Sur Limited by way of the issue of new shares of the Company on 19 October 2010 does not only represent an excellent opportunity for the Company to strengthen the Group's financial position and enhance the Group's flexibility for exploring new investment opportunities in different industries other than the Group's existing businesses, but also introduce the Sur Limited as a strategic investor to the Group. With the strategic investor's impressive background and experience in different business areas, the Group will explore new opportunities, contacts as well as new investment and operational ideas.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Yeung Heung Yeung, aged 48, joined the Company as the chairman and an executive director in October 2010. He is currently the chairman of the Shenzhen Resources Investment & Development Co., Ltd.. A Masters Graduate of Tsinghua University, Mr. Yeung brings a wealth of management and technical expertise in the petrochemical, real estate, high-tech and biomedical (Gene Therapy, Cell Therapy and Stem Cell Therapy) industries. Additionally, Mr. Yeung has over 10 years of investment management experience and he is currently a Partner of SAIF (Beijing) Advisors Ltd..

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Shiow Yue, aged 48, joined the Company as an independent non-executive director in March 2010. She has over 20 years of working experience in accounting and management field.

Mr. Poon Wai Hoi, Percy, aged 46, joined the Company as an independent non-executive director in June 2010. Mr. Poon was graduated from Lingnan University (previously known as Lingnan College) with an Honours Diploma in Accountancy and obtained his Master of Science degree in E-Commerce from the Hong Kong Polytechnic University. Mr. Poon is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is currently a proprietor of a certified public accountant firm. Mr. Poon had worked for various international accounting firms, corporation and consultant company in Hong Kong. In his 20 years' career, Mr. Poon's experience covered audit and assurance, internal controls, accounting and information technology.

Mr. Tang Chi Ho, Francis, aged 44, joined the Company as an independent non-executive director in June 2010. He has over 16 years experience in public administration. He was an urban councilor from the year of 1995 to the year of 2000. Mr. Tang is currently a council member of Kwun Tong district since the year of 1994.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in operation which receive the profit streams from the gaming and entertainment related business. The activities of its principal subsidiaries are set out in note 37 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2011 are set out in the consolidated statement of comprehensive income on page 22 of this annual report.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 96. This summary does not form part of the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital, together with the reasons therefor are set out in note 28 to the financial statements.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme and details of movements in the share options of the Company during the year are set out in note 28(b) and 32 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2011, the Company's reserves available for distribution to shareholders, calculated in accordance with the provision of the Companies Act 1981 of Bermuda (as amended), amounted to nil (2010: nil).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales generated from the Group's five largest customers accounted for 100% of the total sales which 74% of the total sales arose from the Group's largest customer and there is no supplier to the Group.

None of the directors of the Company or any of their associates or any shareholders which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers.

RELATED PARTY TRANSACTION

The related party transactions set out in note 36 to the financial statements did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

DIRECTORS

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

Executive directors:

Mr. Yeung Heung Yeung (Appointed on 28 October 2010)
Mr. Yao Wai Kwok, Daniel (Resigned on 1 November 2010)

Independent non-executive directors:

Mr. Leung Chi Hung (Resigned on 1 June 2010)
Mr. Cheung Yim Kong, Johnny (Resigned on 1 June 2010)
Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy (Appointed on 1 June 2010)
Mr. Tang Chi Ho, Francis (Appointed on 1 June 2010)

In accordance with the Company's bye-laws, Mr. Yeung Heung Yeung and Ms. Lee Shiow Yue will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company are set out on page 8 of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' SERVICE CONTRACTS

No director has entered into any service agreements with any members of the Group excluding contracts expiring or determinable by the employee within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHARE OPTIONS

At 31 March 2011, the interests of the directors and their associates in the shares and the underlying shares of the Company and its associated corporations, as recorded in the register ("Register of Interests") 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 Issuers (the "Model Code") were as follows:

Interests in ordinary shares of the Company

Name of director	Capacity	Interest in shares	Interest in underlying shares	Total interest	Percentage of the issued share capital of the Company
Mr. Yeung Heung Yeung	Interest of corporation	349,000,000	Nil	349,000,000	16.20%

All interests stated above represent long positions. These shares are held by Sur Limited, a company wholly owned by Mr. Yeung Heung Yeung.

Other than as disclosed above, neither the directors nor the chief executive, nor any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2011.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name of director	Capacity	Interest in shares	Interest in underlying shares	Total interest	Percentage of the issued share capital of the Company
Mr. Ng Cheuk Fai	Beneficial owner	352,941,176	Nil	352,941,176	16.38%
Mr. Yeung Heung Yeung	Interest of corporation	349,000,000	Nil	349,000,000	16.20%
Sur Limited *(Note)*	Beneficial owner	349,000,000	Nil	349,000,000	16.20%

Note: Sur Limited is wholly owned by Mr. Yeung Heung Yeung.

Save as disclosed above, as at 31 March 2011, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

MATERIAL DISPOSAL OF SUBSIDIARIES

On 9 November 2009, the Company entered into a sale and purchase agreement with Mr. Sin Chun Shing to sell the entire issued share capital of Team Jade and the sale debts at a total consideration of HK$500,000,000. The consideration is satisfied by offsetting against the outstanding principal amount of convertible bonds. On 12 May 2010, the transaction was completed. For further details, please refer to the Company's circular dated 26 April 2010. The above transaction constituted a very substantial disposal under the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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 information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company, on the basis of their performance, experience and prevailing industry practices.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and/or comparable market statistics. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. The Group has also implemented a share option scheme to reward eligible employees (including executive directors) according to their individual performance.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 14 to 19.

AUDITORS

A resolution for the re-appointment of HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Yeung Heung Yeung
Chairman

Hong Kong
29 June 2011

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance standards and practices. The primary corporate governance rules applicable to the Company is the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 March 2011, the Company had complied with all code provisions set out in the CG Code, except for the deviation from Code A.2.1 and Code A.4.1 as described below in the sections of "Chairman and Chief Executive Officer" and "Appointments, Re-election and Removal of Directors".

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2011.

BOARD OF DIRECTORS

On 1 June 2010, Mr. Leung Chi Hung and Mr. Cheung Yim Kong, Johnny had resigned as independent non-executive directors and Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis had been appointed as independent non-executive directors. One of the independent non-executive directors possesses appropriate professional accounting qualifications and financial management expertise.

On 28 October 2010, Mr. Yeung Heung Yeung has been appointed as the chairman and an executive director.

On 1 November 2010, Mr. Yao Wai Kwok, Daniel has resigned as an executive director.

As at 31 March 2011, the Board comprises one executive director, namely Mr. Yeung Heung Yeung and three independent non-executive directors, namely Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue. Mr. Poon Wai Hoi, Percy is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He had worked for various international accounting firms, corporation and consultant company in Hong Kong. In his 20 years' career, Mr. Poon's experience covered audit and assurance, internal controls, accounting and information technology.

Such balanced Board composition, coupled with the strong independent element, is over and above the recommended practice under the CG Code for the Board to have at least one-third in number of its members comprising independent non-executive directors. The participation of independent non-executive directors in the Board brings independent judgment to ensure the interests of all shareholders of the Company have been duly considered.

The Board considers that all of the independent non-executive directors are independent. All of the independent non-executive directors have signed their respective confirmation letters to the Company confirming their independence as set out in Rule 3.13 of the Listing Rules. Biographical details of the directors are set out in the section of "Biographical Details of Directors" on page 8. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the directors.

BOARD OF DIRECTORS (Continued)

The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company. Each executive director has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties have been carried out in an efficient and effective manner. The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of respective Executive Directors. The Board also monitors the financial performance and the internal controls of the Group's business operations. The senior management is responsible for the day-to-day operations of the Group.

The independent non-executive directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgment in various aspects. They will take lead when potential conflicts of interest arise. They are also the members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company, including various site visits to the venues of the Company's partners in Macau. Thus, the Board considers the current board size is adequate for its present operations.

Induction and Continuing Development for Directors

During the year and up to the date of this report, Mr. Yeung Heung Yeung, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis were appointed as directors. They have received induction on the first occasion of their appointment, so as to ensure that they have appropriate understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors will be arranged whenever necessary.

Chairman and Chief Executive Officer

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Company does not officially have a position of chief executive officer, but Mr. Yeung Heung Yeung has been assuming the roles of chief executive officer of the Company.

In this regard, the Company has deviated from Code A.2.1 of CG Code. The Board believes that the roles of chairman and chief executive officer in the same person, Mr. Yeung Heung Yeung, can provide the Group with strong and consistent leadership and allow for more effective and efficient business planning and decision as well as execution of long term business strategies.

APPOINTMENTS RE-ELECTION AND REMOVAL OF DIRECTORS

According to Bye-law 86(2) of the bye-laws of the Company (the "Bye-Laws"), a director appointed by the Board to fill a casual vacancy shall hold office until the next general meeting. Hence, Mr. Yeung Heung Yeung will be re-elected as a director of the Company at the forthcoming annual general meeting.

Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis being the independent non-executive directors of the Company, were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-Laws. Ms. Lee Shiow Yue will be re-elected as a director of the Company at the forthcoming annual general meeting.

BOARD COMMITTEES

The Board has established three committees with specific responsibilities as described below. The terms of reference of the Remuneration Committee, Nomination Committee and Audit Committee are posted on the Company's website.

REMUNERATION COMMITTEE

As at 31 March 2011, the Remuneration Committee of the Company comprises two independent non-executive directors, Ms. Lee Shiow Yue (Chairman) and Mr. Tang Chi Ho, Francis and an executive director, Mr. Yeung Heung Yeung. It is responsible for reviewing and recommending all elements of the executive directors and senior management remuneration. The fees of the non-executive directors are determined by the Board. The Remuneration Committee met one time during the year under review. The Committee discussed and reviewed the remuneration packages of all directors and the granting of share options to the directors, senior management and consultants. The directors' remuneration for the year ended 31 March 2011 is set out in note 11 to the financial statements.

NOMINATION COMMITTEE

As at 31 March 2011, the Nomination Committee is chaired by Ms. Lee Shiow Yue with Mr. Tang Chi Ho, Francis and Mr. Yeung Heung Yeung as members. The majority of the members of the Nomination Committee are independent non-executive directors. It is responsible for reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the required blend of skills, knowledge and experience. The Nomination Committee met twice during the year under review and considered the appointment of independent non-executive directors during the year.

AUDIT COMMITTEE

As at 31 March 2011, the Audit Committee comprises three independent non-executive directors, Mr. Poon Wai Hoi, Percy as the Chairman, Ms. Lee Shiow Yue and Mr. Tang Chi Ho, Francis. None of the members of the Audit Committee is a member of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code.

The Audit Committee has access to and maintains an independent communication with the external auditors and the management to ensure effective information exchange on all relevant financial accounting matters. During the year, the Audit Committee held two meetings, with attendance of the financial controller and the company secretary. It reviewed the work done by external auditors, the relevant fees and terms, reports from external auditors in relation to the interim and annual financial statements, and receives regular reports from the internal audit functions in accordance with the Committee's term of reference.

AUDIT COMMITTEE (Continued)

Auditors' Remuneration

An analysis of remuneration in respect of audit and non-audit services provided by HLB Hodgson Impey Cheng, the auditors, is shown as follows:

	2011 HK$'000	2010 HK$'000
Audit service	**550**	650
Other advisory service	**950**	632

BOARD AND BOARD COMMITTEE MEETINGS

Details of individual directors' attendance at the Board and Board Committee Meetings held in the year are set out in the following table:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting
Number of meetings	9	2	1	2
Executive directors:				
Mr. Yeung Heung Yeung (Appointed on 28 October 2010)	0/9	N/A	0/1	0/2
Mr. Yao Wai Kwok, Daniel (Resigned on 1 November 2010)	8/9	N/A	1/1	2/2
Independent non-executive directors:				
Mr. Leung Chi Hung (Resigned on 1 June 2010)	1/9	N/A	0/1	0/2
Mr. Cheung Yim Kong, Johnny (Resigned on 1 June 2010)	1/9	N/A	N/A	N/A
Ms. Lee Shiow Yue	9/9	2/2	1/1	2/2
Mr. Poon Wai Hoi, Percy (Appointed on 1 June 2010)	8/9	2/2	N/A	N/A
Mr. Tang Chi Ho, Francis (Appointed on 1 June 2010)	8/9	2/2	0/1	1/2

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility to prepare the financial statements as set out on page 20. The statement of the external auditors about their reporting responsibilities on the financial statements is set out on page 20.

INTERNAL CONTROL

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

The Board has conducted an annual review of the effectiveness of its internal control system covering all material controls, including financial, operational and compliance as well as risk management.

SHAREHOLDER RIGHT

The rights of Shareholders and the procedures for them to demand a poll on resolutions at Shareholders' meetings are contained in the Company's Articles of Association. Details of such rights to demand a poll and the poll procedures are included in all circulars to Shareholders and will be explained during the proceedings of meetings. Poll results, if any, will be posted on both the websites of the Stock Exchange and the Company no later than 30 minutes before the earlier of the morning session or any pre-opening session on the next business day of the Shareholders' meeting.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed in providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the Group's website.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. Subject to the bye-laws of the Company, all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share registrar in Hong Kong.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF DORE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Dore Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 95 which comprise the consolidated and company statements of financial position as at 31 March 2011 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 29 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	6	**51,757**	352,806
Other revenue	6	**9**	14
Administrative expenses		**(9,100)**	(9,368)
Equity-settled share-based payments		**–**	(2,553)
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost	8	**–**	192,825
Fair value changes on financial assets at fair value through profit or loss		**(31)**	34,869
Fair value changes on derivative financial instruments	22	**(2,803)**	(7,912)
Impairment loss recognised in respect of intangible assets	16	**(243,870)**	(794,079)
Impairment loss recognised in respect of goodwill	17	**–**	(46,270)
Loss on disposal of subsidiaries	30	**(60,322)**	(15,955)
Loss on early redemption of convertible bonds	26	**–**	(21,206)
Loss on cancellation of convertible bonds	26	**(81,931)**	(122,698)
Loss on early repayment of promissory notes	25	**(38,447)**	(337)
Loss on cancellation of promissory notes	25	**–**	(67,714)
Finance costs	9	**(23,674)**	(128,904)
Loss before taxation		**(408,412)**	(636,482)
Taxation	10	**840**	4,258
Loss for the year	7	**(407,572)**	(632,224)
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive loss for the year		**(407,572)**	(632,224)
Loss for the year attributable to owners of the Company		**(407,572)**	(632,224)
Total comprehensive loss for the year attributable to owners of the Company		**(407,572)**	(632,224)
Loss per share			
– Basic and diluted (HK cents)	14	**(22.54)**	(85.91)

All of the Group's operations are classed as continuing.

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

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**18**	24
Intangible assets	*16*	**113,539**	357,409
		113,557	357,433
Current assets			
Accounts receivable	*19*	**2,614**	4,532
Deposits and other receivables	*20*	**97**	176
Financial assets at fair value through profit or loss	*21*	**46,831**	46,862
Derivative financial instruments	*22*	**–**	6,675
Cash and bank balances		**76,248**	98,390
		125,790	156,635
Assets classified as held for sale	*23*	**–**	463,570
		125,790	620,205
Less: Current liabilities			
Other payables and accruals	*24*	**1,078**	15,119
Liabilities directly associated with assets classified as held for sale	*23*	**–**	16
		1,078	15,135
Net current assets		**124,712**	605,070
Total assets less current liabilities		**238,269**	962,503

Consolidated Statement of Financial Position (Continued)

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Less: Non-current liabilities			
Promissory notes – due after one year	*25*	**–**	95,145
Convertible bonds – due after one year	*26*	**–**	507,807
Deferred tax liabilities	*27*	**–**	51,057
		–	654,009
Net assets		**238,269**	308,494
Capital and reserves			
Share capital	*28(a)*	**21,549**	13,930
Reserves	*29(a)*	**216,720**	294,564
Equity attributable to owners of the Company		**238,269**	308,494

Approved by the board of directors on 29 June 2011 and signed on its behalf by:

Poon Wai Hoi, Percy
Director

Tang Chi Ho, Francis
Director

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

Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**18**	24
Interests in subsidiaries	*18*	**5**	552,834
		23	552,858
Current assets			
Deposits and other receivables	*20*	**97**	176
Financial assets at fair value through profit or loss	*21*	**46,831**	46,862
Derivative financial instruments	*22*	**–**	6,675
Cash and bank balances		**76,247**	98,389
		123,175	152,102
Less: Current liabilities			
Other payables and accruals	*24*	**1,073**	15,115
Amount due to a subsidiary	*18*	**60,607**	–
		61,680	15,115
Net current assets		**61,495**	136,987
Total assets less current liabilities		**61,518**	689,845
Less: Non-current liabilities			
Promissory notes – due after one year	*25*	**–**	95,145
Convertible bonds – due after one year	*26*	**–**	507,807
Deferred tax liabilities	*27*	**–**	51,057
		–	654,009
Net assets		**61,518**	35,836
Capital and reserves			
Share capital	*28(a)*	**21,549**	13,930
Reserves	*29(b)*	**39,969**	21,906
Total equity		**61,518**	35,836

Approved by the board of directors on 29 June 2011 and signed on its behalf by:

Poon Wai Hoi, Percy *Director*	**Tang Chi Ho, Francis** *Director*

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

		Reserves								
	Share capital	**Share premium**	**Contributed surplus**	**Convertible bonds reserve**	**Capital reserve**	**Share option reserve**	**Revaluation reserve**	**Accumulated losses**	**Total reserves**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(note i)	*(note ii)*	*(note iii)*	*(note iv)*	*(note v)*	*(note vi)*			
At 1 April 2009	328,658	348,854	474,991	125,952	85,889	–	63,089	(586,171)	512,604	841,262
Net loss for the year	–	–	–	–	–	–	–	(632,224)	(632,224)	(632,224)
Total comprehensive loss for the year	–	–	–	–	–	–	–	(632,224)	(632,224)	(632,224)
Capital reduction *(note ii)*	(325,372)	–	325,372	–	–	–	–	–	325,372	–
Capital reorganisation *(note i)*	–	(348,854)	(231,319)	–	–	–	–	580,173	–	–
Early redemption of convertible bonds	–	–	–	(4,851)	–	–	–	(85,516)	(90,367)	(90,367)
Cancellation of convertible bonds	–	–	–	(79,141)	–	–	–	15,220	(63,921)	(63,921)
Recognition of equity-settled share-based payments	–	–	–	–	–	2,553	–	–	2,553	2,553
Issue of ordinary shares	6,000	174,000	–	–	–	–	–	–	174,000	180,000
Share issue expenses	–	(2,102)	–	–	–	–	–	–	(2,102)	(2,102)
Open offer	4,644	88,221	–	–	–	–	–	–	88,221	92,865
Open offer expenses	–	(999)	–	–	–	–	–	–	(999)	(999)
Release upon disposal of subsidiaries	–	–	–	–	–	–	(62,451)	62,451	–	–
Dividend paid	–	–	–	–	–	–	–	(18,573)	(18,573)	(18,573)
At 31 March 2010 and 1 April 2010	13,930	259,120	569,044	41,960	85,889	2,553	638	(664,640)	294,564	308,494
Net loss for the year	–	–	–	–	–	–	–	(407,572)	(407,572)	(407,572)
Total comprehensive loss for the year	–	–	–	–	–	–	–	(407,572)	(407,572)	(407,572)
Cancellation of convertible bonds	–	–	–	(8,086)	–	–	–	36,498	28,412	28,412
Conversion of convertible bonds into shares	600	267,167	–	(33,874)	–	–	–	–	233,293	233,893
Share option lapsed during the year *(note v)*	–	–	–	–	–	(2,553)	–	2,553	–	–
Issue of ordinary shares	7,019	69,000	–	–	–	–	–	–	69,000	76,019
Share issue expenses	–	(977)	–	–	–	–	–	–	(977)	(977)
At 31 March 2011	**21,549**	**594,310**	**569,044**	**-**	**85,889**	**-**	**638**	**(1,033,161)**	**216,720**	**238,269**

Notes:

(i) The share premium account of the Group includes shares issued at premium.

During the year ended 31 March 2010, the Company passed a special general resolution, the amount of approximately HK$348,854,000 standing to the credit of the share premium account of the Company as at 31 March 2009 and the amount of approximately HK$231,319,000 standing to the credit of the contributed surplus account of the Company were set off against the accumulated losses of the Company of approximately HK$580,173,000.

(ii) The contributed surplus of approximately HK$2,696,000 represents the difference between the nominal value of the shares, the share premium account and the contributed surplus of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

During the year ended 31 March 2010, the Company passed a special general resolution for capital reduction, the issued share capital of the Company was reduced from approximately HK$328,658,000 to HK$3,286,000. The capital reduction, resulted in reducing the issued share capital of the Company by approximately HK$325,372,000. Such amount was credited to the contributed surplus account of the Company.

(iii) The convertible bonds reserve represents the equity components of each of the convertible bonds issued. Each convertible bond issued are split into their liability and equity components at initial recognition at the fair values of each of the convertible bonds, which are determined by independent qualified professional valuer.

(iv) The capital reserve of the Group represents the cash received in excess of the fair value of the Second Promissory Note issued by the Company *(Note 25)*.

(v) The share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant options over the relevant vesting periods, the total of which is based on the fair value of the options at grant date. The amount is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

The share options were lapsed during the year ended 31 March 2011 and released directly to accumulated losses.

(vi) Included in the revaluation reserve, (i) amount of approximately HK$62,451,000 represents the adjustment on change in fair values of Worth Perfect International Limited ("Worth Perfect") between the initial acquisition of 49% equity interest on 4 January 2007 and further acquisition of 51% equity interest on 12 June 2007; and (ii) amount of approximately HK$638,000 represents the adjustment on change in fair values of Triple Gain Group Limited ("Triple Gain") between the initial acquisition of 60% equity interest on 10 December 2007 and further acquisition of 40% equity interest on 18 December 2007.

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Loss before taxation		**(408,412)**	(636,482)
Adjustments for:			
Finance costs	9	**23,674**	128,904
Interest income	6	**(9)**	(14)
Loss on cancellation of convertible bonds	26	**81,931**	122,698
Equity-settled share-based payments		**–**	2,553
Fair value changes on financial assets at fair value through profit or loss		**31**	(34,869)
Fair value changes on derivative financial instruments	22	**2,803**	7,912
Impairment loss recognised in respect of intangible assets	16	**243,870**	794,079
Impairment loss recognised in respect of goodwill	17	**–**	46,270
Depreciation	7	**35**	397
Loss on disposal of property, plant and equipment	7	**–**	546
Loss on early redemption of convertible bonds	26	**–**	21,206
Loss on disposal of subsidiaries	30	**60,322**	15,955
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost	8	**–**	(192,825)
Loss on early repayment of promissory note	25	**38,447**	337
Loss on cancellation of promissory notes	25	**–**	67,714
Operating profit before working capital changes		**42,692**	344,381
Decrease in accounts receivable		**3,666**	44,756
Decrease in deposits and other receivables		**79**	195
Decrease in financial assets at fair value through profit or loss		**–**	41,596
Decrease in other payables and accruals		**(1,892)**	(1,130)
Cash generated from operations		**44,545**	429,798
Interest paid		**(27,395)**	(156,623)
Net cash generated from operating activities		**17,150**	273,175

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from investing activities			
Interest received		**9**	14
Purchase of property, plant and equipment	*15*	**(4)**	(24)
Net cash (outflow)/inflow on disposal of subsidiaries	*30*	**(821)**	16,553
Net cash (used in)/generated from investing activities		**(816)**	16,543
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**39,088**	180,000
Share issue expenses		**(977)**	(2,102)
Proceeds from open offer		**–**	92,865
Open offer expenses		**–**	(999)
Payment for early redemption of convertible bonds		**–**	(299,986)
Payment for early redemption of promissory note		**(100,000)**	(40,134)
Repayment of loan from a shareholder		**–**	(130,000)
Dividends paid		**–**	(18,573)
Net cash used in financing activities		**(61,889)**	(218,929)
Net (decrease)/increase in cash and cash equivalents		**(45,555)**	70,789
Cash and cash equivalents at the beginning of the year		**121,803**	51,014
Cash and cash equivalents at the end of the year		**76,248**	121,803
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**76,248**	98,390
Cash and bank balances included in a disposal group classified as held for sale	*23*	**–**	23,413
		76,248	121,803

The accompany notes from an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Dore Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is Unit 3903, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in operations which receive the profit streams from gaming and entertainment related business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 3 to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2010.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 28 (Amendment)	Investments in Associates
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the new and revised HKFRSs had the following effect on the consolidated financial statements of the Group.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements (Continued)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of subsidiaries, the Group has elected to measure the non-controlling interests at fair value at the date of acquisition. Consequently, the goodwill recognised in respect of that acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of recognised identifiable net assets of the acquiree.

HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 3 (as revised in 2008) Business Combinations (Continued)

HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HK – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK – Int 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities.

The application of these new HKFRSs has no material impact on the results and the financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of new and revised HKFRSs not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[6]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 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 will affect the classification and measurement of the Group's financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of new and revised HKFRSs not yet effective (Continued)

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

The amendments to HKFRS 7 *Disclosures – Transfer of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures when transfers of financial assets are not evenly distributed throughout the period.

HKAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 *Consolidation – Special Purpose Entities and replaces parts of HKAS 27 Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 *supersedes* HKAS 31 *Interests in Joint Ventures* and HK(SIC)-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers.*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of new and revised HKFRSs not yet effective (Continued)

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

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

A summary of significant accounting policies adopted by the Group in the preparation of the consolidated financial statements is set out below:

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost convention except for financial assets at fair value through profit or loss and derivative financial instruments which have been carried at fair value as explained below.

Basis of consolidation

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

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

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

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

Allocation of total comprehensive income to non-controlling interest

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 April 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 April 2010

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Business combinations that took place on or after 1 April 2010 (Continued)

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

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

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

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

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

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Business combinations that took place prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Goodwill

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit 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 cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated 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 cash-generating unit, the attributable amount of goodwill capitalised in included in the determination of the amount of profit or loss on disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (other than goodwill)

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of comprehensive income in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated statement of comprehensive income in the period in which it arises.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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

Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 debt instrument, 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 other than financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL:

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other revenue" line item in the consolidated statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts receivable, deposits and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 investment have been affected.

For all other financial assets, 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; or
- the disappearance of an active market for the financial asset because of financial difficulties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For certain categories of financial asset, such as accounts receivable, assets that are assessed not to be impaired individually are 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 of 15 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Other financial liabilities (including other payables and accruals and promissory notes) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Convertible bonds

Convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

Convertible bonds that contain an equity component

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible bonds (Continued)

Convertible bonds that do not contain an equity component

Conversion option that is classified as derivative financial liability are re-measured at the end of each reporting period subsequent to initial recognition with changes in fair value recognised directly in the consolidated statement of comprehensive income in the period in which they arise.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the consolidated statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of comprehensive income depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition (Continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that hand been recognised in the other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Revenue recognition

Revenue from assignment of profit is recognised when the right to receive profit is established.

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

Interest income from financial assets 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.

Leasing

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

The Group as lessee

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of reporting period. No-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated statement of comprehensive income in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in the consolidated statement of comprehensive income in the period in which the foreign operation is disposed of.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those asset. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits costs

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of reporting period the expected future cost of such paid leave earned during the year by the employees and carried forward.

Retirement benefits scheme

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

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in a capital reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of share options is spread over the vesting period, taking into account the probability that the options will vest.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax current 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 reporting period.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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 the other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax is charged or credited to the consolidated statement of comprehensive income, except when it relates to items charged or credited directly or equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of reporting period, and are discounted to present value where the effect its material.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related party transactions

Parties are considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a joint-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, joint-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment, benefit plan for the benefit of the employees of the Group, of any entity that is related party of the Group.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Segment reporting

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Group's accounting policies which are described in Note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertain at the end of reporting period, that may have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Income tax

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are primarily based on market conditions existing at the end of each reporting period.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. The carrying amounts of these derivatives financial instruments are nil (2010: HK$6,675,000).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. Theses calculations require the use of estimates *(Note 17)*.

The carrying amount of goodwill at the end of the reporting period was nil (2010: nil) after an impairment of nil (2010: HK$46,270,000) was recognised during the year.

Impairment of intangible assets

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of intangible assets have been determined based on discounted cash flow method *(Note 16)*.

The carrying amount of intangible assets at the end of the reporting period was approximately HK$113,539,000 (2010: HK$357,409,000) after an impairment of approximately HK$243,870,000 (2010: HK$794,079,000) was recognised during the year.

Measurement of convertible bonds

On issue of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in the convertible bonds reserve, net of transaction cost. The splitting of the liability and equity components requires an estimation of the market interest rate.

Measurement of fair value of equity-settled share-based payment transactions

The Company operates share option schemes under with the employees (including directors) of the Group receive remuneration in the form of share-based payment transactions. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted, using assumptions including expected volatility and risk free interest rate. Such cost is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2011 HK$'000	2001 HK$'000
Financial assets		
Classified as fair value through profit or loss		
– Held for trading	**46,831**	46,862
– Derivative financial instruments	**–**	6,675
Loans and receivables		
(including cash and cash equivalents)	**78,959**	103,098
Financial liabilities		
Amortised cost	**1,078**	618,071

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign exchange risk and other price risk), credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices.

Market risk exposures are measured by sensitivity analysis. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk management

The Group's interest rate risk arises from interest-bearing borrowings. The Group considers that there is no significant cash flow interest rate risk and fair value interest rate risk as the Group does not have variable rate borrowings and fixed rate borrowings. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Foreign exchange risk management

The Group operates mainly in both Hong Kong and Macau and majority of transactions are denominated in Hong Kong dollars. Therefore, the Group is not exposed to foreign exchange risk. Hong Kong dollars are pegged to the United States dollars and the foreign exchange exposure between them are considered limited. The Group does not have any formal hedging policy.

Other price risk management

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in mining resources and invests substantial stakes in iron ore exploration companies in Australia and cemetery services in PRC quoted in The Stock Exchange of Hong Kong Limited.

Sensitivity analysis on other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower, net profit for the year ended 31 March 2011 would increase/decrease by approximately HK$2,342,000 (2010: HK$2,343,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2011 and 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 respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has put in place policies to ensure that turnover are made from customers with an appropriate credit history and the Group performs period credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow and funds raising from issuance of shares during the current year are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Group's and the Company's remaining contractual maturity for their financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate	Within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
The Group						
At 31 March 2011						
Non-derivative financial liabilities						
Other payables and accruals	**–**	**(1,078)**	**–**	**–**	**(1,078)**	**(1,078)**
At 31 March 2010						
Non-derivative financial liabilities						
Other payables and accruals	–	(15,119)	–	–	(15,119)	(15,119)
Promissory notes	8	–	–	(160,000)	(160,000)	(95,145)
Convertible bonds	16	–	–	(817,245)	(817,245)	(507,807)
		(15,119)	–	(977,245)	(992,364)	(618,071)
The Company						
At 31 March 2011						
Non-derivative financial liabilities						
Other payables and accruals	**–**	**(1,073)**	**–**	**–**	**(1,073)**	**(1,073)**
Amount due to subsidiary	**–**	**(60,607)**	**–**	**–**	**(60,607)**	**(60,607)**
		(61,680)	**–**	**–**	**(61,680)**	**(61,680)**
At 31 March 2010						
Non-derivative financial liabilities						
Other payables and accruals	–	(15,115)	–	–	(15,115)	(15,115)
Promissory notes	8	–	–	(160,000)	(160,000)	(95,145)
Convertible bonds	16	–	–	(817,245)	(817,245)	(507,807)
		(15,115)	–	(977,245)	(992,360)	(618,067)

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Fair value of financial instruments

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

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

(ii) The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

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

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values:

	2011		2010	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Financial liabilities				
Convertible bonds	**–**	**–**	507,807	613,400

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices;) and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Fair value of financial instruments (Continued)

	31 March 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Financial assets at fair value through profit or loss	**46,831**	**–**	**–**	**46,831**

	31 March 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Financial assets at fair value through profit or loss	46,862	–	–	46,862
Derivative financial instruments	–	–	6,675	6,675
	46,862	–	6,675	53,537

There were no transfers between Levels 1 and 2 in the both years.

The movement for the years ended 31 March 2011 and 2010 in the balances of Level 3 fair value measurement is as follow:

Derivate financial instruments

	HK$'000
At 1 April 2009	34,421
Derecognition due to early redemption of convertible bonds	(6,172)
Derecognition due to cancellation of convertible bonds	(13,662)
Fair values changes	(7,912)
At 31 March 2010 and 1 April 2010	6,675
Derecognition due to cancellation of convertible bonds	(3,872)
Fair values changes	(2,803)
At 31 March 2011	**–**

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(c) Capital risk management

The Group's objectives when managing capital are to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt (which includes other payables and accruals, promissory notes and convertible bonds), and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total liabilities and owners' equity. The decrease in gearing ratio was due to the cancellation and early redemption of promissory notes and convertible bonds during the year.

The gearing ratio at the end of the reporting period was as follows:

	2011	2010
	HK$'000	HK$'000
Total liabilities	**1,078**	669,144
Owners' equity	**238,269**	308,494
Gearing ratio	**0.004**	2.169

5. SEGMENT INFORMATION

The Group currently operates in one business segment in the gaming and entertainment segment receiving profit streams from gaming and entertainment related business. A single management team reports to the chief operating decision makers who comprehensively manage the entire business. Accordingly, the Group does not have separately reportable segments.

Revenue from major services

All of the Group's revenue for the years ended 31 March 2011 and 2010 are derived from profit streams from gaming and entertainment related business.

Geographical information

The Group operates in two principal areas – Gaming and entertainment related business operates in Macau and administrative activity operates in Hong Kong.

The Group's revenue is solely generated from external customers in Macau.

5. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

The Group's information about its non-current assets by geographical location are detailed below:

	Non-current assets	
	2011	2010
	HK$'000	HK$'000
Macau	**113,539**	357,409
Hong Kong	**18**	24
	113,557	357,433

Information about major customer

Included in revenues arising from profit streams of gaming and entertainment related business of approximately HK$51,757,000 (2010: HK$352,806,000) are revenues of approximately HK$38,095,000 (2010: HK$244,287,000) whose arose from the Group's largest customer.

Revenues of approximately HK$51,757,000 (2010: HK$305,197,000) from two customers (2010: two customers) account for 10% of more of the Group's revenue.

6. TURNOVER AND OTHER REVENUE

An analysis of turnover and other revenue is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Turnover		
Profit streams from gaming and entertainment related business	**51,757**	352,806
Other revenue		
Interest income	**9**	14
Other revenue analysed by categories of assets is as follows:		
Financial instruments		
Loans and receivables (including cash and bank balances)	**9**	14

7. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	The Group	
	2011	2010
	HK$'000	HK$'000
Depreciation	**35**	397
Auditors' remuneration	**550**	650
Minimum lease payments under operating leases in respect of land and buildings	**179**	1,035
Loss on disposal of property, plant and equipment	**–**	546
Staff costs (excluding directors' remuneration – *Note 11*)		
Salaries and wages	**2,329**	1,548
Pension scheme contributions	**40**	25
	2,369	1,573
Equity-settled share-based payments		
– employees	**–**	980
– consultants	**–**	1,573
	–	2,553
	2,369	4,126

8. EXCESS OF ACQUIRER'S INTEREST IN FAIR VALUE OF ACQUIREE'S IDENTIFIABLE NET ASSETS OVER COST

For the year ended 31 March 2010

Pursuant to the Nove Profit Agreement, the Joli Profit Agreement 2 and the Joli Profit Agreement 3, Mr. Chen Yi Ming ("Mr. Chen") and Mr. Sin Chun Shing ("Mr. Sin") have provided certain profit guarantee over the profits sharing with Triple Gain Group Limited ("Triple Gain") and East & West International Inc. ("East & West") and Pacific Force Inc. ("Pacific Force"). During the year ended 31 March 2010, the profits sharing to the Group of the Nove Profit Agreement, the Joli Profit Agreement 2 and the Joli Profit Agreement 3 were shortfall of approximately HK$105,256,000, HK$89,494,000 and HK$11,187,000 respectively. In accordance with the terms and conditions of the relevant profit agreements, Mr. Chen and Mr. Sin had agreed to compensate such shortfalls by setting off the outstanding principal amount of Fourth Convertible Bond of HK$105,256,000 and Fifth Convertible Bonds of HK$470,182,000 respectively.

In relation to such compensation, an adjustment was made to the consideration for the acquisitions of Triple Gain, East & West and Pacific Force. As at 31 March 2010, the carrying amounts of goodwill arisen from these acquisitions have been adjusted by HK$382,613,000. The amount of approximately HK$192,825,000 represents the residual amount which was charged to the consolidated statement of comprehensive income during the year ended 31 March 2010.

9. FINANCE COSTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Effective interest on promissory notes not wholly repayable within five years *(Note 25)*	**3,340**	15,656
Effective interest on promissory notes wholly repayable within five years *(Note 25)*	**–**	701
Effective interest on convertible bonds wholly repayable within five years *(Note 26)*	**20,334**	112,547
	23,674	128,904

10. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising from Hong Kong during the year. The Group has no assessable profit under Hong Kong profits tax for the years ended 31 March 2011 and 2010. The Group is not subject to any tax in Macau.

	The Group	
	2011	2010
	HK$'000	HK$'000
Tax credited for the year:		
Deferred tax liabilities *(Note 27)*		
Convertible bonds	**840**	4,258

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

	2011		2010	
	HK$'000	**%**	HK$'000	%
Loss before taxation	**(408,412)**		(636,482)	
Tax at the applicable profits tax rate	**(67,388)**	**(16.5)**	(105,019)	(16.5)
Tax effect of income not taxable for tax purpose	**(2,248)**	**(0.5)**	(188,312)	(29.6)
Tax effect of expenses not deductible for tax purpose	**68,236**	**16.7**	293,265	46.0
Tax effect of unrecognised temporary differences	**560**	**0.1**	(4,192)	(0.6)
Tax credit at the effective tax rate for the year	**(840)**	**(0.2)**	(4,258)	(0.7)

11. DIRECTORS' REMUNERATION

The board of directors of the Company is currently composed of one executive director and three independent non-executive directors. Directors' remuneration for the year disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

Name of directors	Fee		Salaries and bonus		Pension scheme contributions		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Executive directors								
Mr. Pun Yuen Sang (retired on 14 July 2009)	**-**	–	**-**	35	**-**	2	**-**	37
Mr. Yao Wai Kwok, Daniel (retired on 1 November 2010)	**-**	–	**70**	120	**4**	6	**74**	126
Mr. Leung Wai Man (resigned on 1 March 2010)	**-**	110	**-**	692	**-**	–	**-**	802
Mr. Yeung Heung Yeung (appointed on 28 October 2010)	**-**	–	**-**	–	**-**	–	**-**	–
Independent non-executive directors								
Mr. Leung Chi Hung (resigned on 1 June 2010)	**17**	100	**-**	–	**-**	–	**17**	100
Mr. Tsui Robert Che Kwong (retired on 14 July 2009)	**-**	29	**-**	–	**-**	–	**-**	29
Mr. Cheung Yim Kong, Johnny (resigned on 1 June 2010)	**20**	120	**-**	–	**-**	–	**20**	120
Mr. Poon Wai Hoi, Percy (appointed on 1 June 2010)	**100**	–	**-**	–	**-**	–	**100**	–
Mr. Tang Chi Ho (appointed on 1 June 2010)	**100**	–	**-**	–	**-**	–	**100**	–
Mr. Lee Chan Wah (resigned on 1 March 2010)	**-**	110	**-**	–	**-**	–	**-**	110
Ms. Lee Shiow Yue (appointed on 1 March 2010)	**120**	10	**-**	–	**-**	–	**120**	10
	357	479	**70**	847	**4**	8	**431**	1,334

During the years ended 31 March 2011 and 2010, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the directors has waived any emoluments during the years ended 31 March 2011 and 2010.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2010: two) director, details of whose remuneration are set out in Note 11 above. Mr. Leung Wai Man was one of the employees in the Group after his resignation as a director on 1 March 2010. Therefore, his details of remuneration are set out in both Note 11 and Note 12. Details of the remuneration of the remaining four (2010: three) non-director, highest paid employees for the year are as follows:

The Group

	2011	2010
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,329**	2,248
Pension scheme contributions	**40**	6
	2,369	2,254

Their emoluments were within the following bands:

	Number of employees	
	2011	2010
Nil – HK$1,000,000	**3**	2
HK$1,000,001 – HK$1,500,000	**1**	1

During the years ended 31 March 2011 and 2010, no emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

13. DIVIDENDS

No final dividend was proposed by the directors for the year ended 31 March 2011 (2010: nil).

14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

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

	2011 HK$'000	2010 HK$'000
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	(407,572)	(632,224)

	2011 '000	2010 '000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,808,277	735,900

Diluted loss per share

Diluted loss per share for the years ended 31 March 2011 and 2010 were the same as the basic loss per share.

There was no dilutive events existed during the year ended 31 March 2011.

The Company's outstanding convertible bonds and share options as at 31 March 2010 were not included in the calculation of diluted loss per share because the effects of the Company's outstanding convertible bonds and share options were anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 April 2009	4,498	770	870	6,138
Additions	–	24	–	24
Disposals	–	(42)	(870)	(912)
Reclassified as held for sale *(Note 23)*	(1,235)	(240)	–	(1,475)
At 31 March 2010 and 1 April 2010	3,263	512	–	3,775
Additions	–	4	–	4
At 31 March 2011	3,263	516	–	3,779
Accumulated depreciation and impairment				
At 1 April 2009	3,866	587	261	4,714
Charged for the year	247	63	87	397
Written back on disposals	–	(18)	(348)	(366)
Elimination on reclassification as held for sale *(Note 23)*	(850)	(144)	–	(994)
At 31 March 2010 and 1 April 2010	3,263	488	–	3,751
Charged for the year	–	10	–	10
At 31 March 2011	3,263	498	–	3,761
Net book value				
At 31 March 2011	**–**	**18**	**–**	**18**
At 31 March 2010	–	24	–	24

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
Cost			
At 1 April 2009	3,263	498	3,761
Additions	–	14	14
At 31 March 2010 and 1 April 2010	3,263	512	3,775
Additions	–	4	4
At 31 March 2011	3,263	516	3,779
Accumulated depreciation and impairment			
At 1 April 2009	3,263	480	3,743
Charged for the year	–	8	8
At 31 March 2010 and 1 April 2010	3,263	488	3,751
Charged for the year	–	10	10
At 31 March 2011	3,263	498	3,761
Net book value			
At 31 March 2011	**–**	**18**	**18**
At 31 March 2010	–	24	24

16. INTANGIBLE ASSETS

The Group

	Rights in sharing of profit streams HK$'000
Cost	
At 1 April 2009	3,883,731
Disposals of subsidiaries	(1,205,029)
Reclassified as held for sale	(1,183,424)
At 31 March 2010, 1 April 2010 and 31 March 2011	1,495,278
Accumulated impairment	
At 1 April 2009	1,784,862
Elimination on disposals	(695,568)
Impairment loss recognised for the year	794,079
Elimination on reclassification as held for sale	(745,504)
At 31 March 2010 and 1 April 2010	1,137,869
Impairment loss recognised for the year	243,870
At 31 March 2011	1,381,739
Carrying amount	
At 31 March 2011	**113,539**
At 31 March 2010	357,409

16. INTANGIBLE ASSETS (Continued)

Details of intangible assets are as follows:

	Sat Ieng Profit Agreement	Dore Profit Agreement	Nove Profit Agreement	Joli Profit Agreement	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	249,636	259,825	405,984	1,183,424	2,098,869
Disposals of subsidiaries	(249,636)	(259,825)	–	–	(509,461)
Impairment loss recognised for the year	–	–	(48,575)	(745,504)	(794,079)
Reclassified as held for sale *(Note 23)*	–	–	–	(437,920)	(437,920)
At 31 March 2010 and 1 April 2010	–	–	357,409	–	357,409
Impairment loss recognised for the year	–	–	(243,870)	–	(243,870)
At 31 March 2011	**-**	**-**	**113,539**	**-**	**113,539**

The intangible assets represent the rights in sharing of profit streams, from junket business at the casinos' VIP rooms in Macau for an indefinite period of time. Such intangible assets are carried at cost less accumulated impairment losses. The recoverable amount of the intangible assets has been determined based on a value in use calculation.

Impairment loss in respect of intangible assets of approximately HK$243,870,000 (2010: HK$794,079,000) was recognised during the year ended 31 March 2011 by reference to the valuation report issued by Messrs. Grant Sherman Appraisal Limited ("Grant Sherman"), independent qualified professional valuer, at 31 March 2011 which valued the intangible assets on discounted cash flow method. The calculation use cash flow projections based on financial budgets approved by the management covering a 5-year period. The discount rate applied was approximately 26.69% (2010: 20.09%). The main factor contributing to the impairment was due to decline in expected turnover of the Nove Profit Agreement in the future.

The junket licences associated with the rights in sharing of profit streams is renewable annually by the Macau Government. The directors of the Company are not aware of any expected impediment with respect to the renewal of licences and consider that the possibility of failing in licence renewal is remote. Therefore, the directors of the Company consider that the intangible assets are treated as having indefinite useful lives.

17. GOODWILL

The Group

	HK$'000
Cost	
At 1 April 2009	721,345
Adjustments to measurement for acquisition *(note i)*	(382,613)
At 31 March 2010, 1 April 2010 and 31 March 2011	338,732
Accumulated impairment	
At 1 April 2009	292,462
Impairment loss recognised for the year	46,270
At 31 March 2010, 1 April 2010 and 31 March 2011	338,732
Carrying amounts	
At 31 March 2011	**–**
At 31 March 2010	–

For the purpose of impairment testing, goodwill with indefinite useful lives have been allocated to cash-generating unit (CGU) determined based on the related segment. The carrying amount of goodwill (net of impairment losses) at 31 March 2011 and 2010 allocated to this unit is as follows:

	2011	2010
	HK$'000	HK$'000
Gaming and entertainment unit	**–**	–

During the year ended 31 March 2010, the management assessed the recoverable amount of goodwill, and determined the goodwill associated with the acquisition of Leading Century International Limited ("Leading Century") was impaired by approximately HK$46,270,000. The main factor contributing to the impairment of goodwill was due to the decline in the future expectation over the profit sharing on the Joli Profit Agreement 1.

The recoverable amount of the gaming and entertainment CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 20.09%.

17. GOODWILL (Continued)

The cash flows beyond five-year period are extrapolated using a zero growth rate for an indefinite period. Another key assumption is the budgeted revenue, which is determined based on the CGUs' past performance and management's expectations for the market development.

Note:

(i) The amounts represented the adjustments to the contingent consideration for acquisitions of East & West and Pacific Force due to the shortfall in respect of the profit guarantee under the Joli Profit Agreement 2 and the Joli Profit Agreement 3 of approximately HK$377,322,000 and HK$5,291,000 respectively.

18. INTERESTS IN SUBSIDIARIES

The Company

	2011 **HK$'000**	2010 HK$'000
Investment cost	**36,801**	36,801
Less: Accumulated impairment loss recognised	**(36,801)**	(36,801)
	–	–
Amounts due from subsidiaries	**5**	2,352,834
Less: Accumulated impairment loss recognised	**–**	(1,800,000)
	5	552,834
	5	552,834
Amount due to a subsidiary	**60,607**	–

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

The directors had estimated the investment costs and the advances by discounting their future cash flow at the prevailing market borrowing rate and considered a provision for impairment of nil (2010: HK$1,800,000,000) should be made in respect of amounts due from subsidiaries.

Particulars of the Company's subsidiaries at 31 March 2011 are set out in Note 37.

19. ACCOUNTS RECEIVABLE

The Group

The Group's trading terms with its customers are mainly on credit. The Group receives the profit streams within 15 days of the subsequent month. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed by senior management regularly.

An aged analysis of the Group's accounts receivable as at the end of the reporting period, based on invoice date, is as follows:

	2011 HK$'000	2010 HK$'000
Within 15 days	2,614	4,532

Included in the Group's accounts receivable balance, no debtors are past due at the date of approval of these consolidated financial statements (2010: nil). The Group does not hold any collateral over these balances.

20. DEPOSITS AND OTHER RECEIVABLES

The Group and the Company

	2011 HK$'000	2010 HK$'000
Deposits	76	71
Other receivables	21	105
	97	176

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	2011 HK$'000	2010 HK$'000
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
– Equity securities listed in Hong Kong	46,831	46,862

The fair values of the listed equity securities are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	2011 **HK$'000**	2010 HK$'000
Assets		
Redemption options derivatives embedded in convertible bonds		
At the beginning of the year	**6,675**	34,421
Derecognition due to cancellation of convertible bonds	**(3,872)**	(13,662)
Derecognition due to early redemption of convertible bonds	**–**	(6,172)
Fair values changes	**(2,803)**	(7,912)
At the end of the year	**–**	6,675

Pursuant to the agreements in relation to the issuance of the convertible bonds *(Note 26)*, redemption options are held by the Company. The Company may at any time from the date of issue of the convertible bonds up to the date immediately before the maturity date of the convertible bonds, redeem the convertible bonds (in whole or in part) at the principal amount of the convertible bonds.

The redemption option derivatives are carried at fair values at the end of the reporting period. The fair value of the redemption options derivatives embedded in the convertible bonds is nil (2010: HK$6,675,000) and are calculated using the Binomial Option Pricing Model. Details of the variables and assumptions of the model are as follows:

As at 31 March 2010	**Fourth Convertible Bond**	**Fifth Convertible Bonds**
Date of issue:	18 December 2007	6 November 2008
Share price at date of issue:	HK$17.8	HK$0.57
Remaining life at 31 March 2010:	7.7 years	8.6 years
Risk free interest rate:	2.481%	2.615%
Expected volatility:	94.96%	94.96%

23. ASSETS CLASSIFIED AS HELD FOR SALE

On 9 November 2009, the Company entered into a sale and purchase agreement to sell the entire issued share capital of Team Jade Enterprises Limited ("Team Jade") and its subsidiaries at a consideration of HK$500,000,000. The disposal of Team Jade was completed on 12 May 2010. The major classes of assets and liabilities comprising the assets classified as held for sale at the end of the reporting period are as follows:

	2010 HK$'000
Property, plant and equipment	481
Intangible assets	437,920
Accounts receivable	1,748
Deposits and other receivables	8
Cash and bank balances	23,413
Assets of the disposal group classified held for sale	463,570
Other payables and accruals	16
Liabilities of disposal group associated with assets classified as held for sale	16
Net assets of the disposal group classified as held for sale	463,554

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Other payables *(note)*	**–**	12,151	**–**	12,151
Accruals	**1,078**	2,968	**1,073**	2,964
	1,078	15,119	**1,073**	15,115

Note:

The other payables mainly represent the interest payable of promissory notes and convertible bonds.

25. PROMISSORY NOTES – DUE AFTER ONE YEAR

The Group and the Company

On 4 January 2007, the Company issued First Promissory Note I in a principal amount of HK$61,600,000, First Promissory Note II in a principal amount of HK$183,000,000 and Second Promissory Note in a principal amount of HK$160,000,000 due on 3 January 2017. First Promissory Note I and First Promissory Note II (the "First Promissory Notes") were issued for acquiring the entire issued share capital of Youngrich Limited ("Youngrich") and bear interest at 5% per annum, payable annually in arrears. Second Promissory Note was issued to a then substantial shareholder of the Company to finance the acquisition of the entire issued share capital of Youngrich and is interest-free. The effective interest rate is 8%. During the year ended 31 March 2010, First Promissory Notes with principal amount of HK$244,600,000 was cancelled as part of the consideration for disposal of Youngrich. During the year ended 31 March 2011, the Second Promissory Note with principal amount of HK$160,000,000 was fully settled. HK$100,000,000 was settled by cash and the remaining HK$60,000,000 was settled by share subscription. The 352,941,176 shares issued were recognised at the carrying amount of the promissory note.

On 11 June 2007, the Company issued Third Promissory Note I in a principal amount of HK$129,421,000 and Third Promissory Note II in a principal amount of HK$70,579,000 due on 10 June 2017. Third Promissory Note I and Third Promissory Note II (the "Third Promissory Notes") were issued for acquiring the entire issued share capital of Richsense Limited ("Richsense") and bear interest at 5% per annum, payable annually in arrears. The effective interest rate is 8.0%. During the year ended 31 March 2010, Third Promissory Notes with principal amount of HK$200,000,000 was cancelled as part of the consideration for disposal of Richsense.

On 20 May 2008, the Company issued Fourth Promissory Note in a principal amount of HK$48,000,000 due on 19 May 2013. Fourth Promissory Note was issued for acquiring the entire issued share capital of Leading Century and bear interest at 5% per annum, payable quarterly in arrears. The effective interest rate is 5.25%. During the year ended 31 March 2009, part of Fourth Promissory Note with a principal amount of approximately $7,866,000 was cancelled due to shortfall in profit guarantee of Joli Profit Agreement 1. During the year ended 31 March 2010, the remaining Fourth Promissory Note with a principal amount of HK$40,134,000 was fully repaid.

25. PROMISSORY NOTES – DUE AFTER ONE YEAR (Continued)

The Group and the Company (Continued)

Pursuant to the share acquisition agreements in relation to the issuance of promissory notes, the Company has the right to early redeem the promissory notes. The Company may at any time from the date of issue of the promissory notes up to the date immediately before the maturity date of the promissory notes, redeem the promissory notes (in whole or in part) at the principal amount of the promissory notes to be redeemed.

	First Promissory Notes HK$'000	Second Promissory Note HK$'000	Third Promissory Notes HK$'000	Fourth Promissory Note HK$'000	Total HK$'000
At 1 April 2009	203,376	88,091	171,330	39,770	502,567
Interest expenses charged	4,678	7,054	3,924	701	16,357
Interest expenses payable	(3,533)	–	(2,889)	(674)	(7,096)
Cancellation of promissory notes due to disposal of subsidiaries	(204,521)	–	(172,365)	–	(376,886)
Early repayment of promissory note	–	–	–	(39,797)	(39,797)
At 31 March 2010 and 1 April 2010	–	95,145	–	–	95,145
Interest expenses charged	–	3,340	–	–	3,340
Early repayment of promissory note	–	(98,485)	–	–	(98,485)
At 31 March 2011	**-**	**-**	**-**	**-**	**-**

The loss on early repayment of promissory note of approximately HK$38,447,000 is derived from the difference between the carrying amounts of liability components of approximately HK$98,485,000 and the value of consideration of approximately HK$136,932,000. The share subscription for the partial settlement on early repayment of promissory note was recognised at the carrying amount of the promissory note.

26. CONVERTIBLE BONDS – DUE AFTER ONE YEAR

The Group and the Company

On 4 January 2007, the Company issued First Convertible Bond due on 3 January 2017 with a principal amount of HK$134,400,000, which is interest-bearing at 5% per annum, payable annually in arrears. The First Convertible Bond due on 3 January 2017 is convertible into fully paid ordinary shares with a par value of HK$1 each of the Company at an initial conversion price of HK$10 per share, subject to adjustment. The First Convertible Bond was issued as part of the consideration for the acquisition of entire issued share capital of Youngrich. The effective interest rate is 8.75%. During the year ended 31 March 2009, part of First Convertible Bond with a principal amount of HK$125,200,000 was converted into shares of the Company. During the year ended 31 March 2010, the outstanding First Convertible Bond with a principal amount of HK$9,200,000 was cancelled as part of the consideration of the disposal of Youngrich.

26. CONVERTIBLE BONDS – DUE AFTER ONE YEAR (Continued)

The Group and the Company (Continued)

On 11 June 2007, the Company issued Second Convertible Bond with a principal amount of HK$118,800,000, which is interest-bearing at 5% per annum, payable annually in arrears. The Second Convertible Bond due on 10 June 2017 is convertible into fully paid ordinary shares with a par value of HK$1 each of the Company at an initial conversion price of HK$22 per share, subject to adjustment. The Second Convertible Bond was issued as part of the consideration for the acquisition of the entire issued share capital of Richsense. The effective interest rate is 8.75%. During the year ended 31 March 2009, part of Second Convertible Bond with a principal amount of approximately HK$79,694,000 was cancelled due to shortfall in profit guarantee of the Dore Profit Agreement and the Sat Ieng Profit Agreement. During the year ended 31 March 2010, the outstanding Second Convertible Bond with a principal amount of HK$39,106,000 was cancelled as part of the consideration of the disposal of Richsense.

On 18 December 2007, the Company issued Fourth Convertible Bond with a principal amount of HK$252,000,000, which is interest-bearing at 5% per annum, payable annually in arrears. The Fourth Convertible Bond due on 17 December 2017 is convertible into fully paid ordinary shares with a par value of HK$1 each of the Company at an initial conversion price of HK$32 per share, subject to adjustment. The Fourth Convertible Bond was issued as part of the consideration for the acquisition of the remaining 40% of the total issued share capital of Triple Gain. The effective interest rate is 7.75%. During the year ended 31 March 2009, part of Fourth Convertible Bond with a principal amount of approximately $40,881,000 was cancelled due to shortfall in profit guarantee of the Nove Profit Agreement. During the year ended 31 March 2010, part of Fourth Convertible Bond with a principal amount of approximately HK$105,256,000 was cancelled due to shortfall in profit guarantee of the Nove Profit Agreement. During the year ended 31 March 2011, the remaining amount of Fourth Convertible Bond of approximately HK$105,863,000 was converted into shares of the Company.

On 6 November 2008, the Company issued Fifth Convertible Bond I in a principal amount of HK$906,192,000, Fifth Convertible Bond II in a principal amount of HK$388,368,000, and Fifth Convertible Bond III in a principal amount of HK$186,990,275 (the "Fifth Convertible Bonds") which are interest-bearing at 7% per annum, payable quarterly in arrears. The Fifth Convertible Bonds due on 5 November 2018 is convertible into fully paid ordinary shares with a par value of HK$1 each of the Company at an initial conversion price of HK$4.6 per share, subject to adjustment. The Fifth Convertible Bonds were issued as part of the consideration for the acquisition of the entire issued share capital of East & West and Pacific Force. The effective interest rate is 16.85%. During the year ended 31 March 2010, part of the Fifth Convertible Bonds with a principal amount of approximately HK$470,182,000 was cancelled due to shortfall in profit guarantee of the Joli Profit Agreement 2 and the Joli Profit Agreement 3, and part of Fifth Convertible Bonds of approximately HK$299,986,000 was early redeemed. During the year ended 31 March 2011, part of the Fifth Convertible Bond I with a principal amount of HK$500,000,000 was cancelled due to the disposal of Team Jade. The remaining amount of Fifth convertible Bonds of approximately HK$211,382,000 was converted into shares of the Company.

The convertible bonds contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible bonds reserve" and the redemptions option is presented in current assets heading "derivative financial instruments" *(Note 22)*.

The convertible bonds contain an option which allows the Company request the bondholder to convert certain amount of the convertible bonds. The value of option is included in convertible bonds reserve.

26. CONVERTIBLE BONDS – DUE AFTER ONE YEAR (Continued)

The Group and the Company (Continued)

The fair value of the liability component of the convertible bonds at 31 March 2010 was determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan at the end of the reporting period. Fore details of fair value of the liability component, please refer to Note 4(b) to the consolidated financial statements.

The convertible bonds issued have been split as to the liability and equity components and redemption option, as follows:

	First Convertible Bond HK$'000	Second Convertible Bond HK$'000	Fourth Convertible Bond HK$'000	Fifth Convertible Bonds HK$'000	Total HK$'000
Fair value of convertible bonds issued	236,146	136,800	249,945	891,212	1,514,103
Derivative financial instruments	–	55,257	35,225	68,924	159,406
Liability component	(95,418)	(89,868)	(204,901)	(828,407)	(1,218,594)
Equity component	**140,728**	**102,189**	**80,269**	**131,729**	**454,915**
At 1 April 2009	6,942	30,758	175,192	840,161	1,053,053
Cancellation of convertible bonds due to profit guarantee *(note a)*	–	–	(88,070)	(271,266)	(359,336)
Cancellation of convertible bonds due to disposal of subsidiaries *(note a)*	(6,991)	(30,970)	–	–	(37,961)
Early redemption of convertible bonds *(note a)*	–	–	–	(173,757)	(173,757)
Interest expenses charged	181	777	10,098	101,491	112,547
Interest expenses payable	(132)	(565)	(7,851)	(78,191)	(86,739)
At 31 March 2010 and 1 April 2010	–	–	89,369	418,438	507,807
Cancellation of convertible bonds due to disposal of subsidiaries *(note b)*	–	–	–	(295,475)	(295,475)
Conversion of convertible bonds into shares	–	–	(90,278)	(127,144)	(217,422)
Interest expenses charged	–	–	3,850	16,484	20,334
Interest expenses payable	–	–	(2,941)	(12,303)	(15,244)
At 31 March 2011	**-**	**-**	**-**	**-**	**-**

26. CONVERTIBLE BONDS – DUE AFTER ONE YEAR (Continued)

The Group and the Company (Continued)

Note:

(a) On 15 July 2009, First Convertible Bond and Second Convertible Bond were fully cancelled in relation to the considerations regarding to the disposal of Youngrich and Richsense respectively. The cancellation of these convertible bonds led to a gain of approximately HK$5,908,000. Such gain comprised of the gain on cancellation of liability components of convertible bonds of approximately HK$6,083,000 and the loss on derecognition of derivative financial instruments of approximately HK$175,000 *(Note 22)*.

The gain on cancellation of liability components of convertible bonds is derived from the difference between the carrying amount of liability components of approximately HK$37,961,000 and fair values of liability components of convertible bonds of approximately HK$31,878,000.

During the year ended 31 March 2010, Fourth Convertible Bond and Fifth Convertible Bonds were partially cancelled in relation to the compensation regarding to the shortfall of profit guarantee of the Nove Profit Agreement and the Joli Profit Agreement respectively. The cancellation of these convertible bonds led to a loss of approximately HK$128,606,000. Such loss comprised of the loss on cancellation of liability components of convertible bonds of approximately HK$115,119,000 and the loss on derecognition of derivative financial instruments of approximately HK$13,487,000 *(Note 22)*.

The loss on cancellation of liability components of convertible bonds is derived from the difference between the carrying amounts of liability components of approximately HK$359,336,000 and the fair values of liability components of approximately HK$474,455,000.

On 15 October 2009, part of Fifth Convertible Bonds was early redeemed by the Company. A loss of HK$4,704,000 was derived from the loss on early redemption of liability component of Fifth Convertible Bonds of approximately HK$3,530,000 and the loss on derecognition of derivative financial instruments of approximately HK$1,174,000.

The loss on early redemption of liability component of convertible bond is derived from the difference between the carrying amount of liability component of approximately HK$28,906,000 and the fair value of liability component of approximately HK$32,437,000.

On 6 November 2009, part of Fifth Convertible Bond was early redeemed by the Company. A loss of HK$16,502,000 was derived from the loss on early redemption of liability component of Fifth Convertible Bonds of approximately HK$11,504,000 and the loss on derecognition of derivative financial instruments of approximately HK$4,998,000.

The loss on early redemption of liability component of convertible bond is derived from the difference between the carrying amount of liability component of approximately HK$144,851,000 and the fair value of liability component of approximately HK$156,355,000.

(b) On 12 May 2010, Fifth Convertible Bond I was partly cancelled in relation to the considerations regarding to the disposal of the Team Jade and its subsidiaries. The cancellation of this convertible bond led to a loss of approximately HK$81,931,000. Such loss comprised of the loss on cancellation of liability component of convertible bond of approximately HK$78,059,000 and the loss on derecognition of derivative financial instrument of approximately HK$3,872,000 *(Note 22)*.

The loss on cancellation of liability component of convertible bond is derived from the difference between the carrying amount of liability component of approximately HK$295,475,000 and fair value of liability component of convertible bond of approximately HK$373,534,000.

Upon cancellation of the convertible bonds as stated above, the equity component and deferred tax liabilities in relation to the convertible bonds are released to accumulated losses.

27. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the years ended 31 March 2011 and 2010:

The Group and the Company

	Convertible bonds HK$'000
At 1 April 2009	113,507
Credited to consolidated statement of comprehensive income for the year *(Note 10)*	(4,258)
Reversal of deferred tax liabilities due to early redemption of convertible bonds	(20,828)
Reversal of deferred tax liabilities due to cancellation of convertible bonds	(37,364)
At 31 March 2010 and 1 April 2010	51,057
Credited to consolidated statement of comprehensive income for the year *(Note 10)*	(840)
Reversal of deferred tax liabilities due to conversion of convertible bonds into shares	(16,471)
Reversal of deferred tax liabilities due to cancellation of convertible bonds	(33,746)
At 31 March 2011	**–**

At the end of the reporting period, the Group has the following major unrecognised deferred tax assets due to the unpredictability of future profit streams.

	2011 **HK$'000**	2010 HK$'000
Tax losses	**24,347**	22,327

The unrecognised tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

(a) Shares

	Number of ordinary shares		Share capital	
	2011	2010	**2011**	2010
	'000	'000	**HK$'000**	HK$'000
Authorised				
At the beginning of the year, ordinary shares of HK$0.01/HK$1 each	**60,000,000**	600,000	**600,000**	600,000
Share subdivision *(note i)*	**–**	59,400,000	**–**	–
At the end of the year, ordinary shares of HK$0.01 each	**60,000,000**	60,000,000	**600,000**	600,000
Issued and fully paid				
At the beginning of the year, ordinary shares of HK$0.01/HK$1 each	**1,392,987**	328,658	**13,930**	328,658
Share subdivision *(note i)*	**–**	32,537,163	**–**	–
Share reduction *(note v)*	**–**	(32,537,163)	**–**	(325,372)
Issue of ordinary shares *(note ii)*	**701,941**	600,000	**7,019**	6,000
Conversion of convertible bonds *(note iii)*	**60,010**	–	**600**	–
Open offer *(note iv)*	**–**	464,329	**–**	4,644
At the end of the year, ordinary shares of HK$0.01 each	**2,154,938**	1,392,987	**21,549**	13,930

Note:

(i) Pursuant to a resolution passed in the general meeting hold on 14 July 2009, the share subdivision implemented whereby each of the authorised but unissued shares of HK$1.00 was subdivided into 100 new shares of HK$0.01 each. The authorised share capital of the Company remained at HK$600,000,000 but divided into 60,000,000,000 new shares.

28. SHARE CAPITAL (Continued)

(a) Shares (Continued)

Note: (Continued)

(ii) During the year ended 31 March 2010, the Company placed 600,000,000 ordinary shares of HK$0.01 each at a placing price of HK$0.3 per share. 300,000,000 ordinary shares were issued on 27 July 2009 and 300,000,000 ordinary shares were issued on 12 August 2009 for the purpose of raising additional capital for the Company in order to strengthen the capital base of the Company for any possible diversified investment in the future.

During the year ended 31 March 2011, the Company issued 352,941,176 ordinary shares of HK$0.01 each at a subscription price of HK$0.17 per share. The ordinary shares were issued on 8 September 2010 and the subscription price was satisfied by capitalising part of the principal amount of Second Promissory Note with a carrying amount of approximately HK$36,932,000 *(Note 25)*.

The Company issued 349,000,000 ordinary shares of HK$0.01 each at a subscription price of HK$0.112 per share. The ordinary shares were issued on 12 October 2010 for the purpose of raising additional capital for the Company in order to strengthen the capital base of the Company for any possible diversified investment in the future.

The new shares rank pari passu with the existing shares in all respects.

(iii) On 21 October 2010, 60,010,074 ordinary shares of HK$0.01 each were issued by the Company as a result of the exercise of the conversion rights attached to the Fourth Convertible Bond, Fifth Convertible Bond I and Fifth Convertible Bond III of an aggregate principal amount of approximately HK$105,863,000, HK$83,634,000 and HK$127,748,000 issued by the Company on 18 December 2007, 6 November 2008 and 6 November 2008 at a conversion price of HK$26.271, HK$3.776 and HK$3.776 each.

(iv) The Company issued approximately 464,329,107 ordinary shares of HK$0.01 each at a price of HK$0.2 per share by way of open offer to the qualifying shareholders. The ordinary shares were issued on 22 March 2010 for the purpose of financing possible diversified investments and increasing general working capital of the Group. The new shares rank pari passu with the existing shares in all respects.

(v) On 14 July 2009, the Company passed a special general resolution for capital reduction, the issued share capital of the Company was reduced from approximately HK$328,658,000 to HK$3,286,000. The capital reduction, resulted in reducing the issued share capital of the Company by approximately HK$325,372,000. Such amount was credited to the contributed surplus account of the Company.

28. SHARE CAPITAL (Continued)

(b) Share option scheme

A share option scheme (the "Scheme") was conditionally approved by a written resolution of all shareholders of the Company dated 6 July 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The purpose of the Scheme is to enable the Company to grant options to selected employees and directors as an incentive or reward for their contribution to the Group. The board of directors (the "Board") may, at its discretion, invite any executive directors, non-executive directors, independent non-executive directors and/or full-time or part-time employees of any company in the Group from time to time whom determined by the Board as having contributed to the development and growth of the Company and/or any of its subsidiaries, to take up options at HK$1 each to subscribe for such number of shares as the Board shall determine, at a price calculated in accordance with the paragraph below.

The subscription price for shares under the Scheme will be a price determined by the Board and notified to each grantee and will be the higher of (i) the average closing prices of the shares on the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant; or (ii) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant, which must be a business day; and (iii) the nominal value of a share.

The maximum number of shares to be issued upon exercise of all outstanding options under the Scheme and any other share option schemes of the Company will not exceed 30% (or where applicable, such higher percentage as may from time to time to be permitted under the Listing Rules or by the Stock Exchange) of the total number of the issued shares from time to time. The Company may seek approval of its shareholders at a general meeting to renew the 10% limit. However, the total number of shares available for issue under options which may be granted under the Scheme and any other share option schemes of the Company in these circumstances, must not exceed 10% of the issued share capital of the Company at the date of approval of renewing such a limit. No option may be granted to any one person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted to him/her in the 12-month period up to and including the date of such a grant, to exceed 1% of the issued share capital of the Company as at the date of the grant. Any further grant of options in excess of the foregoing limit must be subject to the approval of the shareholders of the Company in a general meeting.

On 27 September 2010, the Company had refreshed its scheme mandate limit under the Scheme to 174,592,849 options.

On 2 December 2010, the Company had refreshed its scheme mandate limit to 215,493,857 options.

At 31 March 2011 and the date of this report, the Company is available to issue 215,493,857 shares under the Scheme representing 10% of the issued share capital.

28. SHARE CAPITAL (Continued)

(b) Share option scheme (Continued)

A grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive directors (excluding any independent non-executive directors who or whose associate is the proposed grantee of the options). If the Company proposes to grant options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director or their respective associates (as defined in the Listing Rules) which will result in the number of shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to any such person in the 12-month period up to and including the date of such a grant (i) representing in aggregate over 0.1% of the shares in issue as at the date of such a further proposed grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange at the date of such a grant, in excess of HK$5,000,000; such a further grant shall be subject to the approval of the shareholders of the Company in a general meeting. Shareholders' approval must be obtained for any change in the terms of options granted to a grantee who is a substantial shareholder or an independent non-executive director of the Company or their respective associates.

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing immediately after the date on which the option is accepted and deemed to be granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and deemed to be granted. According to the Scheme, there is no general requirement for a minimum holding period or performance targets before an option may be exercised.

The directors may terminate the Scheme, subject to shareholders' approval in a general meeting, at any time, but options granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the Scheme. Any cancellation of options granted, but not exercised, shall be approved by the shareholders of the Company in a general meeting.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of share options is spread over the vesting period, taking into account the probability that the options will vest.

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

29. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 26 of the consolidated financial statements.

(b) The Company

	Share premium	Contributed surplus	Convertible bonds reserve	Capital reserve	Share option reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(note i)	*(note ii)*	*(note iii)*	*(note iv)*	*(note v)*		
At 1 April 2009	348,854	474,991	125,952	85,889	–	(580,173)	455,513
Net loss for the year	–	–	–	–	–	(847,791)	(847,791)
Total comprehensive loss for the year	–	–	–	–	–	(847,791)	(847,791)
Capital reduction	–	325,372	–	–	–	–	325,372
Capital reorganisation	(348,854)	(231,319)	–	–	–	580,173	–
Early redemption of convertible bonds	–	–	(4,851)	–	–	(85,516)	(90,367)
Cancellation of convertible bonds	–	–	(79,141)	–	–	15,220	(63,921)
Recognition of equity-settled share-based payments	–	–	–	–	2,553	–	2,553
Issue of ordinary shares	174,000	–	–	–	–	–	174,000
Share issued expenses	(2,102)	–	–	–	–	–	(2,102)
Open offer	88,221	–	–	–	–	–	88,221
Open offer expenses	(999)	–	–	–	–	–	(999)
Dividend paid	–	–	–	–	–	(18,573)	(18,573)
At 31 March 2010 and 1 April 2010	259,120	569,044	41,960	85,889	2,553	(936,660)	21,906
Net loss for the year	–	–	–	–	–	(311,665)	(311,665)
Total comprehensive loss for the year	–	–	–	–	–	(311,665)	(311,665)
Conversion of convertible bonds into shares	267,167	–	(33,874)	–	–	–	233,293
Cancellation of convertible bonds	–	–	(8,086)	–	–	36,498	28,412
Issue of ordinary shares	69,000	–	–	–	–	–	69,000
Share issued expenses	(977)	–	–	–	–	–	(977)
Share option lapsed during the year	–	–	–	–	(2,553)	2,553	–
At 31 March 2011	**594,310**	**569,044**	**-**	**85,889**	**-**	**(1,209,274)**	**39,969**

29. RESERVES (Continued)

(b) The Company (Continued)

Notes:

(i) The share premium account of the Company includes shares issued at premium.

During the year ended 31 March 2010, the Company passed a special general resolution, the amount of approximately HK$348,854,000 standing to the credit of the share premium account of the Company as at 31 March 2009 and the amount of approximately HK$231,319,000 standing to the credit of the contributed surplus account of the Company were set off against the accumulated losses of the Company of approximately HK$580,173,000.

(ii) The contributed surplus of approximately HK$2,696,000 represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

During the year ended 31 March 2010, the Company passed a special general resolution for capital reduction, the issued share capital of the Company was reduced from approximately HK$328,658,000 to HK$3,286,000. The capital reduction, resulted in reducing the issued share capital of the Company by approximately HK$325,372,000. Such amount was credited to the contributed surplus account of the Company.

(iii) The convertible bonds reserve represents the equity components of each of the convertible bonds issued during the year. Each convertible bond issued are split into their liability and equity components at initial recognition at the fair values of each of the convertible bonds, which are determined by independent qualified professional valuer.

(iv) The capital reserve of the Company represents the cash received in excess of the fair value of the Second Promissory Note issued by the Company *(Note 25)*.

(v) The share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant options, the total of which is based on the fair value of the options at grant date. The amount is recognised as staff costs and related expenses with a corresponding increase in the share option reserve.

The share options were lapsed during the year ended 31 March 2011 and released directly to accumulated losses.

(vi) The accumulated loss attributable to owners of the Company includes a loss of approximately HK$154,261,000 (2010: HK$ 318,617,000) which has been dealt with in the financial statements of the Company.

30. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2011

On 9 November 2009, the Company entered into a conditional sale and purchase agreement with Mr. Sin to sell the entire issued share capital of Team Jade and its subsidiaries at a consideration of HK$500 million. The completion date was on 12 May 2010. The main asset of Team Jade is its 100% equity interest in Top Jade Limited, Leading Century, East & West and Pacific Force. The main assets of Leading Century, East & West and Pacific Force are the Joli Profit Agreement. The consideration is satisfied by offsetting against the outstanding principal amount of Fifth Convertible Bond I.

The net assets at the date of disposal were as follows:

	2011 HK$000
Net assets disposed of:	
Cash and bank balances	821
Deposits and other receivables	8
Property, plant and equipment	456
Right in sharing of profit streams	437,920
Other payables and accruals	(15)
	439,190
Loss on cancellation of convertible bond	(78,059)
Derecognition of convertible bonds reserve	(5,334)
Loss on disposal of subsidiaries	(60,322)
Total consideration	295,475
Satisfied by:	
Carrying amount of convertible bond *(Note 26)*	295,475
Net cash outflow arising on disposal:	
Cash and bank balances disposed of	(821)

30. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 March 2010

(a) On 23 March 2009, Team Jade entered into a conditional sale and purchase agreement with Rich Game Capital Inc. ("Rich Game") to sell (i) the entire issued share capital of Richsense; (ii) the entire issued share capital of Youngrich. The completion date was on 15 July 2009. The main assets of Youngrich and Richsense are their 49% and 51% equity interest in Worth Perfect respectively. The main asset of Worth Perfect is the Sat Ieng Profit Agreement and the Dore Profit Agreement. The consideration is satisfied by cash and offsetting against the outstanding principal amount of First Promissory Notes, Third Promissory Notes, First Convertible Bond and Second Convertible Bond. The above transaction constitutes a very substantial disposal and connected transaction under the Listing Rules.

The net assets at the date of disposal were as follows:

	2010 HK$'000
Net assets disposed of:	
Cash and bank balances	2
Deposit and other receivables	7
Rights in sharing of profit streams *(Note 16)*	509,461
	509,470
Gain on cancellation of convertible bonds	6,083
Derecognition of convertible bonds reserve	(302)
Loss on cancellation of promissory notes	(67,714)
Loss on disposal of subsidiaries	(16,135)
Total consideration	431,402
Satisfied by:	
Cash	16,555
Carrying amount of promissory notes *(Note 25)*	376,886
Carrying amount of convertible bonds *(Note 26)*	37,961
	431,402
Net cash inflow arising on disposal:	
Cash consideration	16,555
Cash and bank balances disposed of	(2)
	16,553

30. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 March 2010 (Continued)

(b) On 30 September 2009, the Group entered into sale and purchase agreement to dispose of its 100% equity interest in Giant Gold Investments Limited ("Giant Gold") and 100% equity interest in MFT Epping Trading Limited ("MFT Epping") to an independent third party for cash consideration of HK$100. MFT Epping is the wholly-owned subsidiary of Giant Gold (collectively "Giant Gold Group"). The principal activity of Giant Gold and MFT Epping is investment holding and trading of timber logs respectively.

The main liability of Giant Gold Group is the tax payable of approximately HK$180,000. Therefore, there is a gain on disposal of approximately HK$180,000.

31. NON-CASH TRANSACTIONS

For the year ended 31 March 2011

The considerations for the disposal of the entire issued share capital of Team Jade during the year ended 31 March 2011 comprised the cancellation of Fifth Convertible Bond I as disclosed in Note 26.

The early redemption of Second Promissory Note of HK$60,000,000 during the year ended 31 March 2011 was settled by 352,941,176 shares issued as disclosed in Note 25.

For the year ended 31 March 2010

The considerations for the disposal of the entire issued share capital of Richsense and Youngrich during the year ended 31 March 2010 comprised the cancellation of First Promissory Notes, Third Promissory Notes, First Convertible Bond and Second Convertible Bond as disclosed in Notes 25 and 26 respectively.

The settlement of shortfall in respect of profit guarantee under the Nove Profit Agreement, the Joli Profit Agreement 1, the Joli Profit Agreement 2 and the Joli Profit Agreement 3 during the year ended 31 March 2010 is offset against early cancellation of part of Fourth Convertible Bond and part of Fifth Convertible Bonds as disclosed in Note 26.

32. SHARE-BASED PAYMENT TRANSACTIONS

During the year ended 31 March 2011, the Company did not grant any options under the Scheme of the Company. During the year ended 31 March 2010, the Company had granted 32,854,485 share options to employees and consultants under the Scheme of the Company.

At 31 March 2011, no share options remained outstanding as all share options granted in prior years were expired during the year. At 31 March 2010, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 32,854,485, representing 2.36% of the shares of the Company in issue at that date.

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Details of specific categories of options are as follows:

Participants	Share option type	Number of share options: Outstanding at 1 April 2010 '000	Granted during the year '000	Exercised during the year '000	Forfeited during the year '000	Expired during the year '000	Outstanding at 31 March 2011 '000	Date of grant of share option	Exercise period of share option	Exercise price of share option HK$ per share	Fair value at grant date HK$ per share	Closing price of the Company's share immediately before the grant date HK$ per share
Employee	**2009A**	**18,560**	**-**	**-**	**-**	**(18,560)**	**-**	**13 August 2009**	**13 August 2009 to 12 August 2010**	**0.3364**	**0.0528**	**0.33**
Employee	**2009B**	**14,240**	**-**	**-**	**-**	**(14,240)**	**-**	**13 August 2009**	**13 August 2009 to 12 August 2010**	**0.3364**	**0.1105**	**0.33**
		32,800	**-**	**-**	**-**	**(32,800)**	**-**					

Participants	Share option type	Number of share options: Outstanding at 1 April 2009 '000	Granted during the year '000	Exercised during the year '000	Forfeited during the year '000	Expired during the year '000	Outstanding at 31 March 2010 '000	Date of grant of share option	Exercise period of share option	Exercise price of share option HK$ per share	Fair value at grant date HK$ per share	Closing price of the Company's share immediately before the grant date HK$ per share
Employees	2009A	–	18,560	–	–	–	18,560	13 August 2009	13 August 2009 to 12 August 2010	0.3364	0.0528	0.33
Employees	2009B	–	14,240	–	–	–	14,240	13 August 2009	13 August 2009 to 12 August 2010	0.3364	0.1105	0.33
		–	32,800	–	–	–	32,800					

The fair value of the share options granted during the year ended 31 March 2010 were priced using Black-Scholes Option Pricing Model. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of a share option varies with different variable of certain subjective assumptions.

Expected volatility was determined by using the historical volatility of the Company's share price volatility.

Inputs into the model:

	Share option type 2009A	2009B
Grant date share price	0.335	0.335
Exercise price	0.3364	0.3364
Expected volatility	65.11%	99.76%
Expected option life	0.5 year	1 year
Dividend yield	5.97%	5.97%
Risk-free interest rate	0.18%	0.23%

33. OPERATING LEASE ARRANGEMENTS

The Group leases its office properties under operating lease arrangements. Leases for the properties are negotiated for terms of three years.

At the end of the reporting period, the Group had total future minimum lease payables under non-cancellable operating leases falling due as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**178**	1,267
In the second to fifth years inclusive	**–**	1,366
	178	2,633

34. COMMITMENTS

The Group and the Company did not have any significant capital commitments as at 31 March 2011 (2010: Nil).

35. CONTINGENT LIABILITIES

The Group and the Company had no material contingent liabilities as at 31 March 2011 (2010: Nil).

36. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2011 and 2010, the Group had entered into the following transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business.

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in Notes 11 and 12 to the consolidated financial statements, is as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and allowance	**70**	155
Pension scheme contributions	**4**	8
	74	163

37. PARTICULARS OF THE SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation and operations	Nominal value of issued and paid-up capital	Percentage of equity interest attributable to the Company Direct %	Percentage of equity interest attributable to the Company Indirect %	Principal activities
Rise Market Company Limited *(note 1)*	British Virgin Islands	US$1 Ordinary	100	–	Investment holding
Triple Gain Group Limited	British Virgin Islands	US$100 Ordinary	–	100	Receive profit streams from gaming and entertainment related business
Team Jade Enterprises Limited *(note 2)*	British Virgin Islands	US$1 Ordinary	–	–	Investment holding
East & West International Inc. *(note 2)*	British Virgin Islands	US$10 Ordinary	–	–	Receive profit streams from gaming and entertainment related business
Leading Century International Limited *(note 2)*	British Virgin Islands	US$1 Ordinary	–	–	Receive profit streams from gaming and entertainment related business
Pacific Force Inc. *(note 2)*	British Virgin Islands	US$1 Ordinary	–	–	Receive profit streams from gaming and entertainment related business
Top Jade Limited *(note 2)*	Hong Kong	HK$2 Ordinary	–	–	Investment holding

Notes:

1. Incorporated on 30 September 2009
2. Disposed of on 12 May 2010.

38. COMPARATIVE

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

39. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 June 2011.

Summary Financial Information

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Turnover (including discontinued operation)	**51,757**	352,806	439,720	418,910	6,353
(Loss)/profit for the year attributable to:					
– Owners of the Company	**(407,572)**	(632,224)	(577,144)	(775,976)	21,088
– Non-controlling interests	**–**	–	–	1,951	–
	(407,572)	(632,224)	(577,144)	(774,025)	21,088
Dividends	**–**	–	31,648	117,527	17,911

	As at 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**239,347**	977,638	2,719,622	2,295,064	976,796
Total liabilities	**(1,078)**	(669,144)	(1,878,360)	(1,109,997)	(381,850)
Total equity	**238,269**	308,494	841,262	1,185,067	594,946