Annual Report

2011

AMAX Holdings Limited

(Incorporated in Bermuda with limited liability)

(stock code: 959)

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Corporate Information

Board of Directors

Executive
Ms. Li Wing Sze
Mr. Lau, Dicky (Re-designated from non-executive on 20 September 2010)
Mr. Ng Chi Keung (Appointed on 20 September 2010)
Mr. Victor Ng (Resigned on 22 August 2010)
Mr. Li Kin Ho (Resigned on 10 May 2010)

Non-executive
Mr. Cheung Nam Chung (Redesignated from executive on 9 July 2010 and retired on 20 September 2010)
Mr. Leung Kin Cheong, Laurent (Resigned on 6 July 2010)

Independent Non-executive
Mr. Cheng Kai Tai, Allen
Mr. Fang Ang Zeng
Ms. Deng Xiaomei (Appointed on 26 August 2010, retired on 21 September 2010, and re-appointed on 8 October 2010)
Mr. Yoshida Tsuyoshi (Appointed on 20 September 2010)
Dr. Dingjie Wu (Appointed on 20 September 2010)
Prof. Zeng Zhong Lu (Resigned on 7 April 2010)
Attorney Lorna Patajo Kapunan (Resigned on 6 May 2010)
Mr. Chan Chiu Hung, Alex (Resigned on 6 July 2010)

Company Secretary

Mr. Ng Chi Keung (Appointed on 28 September 2010)
Mr. Chan Him (Ceased on 8 October 2010)

Auditors

CCIF CPA Limited

Legal Advisers

Mallesons Stephen Jaques
Michael Li & Co.

Corporate Governance & Advisory Consultant

Wardell & Associates Ltd
(formerly Horwath Corporate Advisory Services Limited)

Stock Code

959

Branch Share Registrar

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

1503–05A, 15/F., Tower 6,
China Hong Kong City,
33 Canton Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

Chairperson's Statement

Dear Shareholders,

We, the board of directors of the company, are focused and diligent in regards to resolving the issue around the doubtful debts of our Macau business partner, AMA International Limited. During the past year, the board has been taking all reasonable and necessary steps in order to maximize the returns from such doubtful debts. We are confident that the final outcome will be the best possible solution for shareholder benefit. It is the board's foremost concern and wish that the doubtful debt will be soon resolved, allowing the company to redirect its resources towards meeting challenges faced by the Group's new business and other business development opportunities.

The Group's major business during the year were: (1) Ownership of 49.9% equity interest in Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology"); (ii) other Macau gaming related business including slot machines and profit-sharing rights of five VIP tables; and (iii) rental income from retail shop investment properties.

Greek Mythology provides casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination. The Greek Mythology Casino has recently undergone major renovations. The renovation work covers all three gaming floors, and has allowed the development of VIP-gaming business in the previously mass-market focused casino. The recent change has injected new life into Greek Mythology Casino and as it has been transformed into a VIP-gaming hotspot. New slots machines were also added to match the casino's new décor while catering to the new high-end clientele. The casino also installed new live-broadcast baccarat machines, which allow 60 simultaneous players to wager on baccarat games.

After Greek Mythology's recent transformation into a premier VIP gaming destination, results were outstanding. The newly renovated casino now boasts more than 50 VIP-rooms, and proved to be well timed to benefit from the VIP-driven gaming market growth.

The Group remains vigilant of its past investments, especially in Macau, while it is always on the lookout for expansion and acquisition opportunities according to the Group's internal selection criteria.

On behalf of the Board of Directors, I would like to express our appreciation of the hard work and dedication of the management team and staff during the past year. My thanks also goes to my fellow Directors, our business partners, customers, banks and shareholders for their continuous support and trust over the years. In the coming year, the board will be working together with the management team and staff, along with other stakeholders, in propelling the Group for a brighter tomorrow.

Deng Xiaomei
Chairperson
30 June 2011

Chief Executive Officer's Statement

Dear Shareholders,

It has been a challenging, but rewarding year for the Company. As mentioned by the Chair, the board has been hard at work for the resolution of the doubtful debt, but also in the mean-time the management has worked towards the new developmental path, represented by LE Rainbow China Ltd ("LE-China") and LE Rainbow Overseas Ltd ("LE-Overseas"), both wholly owned subsidiaries of Amax. After the acquisition of Nanning Inter-Joy LOTTO Information Service Co. Ltd ("LE-Guangxi"), the China Lottery related line-of-business, the Group is well positioned to leverage existing business knowledge and experience to develop our true target customers: High-end Chinese Lottery players.

Through our operational experience, we are able to decipher the lottery buying pattern and preference of a high-end, or VIP player. Their needs are best served by leisure & entertainment as well as contribution to charity rather than a get-rich-quick hope, therefore the type of lottery they enjoy is much different from that of the common lottery player.

Our LE-China's subsidiary in Guangxi ("LE-Guangxi") will be opening self-operated high-end lottery parlors. The focus of these establishments will be centered around a special version of high-end lottery game with the following characteristics: (i) higher-payout ratio; (ii) higher frequency drawings; (iii) lower relative winnings; and (iv) more focused on generous space & pleasant environment.

These will attract the intended customer base to "stay awhile" to enjoy the entertainment provided by the high-end lottery parlors. Besides self-operated high-end lottery parlor, more than hundreds of high-end lottery terminals will be setup in different types of marketing channels.

Building upon the success of these new lottery parlors, the expansion strategy is two-fold:

- Entry into other provinces with existing strategy
- In Guangxi, utilize lottery establishments for promoting added-benefit services in two categories
  - Lottery related, i.e. new lottery game offers
  - Non-lottery products & services: high-end leisure and entertainment services

In order to serve the overseas consumption demand for high-end leisure and entertainment by mainland wealthy Chinese, LE-Overseas will partner with other high-end leisure & entertainment experts to explore any potential business opportunities.

The next few months will be an exciting time as we witness the execution of these plans, which will allow us to take the China Lottery business to the next level.

Also, we wish to offer a warm welcome to Professor Zeng, China's premier researcher on Chinese Lottery and leading academic figure in the industry as a director for our subsidiary LE-China.

Wong Lee Ping, Corey
Chief Executive Officer
30 June 2011

Management Discussion and Analysis

During the financial year ended 31 March 2011, the Group's investment was gaming related business in Macau. Its core investment was the 49.9% equity investment in Greek Mythology. Other investments include right of slot machines and 5 VIP gaming tables in Macau. Also, the Group holds some retail shops as investment properties.

Significant Events and Development

2010/11 was a year of change and development for the Group. For the past year, the Group has been working towards a resolution of the doubtful debt in regards to the investment in AMA, our Macau business partner in the past. This included a prolonged search for potential buyers for the investment in AMA. On 7 March 2011, the Group and Mr. Ng Man Sun signed a MOU for the potential transaction of AMA; however, this intended sale did not complete and no other buyers for the AMA investment were found. On 15 June 2011, the Company appointed Wardell Associates Ltd. ("Wardell") to act as the company's representative on the matter of collecting the doubtful debt in regards to AMA. These are the major steps in our efforts to clear the over-hang of uncertainty and resolve non-performing assets in the Group.

The balance of the related financial assets as at 31 March 2011 is HK$31 million. The balances as at 31 March 2009 and 31 March 2010 are HK$2.1 billion and HK$122 million, respectively.

The other major development during the past year was the Group's entry into the China Lottery market by way of investing in a Guangxi Welfare Lottery value-added service company, ("LE-Guangxi"). LE-Guangxi specializes in its proprietary lottery sales electronic platform. LE-Guangxi shall build the paperless lottery terminal network subject to the independent approval from Guangxi Welfare Lottery Authority on a case-by-case basis. In addition, it has also spent considerable effort in RD for assisting Guangxi Welfare Lottery Authority in regard to new games. Most recently, this investment will be consolidated into the Group's financial statement from June 2011 onwards. For details of the investment, please refer to the Company's announcements dated 4 October 2010, 16 December 2010, 2 February 2011 and 30 May 2011.

As stated in the "Financial Review" below, net assets and profit contribution from Greek Mythology to the Group grew significantly. Greek Mythology provides casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination. Greek Mythology Casino is close to completing its renovation. The positive result from Greek Mythology is a clear demonstration of the successful transformation of the casino becoming a popular VIP-gaming destination.

The board of directors of the Company has been informed that a capitalisation of a shareholder's loan owed by an associate of the Company (the "Associate") to one of the Associate's shareholders other than the Company, by issuing new shares to such shareholder (the "Capitalisation") has been completed near the end of 2010. The Company's initial holding of 49.9 per cent. of the share capital in the Associate has been diluted to 24.8 per cent. as a result of the Capitalisation.

The board of directors, including the Independent Board Committee (as defined below), is of the view that the Company is still holding 49.9 per cent. in the Associate and has determined to use this percentage to account for the Company's interests in the Associate despite the fact that the Capitalisation has been completed.

Management Discussion and Analysis (continued)

Significant Events and Development *(continued)*

The board of directors has resolved to establish and has constituted an independent Board committee comprising all the independent non-executive directors of the Company (the "Independent Board Committee") to conduct investigations into matters in relation to the Capitalisation, including:

(a) seeking legal advices from professional legal advisers in relation to the laws of Bermuda (i.e. the place of incorporation of the Company) and Macau (i.e. the place of incorporation of the Associate) and seeking other legal advices on the legal implications of the Capitalisation and other related matters as necessary;

(b) liaising with the relevant directors and senior management of the Company with a view to understanding the relevant factual details and circumstances in relation to the Capitalisation;

(c) liaising with the Associate as to actions taken in relation to the Capitalisation; and

(d) reviewing the internal corporate governance procedures of the Company, with the support and advice of independent professional consultants.

A further announcement will be issued by the Company which will disclose details of the matters in relation to the Capitalisation and results of investigations conducted by the board of directors.

Financial Review

- The Group's profit for the financial year amounts to HK$1.17 billion, compared to a loss of HK$2.48 billion in the prior year; an increase of HK$3.65 billion in absolute dollar terms.
- Net asset for the Group as at 31 March 2011 is HK$1.51 billion, compared to $292.6 million one year ago, an increase of HK$1.21 billion, or 415%.
- Group's share of operating profit from the associates before amortization from Greek Mythology Casino was $271.2 million, compared to prior year's $90.4 million, an increase of HK$180.8 million, or 200%.
- Group's earning per share amounts to approximately HK$0.3 compared to loss per share in prior year.
- Turnover for the Group was HK$4.86 million for the year, compared to HK$5.55 million in 2010, an decrease of 12%. The Group's profits are mainly driven by return and profits from an associate, and such return or profits are accounted for as turnover in accordance with the accounting standards.

During the financial year ended 31 March 2011, the Group's investment was gaming related business in Macau. Its core investment was the 49.9% equity investment in Greek Mythology Casino. Other investments include right of slot machines and 5 VIP gaming tables in Macau. Also, the Group holds some retail shops as investment properties.

The Group's profit was HK$1.17 billion; increased by HK$3.64 billion as compared to that in last year. The increase was primarily a result of favorable revaluation of intangible assets of, and the improvement in the Group's share of operating profit in Greek Mythology Casino, the Group's associate.

Management Discussion and Analysis (continued)

Business Review and Prospects

During the financial year under review, the Group made principal investments in the following areas:

Greek Mythology Casino ("GMC")

The Group owns 49.9% of equity stake in Greek Mythology Casino, which has approximately 60 VIP gaming rooms, and a mid to high-end mass-market gaming floor. Greek Mythology is accounted for as an associate of the Group. Greek Mythology provides casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination.

During the financial year ended 31 March 2011, the Group's share of operating profit for the year ended 31 March 2011 was HK$271.2 million (2010: HK$90.4 million). The Group's share of profit in Greek Mythology Casino for the financial year ended 31 March 2011 was HK$1.23 billion, increased by HK$1.79 billion, as compared to a loss of HK$557 million a year ago. The increase was primarily a result of favorable revaluation of intangible asset of Greek Mythology Casino and the improvement in the Group's share of operating profit in Greek Mythology Casino, the Group's associate.

The interest in Greek Mythology Casino, the Group's associate, as at 31 March 2011 is HK$1.56 billion, as compared to HK$330.9 million at the prior year end, increase of 373% and HK$1.23 billion.

Greek Mythology provides casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination. Greek Mythology Casino was primarily a low to mid-tier mass-market casino prior to its renovation work carried out in 2010–11. After the transformation, it boast a market leading number of around 60 private VIP-gaming rooms, and has transformed itself as a popular VIP player destination in Macau. The following are the major changes to the casino: (i) Large-scale renovation work done on all three gaming floors of the casino, altering the 2nd and 3rd floor of the casino to exclusive private VIP-gaming rooms to accommodate the high-end clientele needs; (ii) slot machines upgrades to fit with the new décor of the casino; (iii) installation of live-broadcast baccarat machines which allows 60 simultaneous players to participate outside the gaming tables; (iv) due to the changes above, an enhancement of flow of customers and the improvement of player's level from low to mid-tier to predominately high-end and VIP.

Its recent results reflect that the casino is benefiting from the successful transformation of GMC into high-end gaming segment and the highest growth in such Macau gaming segment.

LE-Guangxi[1]

Through LE Rainbow China Ltd ("LE-China"), a wholly owned subsidiary, the Group owns a 60% equity stake in Nanning Inter-Joy LOTTO Information Service Company Limited in Guangxi, China, which is a lottery related service company in cooperation with the Welfare Lottery authority of Guangxi. The Guangxi operation distributes a proprietary electronic lottery sales system for its sales location providers, and also will be expanding into self-operated lottery parlors aimed at high-end lottery players. The paperless lottery terminal network will provide a more comfortable, convenient, safer and more environmental friendly lottery sales platform for the lottery players in Guangxi.

[1] *The event of LE-Guangxi occurred after the Group's 2011 year-end, 31 March 2011. During the year ended 31 March 2011, it was only equity accounted for and not consolidated in the financial statement and therefore can only be treated as a post balance sheet event.*

Business Review and Prospects *(continued)*

LE-Guangxi[1] *(continued)*

Lottery related business in China is a new direction for the Group and we are highly aware of the industry landscape. Currently, illegal gambling activities in China such as private lottery and offshore betting is significant. Developing the high-end lottery space is the Company's efforts in converting a certain percentage of illegal gaming activities by making high-end lottery more attractive substitutes. Furthermore, the Group is in absolute support of "sensible gaming" and "healthy gaming", and the lottery sales system of LE-Guangxi would effectively allow the Group to achieve the two major principles stated above.

The investment is equity accounted for in the consolidated financial statements up to May 2011 and the investment will be consolidated into the Group's financial statement from June 2011 onwards.

Investment in VIP Gaming Related Operation and Other Gaming Related Business

The Group, through certain subsidiaries, has invested in the businesses of (i) high rolling gaming tables, and (ii) slot machines in Macau.

During the financial year under review, the Group recorded gross revenue of HK$4.86 million from these operations compared to HK$5.55 million in the prior year, a 12.4% decline.

The businesses of high rolling gaming tables and slot machines in Macau underwent changes in the second half of the year. The Group adjusted the revenue model by taking a more conservative approach for stable returns so as to avoid the associated operating risks.

The balance of the AMA related financial assets as at 31 March 2011 is HK$31 million, compared to HK$122 million as at 31 March 2010. The balance stated above represents the book value of the recoverable loan; however, the Company has appointed Wardell as representative for the financial monitoring of the doubtful debt, and the recovery on which, according to a recent financial report carried out by the same firm, is estimated to be as high as HK$220 million.

Outlook

Building on the accomplishments so far, the future developments of the Group will be predominately on two fronts: (i) gaming business in Asia; (ii) lottery related business in China.

Gaming Business in Asia

Greek Mythology provides casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination. Greek Mythology Casino has undergone major changes including renovation of the entire three gaming floors and changing its market position from mass-market to VIP. These changes have delivered excellent financial results in the past year, and we expect these positive effects to continue.

The Group is considering expanding or investing in other gaming related business in Asia.

Lottery Related Business in China

With regard to the lottery related business in China, we expect to see major development in the coming months as self-operated lottery parlors are opening. These strategic high-end lottery parlors will be the flagship stores of LE-Guangxi and will be the highlight of our paperless lottery sales network of Guangxi.

Outlook *(continued)*

Gaming Business in Asia *(continued)*

These innovative steps will be the momentum for taking the existing model for expansion into other welcoming provinces. The electronic lottery sales system has been deployed at multiple locations in Guangxi province. We intend that, at least around 1,000 paperless lottery sales machines, also known as the point-of-sale (POS), will be deployed in each province in the future. With strong growth in China lottery market and great business opportunities for emerging China high-end leisure and entertainment segment, we are confident to see a greater contribution of profits or investment returns to the Group in the coming years.

For the gaming business in Asia and the lottery related business in China, appropriate partnerships with competent and competitive business partners will be crucial for future development. Through leveraging the complementary strengths of each parties involved, the Group expects to develop and grow swiftly through adopting the "business partnership oriented" growth strategy.

Other Financial Items

Income Statement

- The Group's Selling Distribution expenses amounts to appropriately HK$883 thousands during 2011, compared to appropriately HK$3.36 million in the prior year, marking a 74% reduction in expenses. The reduction was primarily due to the change of business model in regard to the 5 VIP gaming tables in Macau. In the second half of the year, the Group has adopted a new and more conservative model of fixed revenue. Accordingly, the Group is able to avoid considerable operating expenses and risks in the course of ordinary business.

- General administrative expenses were HK$24.1 million, compared to HK$31.0 million during 2010, a 22% reduction. This reduction in expenses was a direct result of management's efforts in controlling cost.

- Finance Costs of the Group reduced to HK$11.26 million during 2011 compared to HK$45.4 million during the same period in 2010, a 75% reduction. The reduction of approximately HK$34 million or 75% was primarily contributed by the decrease in promissory notes by approximately HK$91 million.

Balance Sheet

- Value of Investment Properties owned by the Group increased to approximately HK$4.14 million as at 31 March 2011 compared to approximately HK$3.53 million in 2010, a 17% increase due to favorable revaluation.

- Trade and other receivables for the Group as at 31 March 2011 was approximately HK$79.2 million, compared to approximately HK$149.6 million a year ago. This is mainly due to successful collection during the past year, and also an offsetting of promissory note of HK$102.3 million.

- Cash and cash equivalent as at 31 March 2011 was approximately HK$32 million, compared to approximately HK$16.5 million the same time in 2010, an increase of approximately HK$15.5 million and 94%.

- Trade and other payables as at 31 March 2011 was approximately HK$106 million (HK$108 million a year ago).

- The Group had no Borrowings as at 31 March 2011, compared to HK$5 million a year ago. The decrease in Borrowings was primarily due to the full settlement of the Borrowings of HK$5 million during the year.

Management Discussion and Analysis (continued)

Outlook *(continued)*

Other Financial Items *(continued)*

Balance Sheet *(continued)*

- As at 31 March 2011, the Group owed HK$135.6 million in the form of a Promissory Notes (with maturity due date in 2016), compared to HK$226.7 the same time in 2010, a 40% decrease. The decrease in Promissory Notes was primarily due to some early offset of promissory notes of HK$102.3 million done during the year.

- Among the non-current liabilities of the Group, approximately HK$102 million are due to a third-party due to a profit-sharing agreement related to AMA's profits. In principle, the Group shall not be responsible for paying out this share of profits as AMA has turned into a loss.

Dividend

The Board of Directors does not recommend payment of final dividend for the year ended 31 March 2011. There was no interim dividend payment during the financial year.

Liquidity and Financial Resources

The Group adopts a prudent treasury policy. It finances its operation and investments with internal resources, cash revenues generated from operating activities and proceeds from equity fund raising activities.

As at 31 March 2011, the Group had total assets and net assets of approximately HK$1,749 million (2010: HK$632 million) and HK$1,507 million (2010: HK$293 million) respectively which were financed by shareholders' funds of HK$1,507 million (2010: HK$293 million), current liabilities of HK$106 million (2010: HK$113 million) and non-current liabilities of HK$136 million (2010: HK$227 million).

As at 31 March 2011, the Group's gearing ratio, calculated as a ratio of total borrowings (including promissory notes) to shareholders' funds, current ratio, calculated as current assets over current liabilities, and net debt-to-capital ratio, calculated as net debts over total equity, were approximately 9% (2010: 79%), 1.05 (2010: 1.47) and 14% (2010: 110%), respectively. During the year ended 31 March 2011, the Group recorded a net cash inflow of HK$15 million (2010: outflow of HK$61 million). As at 31 March 2011, the Group had cash and cash equivalents of HK$32 million (2010: HK$17 million). The Group considers that it has sufficient financial resources to meet operation and development requirements for the foreseeable future.

Share Capital Structure

In December 2010, the Company allotted and issued 51,480,000 shares at HK$0.1554 per share as the first tranche consideration shares pursuant to the sales and purchase agreement entered by LE Rainbow Worldwide Limited, a wholly owned subsidiary of the Company on 30 September 2010 for acquisition of equity interest in a Welfare Lottery value-added service provider in Guangxi.

In February 2011, the Company allotted and issued 257,186,000 shares at HK$0.1322 per share as the second tranche consideration shares pursuant to the sales and purchase agreement dated 30 September 2010.

In February 2011, the Company issued 38,000,000 shares with par value of HK$0.01 each at an exercise price of HK$0.083 per share upon the exercise of the granted options during the period under review.

Foreign Exchange and Currency Risks

It is the Groups policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The principal businesses of the Group are conducted and recorded in Hong Kong dollars and Macau Patacas. As its exposure to foreign exchange fluctuation is minimal, the Group does not see the need for using any heading tools.

Employees and Remuneration Policy

As at 31 March 2011, the Group had a total of approximately 13 employees in Hong Kong and Macau. The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses and decided with reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund ("MPF") scheme in Hong Kong and similar scheme for eligible employees in Macau and provides employees with medical insurance coverage. A share Option Scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

Contingent Liabilities

The Group and the Company had no significant contingent liabilities as at 31 March 2011.

Investor Relations

The Group believes that maintaining active communication and operational transparency is vital to building good investor relations. During the year, its investor relations team maintained continuous communication with various investors and held meetings regularly with analysts and institutional investors from around the world. The Group will continue to actively enhance communication with shareholders and investors so as to foster the best investor relations possible.

Corporate Governance Report

The Group continues to commit itself to maintaining a high standard of corporate governance with an emphasis on enhancing transparency and accountability and ensuring the application of these principles within the Group and thereby, enhancing shareholder value and benefiting our stakeholders at large. For the strengthening of corporate governance of the Company, Horwath CAS had been appointed for an overall corporate governance review.

Code on Corporate Governance Practices

The Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules sets out the principles of good corporate governance (the "Principles") and two levels of corporate governance practices:

(a) code provisions (the "Code Provisions") which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices (the "Recommended Best Practices") for guidance only, which listed issuers are encouraged to comply with or give considered reasons for deviation.

The Company has applied the Principles and the Code Provisions as set out in the CG Code and complied with all the Code Provisions throughout the year ended 31 March 2011 with the exception of certain deviation as further explained below. The Company also put in place certain Recommended Best Practices as set out in the CG Code.

Code Provision A.4.1 provides that non-executive Directors should be appointed for a specific term, and subject to re-election.

None of the existing non-executive Directors of the Company are appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, all non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. The Company has also received the confirmation of independence from each independent non-executive Director and has grounds to believe that they are independent of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code Provision.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code, and acknowledges the important role of its Board in providing effective leadership and direction to the Company's business, and ensuring transparency and accountability of the Company's operations.

The Board

Responsibilities

The Board provides leadership, approves policies, strategies and plans, and oversees their implementation to further the healthy growth of the Company, in the interests of its shareholders. The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making a request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Executive Director/Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the above mentioned officers. The Board has the full support of the senior management to discharge its responsibilities.

Roles of Chairman and Chief Executive Officer

The Code Provision A.2.1 stipulates that the roles of chairman of the Board (the "Chairman") and chief executive officer ("CEO") should be separated and should not be performed by the same individual and that the division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Company fully supports the division of responsibility between the Chairman and the CEO. After the departure of Mr. Li Kin Ho as the Chief Executive Officer in mid May 2010, Mr. Cheung Nam Chung held both positions of Chairman and Acting Chief Executive Officer on temporary basis until 24 June 2010 when Mr. Wong Lee Ping were appointed as the Chief Executive Officer on 25 June 2010 respectively to ensure a balance of power and authority. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings. The Chairman is also principally responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored.

The CEO focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. He is also responsible for developing strategic plans and formulating the company practices and procedures, business objectives, and risk assessment for the Board's approval.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. As at 31 March 2011, the Board comprised three Executive Directors, and five Independent Non-executive Directors. The details of the Directors of the Company during the year ended 31 March 2011 and up to the date of this report are set out on pages 24 to 25.

From 6 July 2010 to 25 August 2010, following the resignation of Mr. Chan Chiu Hung, Alex, the number of the Independent Non-executive Directors falls below the minimum number requirement of 3 under Rules 3.10 of the Listing Rules. Ms Deng Xiaomei was appointed on 26 August 2010 to fill the vacancy of Independent Non-executive Directors, for compliance with the Listing Rules.

During the year ended 31 March 2011, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least one Independent Non-executive Director possessing appropriate professional qualifications in accounting or related financial management expertise.

The Company has received written annual confirmation of independence from each Independent Non-executive Director pursuant to the requirements of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of Directors. The term of office for each of the Executive Directors and Independent Non-executive Directors is the period up to his/her retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws. In accordance with the Company's Bye-laws, any Director so appointed by the Board shall hold office only until the next following annual general meeting ("AGM") and shall then be eligible for re-election at that meeting. At each AGM, one-third of the Directors for the time being shall retire from office by rotation provided that each Director shall be subject to retirement by rotation at least once every three years at the AGM.

Board Meetings

The Board will hold at least four regular meetings each year at approximate quarterly intervals to review and approve the financial and operating performance, and consider the overall strategies and policies of the Company. In addition, the Board will convene Board meetings when necessary to discuss or approve major matters during the year.

The attendance of each Director at Board meetings during the year ended 31 March 2011 is as follows:

Directors		Attendance
Executive Directors		
Ms. Li Wing Sze		12/21
Mr. Lau Dicky	(re-designated from non-executive on 20 September 2010)	17/21
Mr. Ng Chi Keung	(appointed on 20 September 2010)	12/12
Mr. Li Kin Ho	(resigned on 10 May 2010)	2/2
Mr. Victor Ng	(resigned on 22 August 2010)	0/9
Non-executive Directors		
Mr. Cheung Nam Chung	(re-designated from executive on 9 July 2010 and retired on 20 September 2010)	9/9
Mr. Leung Kin Cheong, Laurent	(resigned on 16 July 2010)	4/5
Independent Non-executive Directors		
Mr. Cheng Kai Tai, Allen		20/21
Mr. Fang Ang Zeng		16/21
Ms. Deng Xiaomei	(appointed on 26 August 2010, retired on 21 September 2010, and re-appointed on 8 October 2010)	2/11
Mr. Yoshida Tsuyoshi	(appointed on 20 September 2010)	9/12
Dr. Dingjie Wu	(appointed on 20 September 2010)	5/12
Prof. Zeng Zhong Lu	(resigned on 7 April 2010)	0/0
Attorney Lorna Patajo Kapunan	(resigned on 6 May 2010)	0/1
Mr. Chan Chiu Hung, Alex	(resigned on 6 July 2010)	2/4

Annual meeting schedules and draft agendas of each meeting are normally made available to Directors in advance. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary. The Company Secretary is responsible for keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Board Committees

Three committees, namely, the audit committee, remuneration committee and nomination committee, were established under the Board to oversee their respective functions. The committees are allowed to obtain independent professional advice and service at the Company's expense.

Audit Committee

As at 31 March 2011, the audit committee comprises four Independent Non-executive Directors. The audit committee was established with specific written terms of reference, and is mainly responsible for reviewing and providing supervision over the Company's financial reporting process and internal controls. Mr. Cheng Kai Tai, Allen, who has substantial accounting experience, was chairman of the audit committee during the year ended 31 March 2011.

The main duties of the Audit Committee include the following:

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

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

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

Based on the reviews and discussions by the Audit Committee, the Audit Committee had:

— recommend to the Board for the approval of the audited financial statements of the financial year under review together with the auditor's report thereto attached before the announcement of the annual result.

— recommend to the Board for the proposal for the re-appointment of CCIF CPA Limited as the auditor of the Company in the forthcoming AGM of the Company.

Six audit committee meetings were held during the year ended 31 March 2011. The Composition of the Audit Committee and the respective attendance of each member is set out as follows:

Members		Attendance
Mr. Cheng Kai Tai, Allen		6/6
Mr. Fang Ang Zeng		5/6
Mr. Yoshida Tsuyoshi	(appointed on 20 September 2010)	3/4
Dr. Dingjie Wu	(appointed on 20 September 2010)	2/4
Ms. Deng Xiaomei	(appointed on 26 August 2010 and retired on 21 September 2010)	0/0
Prof. Zeng Zhong Lu	(resigned on 7 April 2010)	0/0
Attorney Lorna Patajo Kapunan	(resigned on 6 May 2010)	0/0
Mr. Chan Chiu Hung, Alex	(resigned on 6 July 2010)	2/2
Mr. Leung Kin Cheong, Laurent	(resigned on 16 July 2010)	2/2

The chairman of the audit committee will report the findings and recommendations, if any, of the audit committee to the Board after each meeting. The audit committee confirmed there are no matters that need to be brought to the attention of the shareholders.

From 16 July 2010 to 19 September 2010, following the resignation of Mr. Leung Kin Cheong, Laurent, the number of the Audit Committee members falls below the minimum number requirement of 3 members under Rules 3.21 of the Listing Rules. The Board appointed two more Independent Non-executive Directors, namely Mr. Yoshida Tsuyoshi and Dr. Dingjie Wu on 20 September 2010 to fill the vacancy of member of the Audit Committee, for compliance with the Listing Rules.

Remuneration Committee

As at 31 March 2011, the remuneration committee comprises two Independent Non-executive Directors, and one Executive Director. The remuneration committee was established with specific written terms of reference, and is principally responsible for reviewing and approving remuneration package for Directors and senior management. No Director or senior management will determine his own remuneration. Subsequent to the resignation of Attorney Lorna Patajo Kapunan on 6 May 2010, Mr. Cheng Kai Tai, Allen was appointed as the Chairman of the remuneration committee on 8 June 2010.

The main duties of the Remuneration Committee include the following:

(a) determining the specific remuneration packages of all executive Directors and senior management;

(b) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(c) reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(d) consulting with the Chairman where to position the Company relative to comparable companies in terms of remuneration level and board composition.

Ten remuneration committee meetings were held during the year ended 31 March 2011. The composition of the Remuneration Committee and the respective attendances of the members are presented as follows:

Members		Attendance
Mr. Lau Dicky	(appointed on 12 May 2010)	9/10
Mr. Cheng Kai Tai, Allen	(appointed on 12 May 2010)	10/10
Mr. Fang Ang Zhen	(appointed on 13 August 2010)	6/7
Mr. Yoshida Tsuyoshi	(appointed on 20 September 2010 and ceased on 8 October 2010)	1/1
Dr. Dingjie Wu	(appointed on 20 September 2010 and ceased on 8 October 2010)	1/1
Attorney Lorna Patajo Kapunan	(resigned on 6 May 2010)	0/0
Mr. Cheung Nam Chung	(resigned on 12 May 2010)	0/0
Mr. Chan Chiu Hung, Alex	(resigned on 6 July 2010)	3/3

The summary of the work performed by the Remuneration Committee for the financial year included the following:

— review and approve of the remuneration package of each director and senior management including benefit in kind, pension right, bonus payment and compensation payable.

From 6 July 2010 to 12 August 2010, following the resignation of Mr. Chan Chiu Hung, Alex, the Remuneration Committee cannot fulfill the requirement that the majority of the members of the Remuneration Committee should be Independent Non-executive Directors. Mr. Fang Ang Zhen was appointed on 13 August 2010 to fill the vacancy of member of the Remuneration Committee for compliance with the Code Provisions of the CG Code under Appendix 14 of the Listing Rules.

Nomination Committee

The Nomination Committee was established on 9 June 2010. The Nomination Committee comprises one Non-executive Director and two Independent Non-executive Directors. The Nomination Committee was established with specific written terms of reference, and is mainly responsible for nominating potential candidates for directorship, reviewing the nomination and resignation of directors, assessing the independence of independent Non-executive directors and making recommendations to the Board on such appointments.

The main duties of the Nomination Committee include the following:

(a) To make recommendations to the Board on matters relating to the resignation and re-election of directors.

(b) To make recommendations to the Board on matters relating to the appointment and change of senior management and committee members.

(c) To conduct an annual review of the independence of the independent non-executive directors.

(d) To review the renewal of term of appointment of a Non-executive director.

All new appointment of directors and nomination of directors proposed for re-election at the annual general meeting are first considered by the Nomination Committee. The recommendations of the Nomination Committee will then be put to the Board for decision. New directors appointed by the Board are subject to re-election by shareholders at the next following general meeting (in the case of filling a casual vacancy) or annual general meeting (in the case of an addition to the Board) pursuant to the Bye-laws of the Company. In considering the new appointment or nomination of directors proposed for re-election, the Nomination Committee will assess the candidate or incumbent on criteria such as integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively etc.

During the year ended 31 March 2011, despite of no Nomination Committee meeting was held from the date of establishment 9 June 2010, members of the Nomination Committee were in the progress of reviewing the nomination procedures of the Company as proposed in the Corporate Governance Review Report conducted by Horwath CAS.

Three more Independent Non-executive Directors, namely Dr. Dingjie Wu, Mr. Yoshida Tsuyoshi and Ms. Deng Xiaomei were appointed as members of the Nomination Committee on 30 May 2011, and Mr. Lau Dicky was ceased to be member of the Nomination Committee on 30 May 2011.

The composition of the Nomination Committee are as follows:

Members

Mr. Lau Dicky	(appointed on 9 June 2011 and ceased on 30 May 2011)
Mr. Cheng Kai Tai, Allen	(appointed on 9 June 2011)
Mr. Fang Ang Zeng	(appointed on 9 June 2011)
Dr. Dingjie Wu	(appointed on 30 May 2011)
Mr. Yoshida Tsuyoshi	(appointed on 30 May 2011)
Ms. Deng Xiaomei	(appointed on 30 May 2011)

Director's Remuneration

The remuneration paid to and/or entitled by each of the Directors for the financial year under review is set out in note 8 to the financial statement.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct for securities transactions by Directors and has adopted written guidelines no less exacting than the Model Code for application to senior management and designated persons who might have access to price sensitive information of the Group.

Following enquiries by the Company, all Directors confirm that they have complied with the Model Code for the year ended 31 March 2011.

Auditor's Remuneration

During the year ended 31 March 2011, the remuneration paid and payable to the auditors of the Company, CCIF CPA Limited, for provision of the Group's statutory audit and other non-audit services were approximately HK$650,000 and HK$150,000 respectively.

Acknowledgement of Responsibility for Financial Statement

The Directors acknowledged their responsibilities for preparing the accounts of the Group. In preparing the accounts for the financial year under review, the Directors have:

- based on a going concern basis;
- selected suitable accounting policies and applied them consistently; and
- made judgments and estimates that were prudent, fair and reasonable.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 23 to 24.

Review of Internal Control

The Board, recognizing its overall responsibility in ensuring the system of internal controls of the Company and for reviewing its effectiveness, is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Company. Procedures have been designed for the management of credit risk and collectability risk over the investment of the Company, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable law, rules and regulations. The procedures provide a reasonable but not absolute assurance and prevention of material untrue statements or losses, as well as prevention of the interruption of the Company's management system and monitoring of risks existing in the course of arriving at the Company's objectives. The management of the Company has conducted a review on the Company's internal control and risk management system including functions of financial, operation, risk management and compliance.

Communication with Shareholders

The CG Code requires the Company to have a dialogue with shareholders and it is the responsibility of the Board as a whole to ensure that satisfactory dialogue takes place. The primary communication channel between the Company and its shareholders is through the publication of its interim and annual reports. The Company's Registrars serve the shareholders with respect to all share registration matters. The Company's annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Company and management are available to answer shareholders' questions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors. Details of the poll voting procedures and rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the annual report. The circular also includes details of the procedures and the timetable of proposing appropriate candidates to stand for election as Directors at annual general meetings, and relevant details of proposed resolutions, including biographies of each candidate standing for re-election and whether such candidates are considered to be independent.

Directors' Report

The Directors present their report and audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of its subsidiaries during the year are set out in note 18 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 14 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 income statement on pages 33 to 34.

The Directors do not recommend the payment of any final dividends for the year ended 31 March 2011.

Summary Financial Information

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 115.

Non-Current Assets

Details of the movements of the non-current assets of the Group and the Company during the year are set out in note 15 to the financial statements.

Subsidiaries

Details of the Company's subsidiaries as at 31 March 2011 are set out in note 18 to the financial statements.

Share Capital and Share Options

Details of the movements in the Company's share capital during the year are set out in note 26 to the financial statements.

Share Options Scheme

The Company's share option scheme (the "Share Option Scheme") was adopted on 12 August 2002 with a purpose to recognise the contribution of certain employees, directors, executives or officers, suppliers, consultants and agents of the Group to the growth of the Group.

Under the terms of the Share Option Scheme, the Board may, at its discretion, grant share options to employees, directors, executives or officers of the Group, and any suppliers, consultants or agents who have provided services to the Group at a price not less than the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the offer date, the closing price of the shares on the Stock Exchange on the offer day or the nominal value of the shares, whichever is higher.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme will not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one participant will not exceed 30% of the maximum number of shares in issue from time to time. At the date of report, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme must not exceed 415,265,572 shares, representing 10% of the shares in issue as at 18 March 2008, the date of the special general meeting approving the refreshment of the 10% limit on the grant of options.

A nominal consideration of HK$1 is payable within 30 days from the offer date for each lot of share options granted. An option may be exercised in accordance with the terms of the Share Option Scheme during a period to be notified by the Board.

The Share Option Scheme is valid for a period of 10 years commencing from 12 August 2002. During the financial year ended 31 March 2011, the Company had granted a total of 38,000,000 share options to Senior Management under the Share Option Scheme.

Details of the movement of the Company's Share Option Scheme are set out in note 27 to the financial statements.

Directors' Report (continued)

The particulars of the movement of the Company's share options during the year ended 31 March 2011 is as follows:

				No. of shares issuable under options ('000)				
	Date of Grant	Exercisable period	Exercise price per share HK$	As at 1 April 2010	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 March 2011
Director								
Mr. Cheung Nam Chung *(retired on 20 September 2010)*	28/01/2008 *(Note 1)*	28/01/2008 – 27/01/2013	0.736	4,500	—	—	4,500	—
	23/04/2009	23/04/2010 – 22/04/2019	0.193	4,000	—	—	4,000	—
	12/05/2009	12/05/2010 – 11/05/2019	0.229	2,500	—	—	2,500	—
Ms. Li Wing Sze	28/01/2008 *(Note 1)*	28/01/2008 – 27/01/2013	0.736	5,500	—	—	—	5,500
	23/04/2009	23/04/2010 – 22/04/2019	0.193	3,000	—	—	—	3,000
	12/05/2009	12/05/2010 – 11/05/2019	0.229	2,500	—	—	—	2,500
Mr. Leung Kin Cheong, Laurent *(resigned on 16 July 2010)*	12/05/2009	12/05/2010 – 11/05/2019	0.229	2,600	—	—	2,600	—
Mr. Chan Chiu Hung, Alex *(resigned on 6 July 2010)*	20/10/2008	20/10/2008 – 19/11/2013	0.133	2,600	—	—	2,600	—
Attorney Lorna Patajo Kapunan *(resigned on 6 May 2010)*	20/10/2008	20/10/2008 – 19/11/2013	0.133	2,600	—	—	2,600	—
Mr. Cheng Kai Tai, Allen	12/05/2009	12/05/2010 – 11/05/2019	0.229	2,600	—	—	—	2,600
Mr. Fang Ang Zeng	12/05/2009	12/05/2010 – 11/05/2019	0.229	2,600	—	—	—	2,600
Prof. Zeng Zhong Lu *(resigned on 7 April 2010)*	12/05/2009	12/05/2010 – 11/05/2019	0.229	2,600	—	—	2,600	—
Eligible Employees	28/01/2008 *(Note 1)*	28/01/2008 – 27/01/2013	0.736	9,400	—	—		9,000
	23/04/2009	23/04/2010 – 22/04/2019	0.193	1,000	—	—	1,000	—
	13/08/2010 *(Note 2)*	13/08/2010 – 12/8/2020	0.083	—	38,000	38,000	—	—
In aggregate				48,000	38,000	38,000	22,800	25,200

Note:

1. *The first batch of share options has been granted to certain directors, employees and consultants on 28 January 2008. The vesting date and exercisable periods of the options are as follow:*

Vesting Date	***Exercise Periods***	***Number of Shares issuable under Options***	***Options lapsed during the year***	***Total options lapsed up to 31 March 2011***
28 January 2008	*28 January 2008 to 27 January 2009*	*161,600,000*	*1,040,000*	*7,360,000*
28 January 2009	*28 January 2009 to 27 January 2010*	*121,200,000*	*780,000*	*5,520,000*
28 January 2010	*28 January 2010 to 27 January 2013*	*121,200,000*	*780,000*	*5,520,000*

The exercise price of the above share options has been changed from HK$0.0736 to HK$0.736 as a result of the share consolidation passed by the shareholders' approval at a special general meeting held on 7 April 2008, every 10 shares of the Company of HK$0.001 each were consolidated into 1 new share of the company of HK$0.01 each.

Reserves

Details of the movements in the reserves of the Group and the Company are set out in note 26 to the financial statements.

Distributable Reserves

As at 31 March 2011, in the opinion of the Directors of the Company, the reserves of the Company available for distribution to shareholders amounted to HK$1,096,283,000 (2010: nil).

Directors

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

Executive Directors

Ms. Li Wing Sze
Mr. Lau, Dicky *(Re-designated from non-executive on 20 September 2010)*
Mr. Ng Chi Keung *(Appointed on 20 September 2010)*
Mr. Li Kin Ho *(Resigned on 10 May 2010)*
Mr. Victor Ng *(Resigned on 22 August 2010)*

Non-executive Directors

Mr. Cheung Nam Chung *(Re-designated from executive on 9 July 2010 and retired on 20 September 2010)*
Mr. Leung Kin Cheong, Laurent *(resigned on 16 July 2010)*

Independent Non-executive Directors

Mr. Cheng Kai Tai, Allen
Mr. Fang Ang Zeng
Ms. Deng Xiaomei *(Appointed on 26 August 2010, retired on 21 September 2010, and re-appointed on 8 October 2010)*
Mr. Yoshida Tsuyoshi *(Appointed on 20 September 2010)*
Dr. Dingjie Wu *(Appointed on 20 September 2010)*
Prof. Zeng Zhong Lu *(Resigned on 7 April 2010)*
Attorney Lorna Patajo Kapunan *(Resigned on 6 May 2010)*
Mr. Chan Chiu Hung, Alex *(Resigned on 6 July 2010)*

Biographical Details of Directors and Senior Management

Executive Directors

Ms. LI Wing Sze, aged 32, has over 10 years of experience in technologies and administrative management in Macau gaming industry. Being one of the few lady gaming executives in Macau, she has witnessed the change of gaming operational landscape during the last five years. Ms. Li is mainly responsible for the overseeing of the local gaming operational matters of the Group.

Mr. LAU Dicky, aged 36, has been re-designated from Non-executive Director of the Company on 20 September 2010 and has been further appointed as a member of Remuneration Committee with effect from 12 May 2010. Mr. Lau studied Business Management at Bronx Community College, The City University of New York. Mr. Lau worked in New Century Hotel ("New Century") and Greek Mythology Casino in Macau ("Greek Mythology", is an associate company of the Company) before. At present, he is only the Executive Director of New Century.

Mr. NG Chi Keung, aged 46, has been appointed as the Executive Director and Chief Financial Officer of the Company on 20 September 2010 and 16 August 2010 respectively. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Chartered Association of Certified Accountants and an associate member of The Institute of Chartered Accountants in England and Wales. He holds a Master degree in Business Administration from University of Manchester in U.K. Mr. Ng has over 20 years experience in auditing, accounting and financial management.

Independent Non-Executive Directors

Mr. CHENG Kai Tai, **Allen**, aged 47, is a qualified accountant and a fellow of the Hong Kong Institute of Certified Public Accountants. He has practised as a Certified Public Accountant in Hong Kong for over 14 years. Mr. Cheng has extensive professional experience in audit, taxation, financial management, corporate recovery and restructuring. He holds a Master degree of accountancy in Jinan University in Mainland China, and is now acting as a consultant of a number of international companies with business interests in textile, retailing, metal trading and manufacturing in Mainland China. Other than the present appointment, Mr. Cheng currently serves as an independent non-executive director of New Environmental Energy Holdings Ltd (stock code: 3989) and Xinhua News Media Holdings Limited (stock code: 309), both companies are listed on the main board of the Stock Exchange.

Mr. FANG Ang Zhen, aged 44, graduated with a master degree in economics from Jinan University in 1994. He also acquired his Attorney's Certificate of PRC in 1994. Mr. Fang was formerly the fund manager and vice president of Assets Operation of Nanshan Investment Fund Management Co., Ltd.. Mr. Fang is currently the director and vice president of Centergate VC Management Co., Ltd.; and the vice president of China Equity Platform Holding Group Limited. He has over 15 years profound experience in equity investment, security investment and capital running. Mr. Fang has also published books in securities, futures, investment funds, real estate and commercial banking. His writings include "Gaming With The Futures Market Wisely"; "Brokerage Practices: Equities, Investment Funds, Futures and Real Estate"; and "Modern Commercial Banking Practices".

Mr. YOSHIDA Tsuyoshi, aged 67, has been appointed as Independent Non-executive Director and a member of audit committee of the Company with effect from 20 September 2010. He graduated from Osaka University. Mr. Yoshida began his career as an engineer, and has extensive experience in reputable companies such as Panasonic and Union Carbide Corporation, a subsidiary of Dow Chemical Company. His focus then turned entrepreneurial and setup multiple companies of his own. For the past decade, he has been active in entertainment business promotion in Macau.

Dr. WU Dingjie, aged 42, has been appointed as Independent Non-executive Director and a member of audit committee of the Company with effect from 20 September 2010. He graduated from Jinan University with a Masters in Journalism. He received his Doctor of Management, with focus on Finance, from Sun Yat-sen University in Guangdong. Mr. Wu has held various top-level positions in media & finance industry. He was the chief reporter for Secutimes, the director of investments at Eagle Securities and GF Futures.

Ms. DENG Xiaomei, aged 48, has been appointed as Independent Non-executive Director on 26 August 2010 and retired on 21 September 2010. She has been re-appointed as Independent Non-Executive Director and the Chair of the Board with effect from 8 October 2010. She graduated with a Bachelor degree from the Governmental School of Political Science and Law Management of Guangdong. Ms. Deng's experiences include twice working for the National Security Agency of Shenzhen, Police Department of Lianzhou City. She has also been active in the trading of antiques and Chinese calligraphy in the city of Seattle.

Senior Management

Chief Executive Officer

Mr. WONG Lee Ping, aged 46, is the CEO of the Company. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants. He is also a PhD student of the Business School of Jinan University of PRC. He has held various management position in Hong Kong listed companies, bringing more than 20 years of experience to the Group.

Directors' Service Contracts

Each of Ms. Li Wing Sze and Mr. Ng Chi Keung has a service contract with the Company which may be terminated by either party by written notice of not less than three months.

Save as disclosed above, no Director who is proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable within one year without payment of compensation, other than statutory obligations.

Directors' Interests in Contracts

No Director had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Directors' Interests in Competing Business

As at the date of this report, none of the directors, the management shareholders of the Company and their respective associates had any interest in a business which causes or may cause a significant competition with the business of the Company and any other conflicts of interest which any such person has or may have with the Company.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

Save as disclosed below, as at 31 March 2011, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Name of Directors/Chief Executive	Number of shares held	Underlying shares held *(Note)*	Total	Approximate percentage of shareholding
Ms. Li Wing Sze	—	11,000,000	11,000,000	0.26%
Mr. Cheng Kai Tai, Allen	—	2,600,000	2,600,000	0.06%
Mr. Fang Ang Zeng	—	2,600,000	2,600,000	0.06%
Mr. Lau Dicky	128,000	—	128,000	0.003%

Note: Detailed in the section headed "Share Options Scheme" of Directors' Report.

Arrangements to Acquire Shares or Debentures

Save as disclosed under sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures" above, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the year under review.

Substantial Shareholder

As at 31 March 2011, the register of interests and short position in the shares and underlying shares of the Company kept under section 336 of the SFO showed that, the following shareholders had an interest of 5% or more in the issued share capital of the Company.

Name of Shareholders	Number of Shares	Approximate percentage of shareholding
Mr. Ng Man Sun *(Note 1)*	1,006,147,335	24.23%

Note:

1. *These Shares in which Mr. Ng Man Sun is interested in comprise (1) 1,000,000,000 shares being personal interest; and (ii) 6,147,335 shares being interest held by East Legend Holdings Limited, Mr. Ng Man Sun is interested in the entire issued share capital of East Legend Holdings Limited, and he is deemed to be interested in the 6,147,335 shares held by East Legend Holdings Limited.*

Retirement Benefit Schemes

Details of the retirement benefit schemes of the Group and the employer's costs charged to the consolidated income statement for the year are set out in note 10 to the financial statements.

Employment and Remuneration Policy

At the end of the financial year under review, the Group employed approximately 13 (2010: 15) permanent employees, in Hong Kong and Macau. The Group is aware of the importance of human resources and always endeavors to retain competent and talented staff with competitive remuneration packages within the general framework of the Group's salary and bonus system, which is determined according to their duties, work experience, performance and the prevailing market practices. The Group has also participated in an approved Mandatory Provident Fund ("MPF") scheme or similar scheme for eligible employees and provides them with a medical scheme. Employees are also rewarded by the Share Option Scheme based on the performance of the Group and individual employees.

Issue of Shares

In December 2010, the Company allotted and issued 51,480,000 shares at HK$0.1554 per share as the first tranche consideration shares pursuant to the sales and purchase agreement entered by LE Rainbow Worldwide Limited, a wholly owned subsidiary of the Company on 30 September 2010 for acquisition of equity interest in a Welfare Lottery value-added service provider in Guangxi.

In February 2011, the Company allotted and issued 257,186,000 shares at HK$0.1322 per share as the second tranche consideration shares pursuant to the sales and purchase agreement dated 30 September 2010.

In February 2011, the Company issued 38,000,000 shares with par value of HK$0.01 each at an exercise price of HK$0.083 per share upon the exercise of the granted options during the period under review.

Promissory Note

Details of the promissory notes issued by the Company are set out in note 25 to the financial statements.

Related Party Transactions

Details of material related party transactions of the Group are set out in note 31 to the financial statements.

Purchase, Redemption or Sale of the Company's Listed Securities

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

Directors' Report (continued)

Pre-Emptive Rights

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

Sufficiency of Public Float

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

Corporate Governance

Throughout the year, the Company has compiled with all the code provision contained in the Appendix 14 to the Listing Rules. Principal Corporate Governance Practice adopted by the Company are set out in the Corporate Governance Report on pages 12 to 19 of this Annual report.

Confirmation of Independence

The Company has received a written confirmation in respect of independence from each of the current Independent Non-executive Directors of the Company in compliance with rule 3.13 of the Listing Rules, and the Company still considers that each of them to be independent.

Auditor

CCIF CPA Limited was the auditor of the Group for the years ended 31 March 2006, 2007, 2008, 2009, 2010 and 2011.

CCIF CPA Limited shall retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Deng Xiaomei
Chairperson

Hong Kong, 30 June 2011

Independent Auditor's Report

CCIF
CCIF CPA LIMITED
34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AMAX HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Amax Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 33 to 114, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated income statement, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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.

Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independent Auditor's Report (continued)

Basis for Disclaimer of Opinion

(1) Scope limitation — Prior year's audit scope limitation affecting opening balances and comparative figures

As detailed in the auditor's report dated 30 July 2010 on the financial statements for the year ended 31 March 2010, we disclaimed our opinion on the Group's financial statements for the year ended 31 March 2010 because of the significance of the possible effects of the limitation in evidence made available to us such that we were unable to satisfy ourselves as to whether the impairment loss as determined by the directors of the Company against the Group's available-for-sale financial asset, and in consequence the carrying amount of the available-for-sale financial asset of HK$121,860,000 as at 31 March 2010 was fairly stated. Any adjustments that might have found to be necessary in respect thereof had we obtained sufficient appropriate evidence would have had a consequential effect on (i) the net assets of the Group as at 31 March 2010, and (ii) the Group's results and cash flows for the current year and the prior year and the related disclosures in the financial statements. In respect of the limitation of audit scope in prior year as described above, we were not able to express an opinion as to whether the balances brought forward as at 1 April 2010 and the comparative figures were fairly stated in the financial statements.

(2) Scope limitation — Available-for-sale financial asset

Included in the consolidated statement of financial position as at 31 March 2011 was an available-for-sale financial asset carried at an amount of HK$30,936,000 which was arrived at after an impairment loss of HK$2,064,332,000 of which HK$90,924,000 was charged to the consolidated income statement for the year ended 31 March 2011 and HK$1,778,140,000 and HK$195,268,000 to the consolidated income statement and statement of comprehensive income for the year ended 31 March 2010 respectively. As detailed in note 20(b) to the financial statements, subsequent to the implementation of a 1.25% cap on junket commissions by the Macau government with effect from 1 December 2009, material changes to the business cooperation practices occurred. As a result, AMA failed to derive further income from the majority of its collaborators and to recover the credit granted to its collaborators. The financial position of AMA was adversely affected and so for the carrying amount of the available-for-sale financial asset. The directors determined that in addition to the impairment loss of HK$1,973,408,000 already made in last year, a further impairment loss of HK$90,924,000 should be made in the current year. The impairment losses were determined by reference to a valuation report prepared by an independent professional valuer based on value-in-use calculations by reference to the cash flow projections prepared by the directors. The cash flow projections were made on key assumptions that (i) cash from AMA's debts will be received in accordance with the Repayment Schedules and Repayment Agreements entered into between AMA and its collaborators, (ii) nil amount will be received from those collaborators with whom no Repayment Schedules have been agreed upon and no Repayment Agreements have been entered into, (iii) AMA will repay all amounts collected from its collaborators to the Group before settling its other liabilities notwithstanding a creditor has taken legal action against AMA for the recovery of debts due by AMA, and (iv) with reference to the estimated recovery rate for the amount due from AMA.

In the opinion of the directors of the Company, due to the absence of available information and supporting evidences from AMA and its collaborators regarding the above-mentioned assumptions, they were unable to assess the fairness and appropriateness of the bases and assumptions and input data used in the calculations and therefore they were uncertain whether the impairment loss made against the available-for-sale financial asset was fair and appropriate. Due to the lack of sufficient appropriate evidence for the above-mentioned, we were not able to satisfy ourselves as to whether the impairment loss as determined by the directors of the Company against the available-for-sale financial asset, and in consequence the carrying amount of the available-for-sale financial asset as at 31 March 2011 were fairly stated.

(3) **Scope limitation — Interests in an associate and share of results of an associate in the Company and the consolidated financial statements**

As detailed in notes 2(b)(i) and 19 to the financial statements, the directors of the Company considered that the Company was holding a 49.9% equity interest in an associate and equity accounted for the Group's share of its interest and results based on that equity interest percentage and by reference to the management accounts of the associate for the year ended 31 March 2011. Accordingly, the consolidated income statement for the year ended 31 March 2011 and the consolidated and the Company's statements of financial position as of that date included a share of profit of HK$1,230,505,000 and interest in that associate of HK$1,561,381,000 respectively. A reversal of the previous impairment loss against the intangible asset included in interests in associates of HK$962,626,000 and a reversal of the previous impairment loss against the interests in associates of HK$1,230,505,000 in the consolidated and the Company's financial statements was made respectively. When performing our audit, we identified that the issued share capital of the associate has been increased on 30 October 2010 and the equity interest of the Group was diluted to 24.8%. Hence the share of profit, reversal of previous impairment loss and the carrying amount of interest in that associate in the financial statements of the Group and the Company as afore-mentioned should all be reduced correspondingly, and a gain or loss on the dilution of equity interest by 25.1% should be recognised. However, in the opinion of the directors of the Company, the Company's interest in that associate is 49.9% throughout the whole year ended 31 March 2011. The Company is seeking legal opinion as regard its ownership interest in that associate. However, up to the date of this report, we were not able to obtain satisfactory audit evidence to confirm the directors' opinion of the Group's ownership interest in that associate. In addition, we were unable to obtain sufficient appropriate audit evidence to verify the management accounts of that associate and the basis and assumptions for the cash flow projections prepared by directors by reference to a valuation report prepared by the valuer for assessing the reversal of impairment. Due to the lack of sufficient appropriate audit evidence, we were not able to satisfy ourselves as to whether the share of profit, reversal of previous impairment loss and the carrying amount of interest in that associate in the financial statements of the Group and the Company as afore-mentioned are properly accounted for, and whether a gain or loss on the dilution of equity interest by 25.1% should be recognised. We were not able to quantify the effect in the financial statements of the Group and the Company if the associate had been equity accounted for at 24.8% as from 30 October 2010.

We were not able to carry out alternative audit procedures to satisfy ourselves as to the matters set out above.

Any adjustments that might have been found to be necessary in respect of the matters set out in the paragraphs above would have a significant consequential effect on the financial position of the Group and of the Company as at 31 March 2011 and the profit and cash flows of the Group for the year then ended and the related disclosures in the financial statements.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view for the state of affairs of the Company and of the Group as at 31 March 2011 and of the Group's profit for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Independent Auditor's Report (continued)

EMPHASIS OF MATTERS

We draw attention to note 2(b)(ii) to the consolidated financial statements which indicate that excluding the share of the results of that associate, the Group incurred consolidated loss of HK$64,249,000 for the year ended 31 March 2011, HK$2,492,000 of net cash outflow in operating activities during the year ended 31 March 2011 and the Company's current liabilities exceeded its current assets by approximately HK$68,465,000 as at 31 March 2011. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the success of those measures as stated in note 2(b)(ii) to the financial statements for the Group to obtain settlement from its trade receivables and the attainment by the Group and the Company of profitable operations and positive cash flows. These conditions, along with other matters as set forth in note 2(b)(ii), indicate the existence of an uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 30 June 2011

Betty P.C. Tse
Practising Certificate Number P03024

Consolidated Income Statement

For the year ended 31 March 2011 (Expressed in Hong Kong Dollars)

	Note	2011 HK$'000	2010 HK$'000
Turnover	4(a), 14(c)	**4,860**	5,551
Cost of sales		**—**	—
Gross profit		**4,860**	5,551
Other revenue	4(b)	**43,913**	39,091
Fair value gain on investment properties	15	**610**	140
Reversal of/(additional) impairment of intangible assets	16	**11,499**	(10,433)
Impairment of available-for-sale financial asset	20	**(90,924)**	(1,778,140)
Impairment of trade receivable	21(a)	**—**	(468,294)
Reversal of/(additional) impairment of other receivables	21(b)	**2,000**	(28,800)
Compensation income for bad and doubtful debt	25	**—**	400,106
Selling and distribution expenses		**(883)**	(3,365)
General and administrative expenses		**(24,062)**	(31,033)
Loss from operations	5	**(52,987)**	(1,875,177)
Finance costs	6	**(11,262)**	(45,376)
		(64,249)	(1,920,553)
Share of profit/(loss) of associates	19	**1,230,226**	(556,946)
Profit/(loss) before taxation		**1,165,977**	(2,477,499)
Income tax	7	**—**	—
Profit/(loss) for the year		**1,165,977**	(2,477,499)
Attributable to:			
Owners of the Company	26(a)	**1,165,977**	(2,477,499)
Non-controlling interests	26(a)	**—**	—
Profit/(loss) for the year	26(a)	**1,165,977**	(2,477,499)
Earnings/(loss) per share			
		HK Cents	HK Cents
— basic	13(a)	**30.16**	(72.14)
— diluted	13(b)	**30.10**	(72.14)

The notes on pages 40 to 114 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011 (Expressed in Hong Kong Dollars)

	Note	**2011** **HK$'000**	2010 HK$'000
Profit/(loss) for the year		**1,165,977**	(2,477,499)
Other comprehensive loss for the year:			
Available-for-sale financial asset			
Decrease in fair value reserve, net of nil tax	*20*	**—**	(195,268)
Total comprehensive income/(loss) for the year		**1,165,977**	(2,672,767)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**1,165,977**	(2,672,767)
Non-controlling interests		**—**	—
		1,165,977	(2,672,767)

The notes on pages 40 to 114 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 March 2011 (Expressed in Hong Kong Dollars)

	Note	2011 HK$'000	2011 HK$'000	2010 HK$'000	2010 HK$'000
Non-current assets					
Fixed assets	*15(a)*				
— Investment properties			**4,140**		3,530
— Other property, plant and equipment			**1,661**		2,298
			5,801		5,828
Intangible assets	*16*		**18,410**		7,678
Goodwill	*17*		**18,309**		—
Interests in associates	*19*		**1,563,976**		330,876
Other financial assets	*20*		**30,936**		121,860
			1,637,432		466,242
Current assets					
Trade and other receivables	*21*	**79,231**		149,617	
Cash and cash equivalents	*22*	**32,026**		16,547	
		111,257		166,164	
Current liabilities					
Trade and other payables	*23*	**(106,431)**		(108,048)	
Borrowings	*24*	**—**		(5,000)	
		(106,431)		(113,048)	
Net current assets			**4,826**		53,116
Total assets less current liabilities			**1,642,258**		519,358
Non-current liabilities					
Promissory notes	*25*		**(135,568)**		(226,726)
NET ASSETS			**1,506,690**		292,632
CAPITAL AND RESERVES	*26(a)*				
Share capital			**41,527**		38,060
Share premium and reserves			**1,465,163**		254,572
Total equity attributable to owners of the Company			**1,506,690**		292,632
Non-controlling interests			**—**		—
TOTAL EQUITY			**1,506,690**		292,632

Approved and authorised for issue by the Board of Directors on 30 June 2011.

Ng Chi Keung
Director

Li Wing Sze
Director

The notes on pages 40 to 114 form part of these financial statements.

Statement of Financial Position

At 31 March 2011 (Expressed in Hong Kong Dollars)

	Note	2011 HK$'000	2011 HK$'000	2010 HK$'000	2010 HK$'000
Non-current assets					
Fixed assets	*15(b)*				
— Investment properties			**4,140**		3,530
— Other property, plant and equipment			**1,661**		2,143
			5,801		5,673
Investments in subsidiaries	*18*		**74,462**		74,462
Interests in associates	*19*		**1,561,381**		330,876
Other financial assets	*20*		**30,936**		144,651
			1,672,580		555,662
Current assets					
Trade and other receivables	*21*	**105,570**		120,859	
Cash and cash equivalents	*22*	**9,301**		1,679	
		114,871		122,538	
Current liabilities					
Trade and other payables	*23*	**(183,336)**		(155,919)	
Borrowings	*24*	**—**		(5,000)	
		(183,336)		(160,919)	
Net current liabilities			**(68,465)**		(38,381)
Total assets less current liabilities			**1,604,115**		517,281
Non-current liabilities					
Promissory notes	*25*		**(135,568)**		(226,726)
NET ASSETS			**1,468,547**		290,555
CAPITAL AND RESERVES	*26(b)*				
Share capital			**41,527**		38,060
Share premium and reserves			**1,427,020**		252,495
TOTAL EQUITY			**1,468,547**		290,555

Approved and authorised for issue by the Board of Directors on 30 June 2011.

Ng Chi Keung
Director

Li Wing Sze
Director

The notes on pages 40 to 114 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011 (Expressed in Hong Kong Dollars)

	Note	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
		Attributable to owners of the Company									
At 1 April 2009		26,589	—	(22,470)	2,180,026	7,302	195,268	284,677	2,644,803	—	2,671,392
Shares issued against promissory notes	26(c)(i)	11,400	278,180	—	—	—	—	—	278,180	—	289,580
Equity-settled share-based transaction	26(d)(iv)	—	—	—	—	3,370	—	—	3,370	—	3,370
Shares issued under employee share options scheme	26(d)(iv)	71	1,452	—	—	(466)	—	—	986	—	1,057
Share options forfeited during the year	26(d)(iv)	—	—	—	—	(501)	—	501	—	—	—
Loss for the year		—	—	—	—	—	—	(2,477,499)	(2,477,499)	—	(2,477,499)
Other comprehensive loss		—	—	—	—	—	(195,268)	—	(195,268)	—	(195,268)
Total comprehensive loss for the year		—	—	—	—	—	(195,268)	(2,477,499)	(2,672,767)	—	(2,672,767)
At 31 March 2010 and 1 April 2010		38,060	279,632	(22,470)	2,180,026	9,705	—	(2,192,321)	254,572	—	292,632
Shares issued for acquisition of a subsidiary	26(c)(ii)	**3,087**	**40,745**	**—**	**—**	**—**	**—**	**—**	**40,745**	**—**	**43,832**
Equity-settled share-based transaction	26(d)(iv)	**—**	**—**	**—**	**—**	**1,096**	**—**	**—**	**1,096**	**—**	**1,096**
Shares issued under employee share options scheme	26(d)(iv)	**380**	**3,783**	**—**	**—**	**(1,010)**	**—**	**—**	**2,773**	**—**	**3,153**
Share options forfeited during the year	26(d)(iv)	**—**	**—**	**—**	**—**	**(3,214)**	**—**	**3,214**	**—**	**—**	**—**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**—**	**1,165,977**	**1,165,977**	**—**	**1,165,977**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**—**	**1,165,977**	**1,165,977**	**—**	**1,165,977**
At 31 March 2011		**41,527**	**324,160**	**(22,470)**	**2,180,026**	**6,577**	**—**	**(1,023,130)**	**1,465,163**	**—**	**1,506,690**

The notes on pages 40 to 114 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2011 (Expressed in Hong Kong Dollars)

		2011		2010	
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Operating activities					
Loss from operations		(52,987)		(1,875,177)	
Adjustments for:					
Interest income	4(b)	(1,374)		(3,617)	
Gain on fair value upon shares issued to offset the promissory notes	4(b)	—		(35,251)	
Increase in fair value of investment properties	15(a)	(610)		(140)	
Depreciation of other property, plant and equipment	15(a)	1,546		1,706	
Amortisation of intangible assets	16	767		1,810	
(Reversal) of/additional impairment loss for intangible assets	16	(11,499)		10,433	
Impairment of available-for-sale financial asset	20	90,924		1,778,140	
(Reversal) of/additional impairment loss of other receivable	21(b)	(2,000)		28,800	
Impairment of trade receivable	21	—		468,294	
Compensation income for bad and doubtful debt	25	—		(400,106)	
Equity-settled share-based payment expenses		1,096		3,370	
Gain on offsetting promissory notes payable to against loans receivable from promissory notes holders	4(b)	(42,317)		—	
Loss on disposal of other property, plant and equipment		1		691	
Operating loss before changes in working capital		(16,453)		(21,047)	
Decrease/(increase) in trade and other receivables		14,821		(8,122)	
Decrease in trade and other payables		(860)		(32,296)	
Net cash used in operating activities			(2,492)		(61,465)
Investing activities					
Payments for purchase of property, plant and equipment	15(a)	(910)		(50)	
Proceeds from sales of property, plant and equipment		—		395	
Interest received		—		1	
Receipts from the vendor for reduction of consideration	32	22,643		—	

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2011 (Expressed in Hong Kong Dollars)

		2011		2010	
	Note	**HK$'000**	**HK$'000**	HK$'000	HK$'000
Net cash generated from investing activities			**21,733**		346
Financing activities					
Proceeds from shares issued under share option scheme		**1,238**		1,057	
Repayment of borrowings		**(5,000)**		(1,600)	
Net cash used in financing activities			**(3,762)**		(543)
Net increase/(decrease) in cash and cash equivalents			**15,479**		(61,662)
Cash and cash equivalents at 1 April	*22*		**16,547**		78,209
Cash and cash equivalents at 31 March	*22*		**32,026**		16,547

The notes on pages 40 to 114 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2011

1. General Information

Amax Holdings Limited (the "Company") was incorporated and domiciled in Bermuda as an exempted company with limited liability with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is Suite Nos. 3–5A, 15th Floor, Tower 6, China Hong Kong City, 33 Canton Road, Kowloon, Hong Kong.

The Company and its subsidiaries (together the "Group") are principally engaged in investment holding and investments in gaming and entertainment related business.

2. Significant Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

(i) The consolidated financial statements for the year ended 31 March 2011 comprise the Company and its subsidiaries and the Group's interests in associates.

The board of directors of the Company has been informed that a capitalisation of a shareholder's loan owed by the associate to one of its shareholders other than the Company, by issuing new shares to such shareholder ("Capitalisation") has been completed near the end of 2010. The Company's initial holding of 49.9% of the share capital of the associate has been diluted to 24.8% as a result of the capitalization.

The Board has resolved to establish and has constituted an independent board committee comprising all of the independent non-executive directors of the Company to conduct investigations into matters in relation to the Capitalisation including:

— seeking legal advices from professional legal advisers in relation to the laws of Bermuda and Macau and seeking other legal advices in the legal implications of the Capitalisation and other related matters;

2. Significant Accounting Policies *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

(i) *(continued)*

— liaising with the relevant directors and senior management of the Company with a view to understand all relevant factual details and circumstances in relation to the Capitalisation;

— liaising with the associate as to actions taken in relation to the Capitalisation; and

— reviewing the internal corporate governance procedures of the Company, with the support and advice of independent professional consultants.

The board of directors of the Company, including the independent board committee, is of the view that the Company is still holding 49.9% in this associate and determined to use this percentage to account for the interest in this associate in accordance with the policy set out in note 2 (d) despite of the fact that the Capitalisation has been completed.

(ii) Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollar ("HKD"), rounded to the nearest thousand except for per share data. HKD is the Company's functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— investment property (see note 2(h)); and

— available-for-sale financial assets (see note 2(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, 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 the judgements 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate 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.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 33.

2. Significant Accounting Policies *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

(ii) *(continued)*

In preparing the financial statements, the directors of the Company have considered the future liquidity of the Group and the Company notwithstanding:

— the net current liabilities of HK$68,465,000 of the Company as at 31 March 2011;

— excluding the share of results of the associate, the Group has a consolidated loss of HK$64,249,000 for the year ended 31 March 2011;

— HK$2,492,000 net cash outflow in operating activities during the year ended 31 March 2011; and

— the continuous financial difficulties of AMA as set out in note 20(b).

The directors adopted the going concern basis in the preparation of the financial statements and implemented the following measures in order to improve the working capital position, immediate liquidity and cash flow position of the Group and the Company:

— The Group will receive the settlement of approximately HK$11,500,000 from an associate of which HK$4,000,000 has been received in June 2011 and the rest by three post-dated cheques of approximately HK$2,500,000 each to be cleared beginning in August 2011, September 2011 and October 2011 respectively.

— To negotiate the method of settling current liabilities due to creditors;

— The Group and the Company would take relevant measures in order to tighten cost controls over various operating expenses; and

— The Group is seeking additional funds with an aim to attain positive cash flows.

In the opinion of the directors, in light of the various measures/arrangements implemented to date together with the expected results of the above measures, the Group and the Company will have sufficient working capital for its current requirements and it is reasonable to expect that the Group and the Company will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group and the Company be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

2. Significant Accounting Policies *(continued)*

(c) Subsidiaries and non-controlling interests *(continued)*

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss. Total comprehensive income 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 January 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. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

In the Company's statement of financial position, investments in a subsidiaries are carried at cost less impairment losses (see note 2(m)).

(d) Associates

An associate is an entity in which the Group or the Company has a significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(e) and (m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

2. Significant Accounting Policies *(continued)*

(d) Associates *(continued)*

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses (see note 2(m)), unless it is classified as held for sale.

(e) Business combinations

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 acquisition-date fair values, except that:

- deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of acquisition are recognised and measured in accordance with HKAS 12, Income Tax;

- liabilities or assets relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 Employee Benefits;

- liabilities or equity instruments relating 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.

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 over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, 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.

2. Significant Accounting Policies *(continued)*

(e) Business combinations *(continued)*

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.

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, 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.

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is carried at cost less accumulated impairment losses. For the purposes of equipment testing, goodwill is allocated to each of the cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination.

2. Significant Accounting Policies *(continued)*

(f) Goodwill *(continued)*

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

On the disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. Available-for-sale financial assets are initially measured at cost, which is their transaction price. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised directly in equity in the fair value reserve. Income from these financial assets is recognised in accordance with the policy set out in note 2(t)(iv). When these financial assets are derecognised or impaired (see note 2(m)), the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are carried in the statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(t)(iii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(k)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(k).

2. Significant Accounting Policies *(continued)*

(i) Property, plant and equipment

Property, plant and equipment are carried in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses (see note 2(m)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method, over their estimated useful lives as follows:

– Leasehold improvements	Over the shorter of the lease terms or 5 years
– Plant and machinery	5 years
– Furniture and equipment	5 years
– Motor vehicles	5 years

Where parts of an item of property, plant equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(j) Intangible assets (other than goodwill)

Intangible assets that the acquired by the Group are carried in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and accumulated impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Rights in sharing Profit Streams for gaming tables related operation and slot machine related operation	14 years

Both period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2. Significant Accounting Policies *(continued)*

(k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)).

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

(l) Trade and other receivables

Trade and other receivables are initially measured at fair value and thereafter carried at amortised cost less allowance for impairment losses of bad and doubtful debts (see note 2(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are carried at cost less allowance for impairment losses of doubtful debts (see note 2(m)).

(m) Impairment of assets

(i) Impairment of financial assets

Financial assets that are carried at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. Significant Accounting Policies *(continued)*

(m) Impairment of assets *(continued)*

(i) Impairment of financial assets *(continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, 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 financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

— For available-for-sale financial assets which are carried at fair value when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognised in profit or loss even though the financial assets has not been derecognized. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale financial assets are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment loss in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment loss in such circumstances are recognized in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for bad and doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. Significant Accounting Policies *(continued)*

(m) Impairment of assets *(continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment (other than investment properties carried at revalued amounts);

— intangible assets;

— investments in subsidiaries and associates (except for those classified as being held for sale); and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Significant Accounting Policies *(continued)*

(m) Impairment of assets *(continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting , in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 2(m)(i) and (ii)). Impairment losses recognised in an interim period in respect of intangible assets and available-for-sale financial assets carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are carried at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fee payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently carried at amortised cost unless the effect of discounting would be immaterial, in which case they are carried at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments and cash chips which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(q) Employee benefits

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

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

(ii) Share-based payments

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

2. Significant Accounting Policies *(continued)*

(q) Employee benefits *(continued)*

(ii) Share-based payments *(continued)*

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 profit or loss 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 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).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. Significant Accounting Policies *(continued)*

(r) Income tax *(continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are carried at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

2. Significant Accounting Policies *(continued)*

(t) Revenue recognition

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

(i) Investments in gaming and entertainment related business

Revenue from investments in gaming and entertainment related business, representing the sharing of net gaming wins, commissions received and fixed monthly income are recognised when the relevant services have been rendered and are measured when the entitlement of economic inflow from the business to the Group is probable.

(ii) Rental income from operating leases

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

(iii) Income from investments

Income from unlisted investments is recognised when the Group's right to receive payment is established.

(iv) Interest income

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

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are carried at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity.

On the disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

2. Significant Accounting Policies *(continued)*

(v) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

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

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the board of directors, 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 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. APPLICATIONS OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKAS 32 (Amendments)	Classification of Right Issues
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (revised 2008)	Business combinations
HKAS 27 (revised 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement — eligible hedged items
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
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008

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

HKFRS 3 (revised 2008), Business combinations

As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the requirements under HKFRS 3 (revised 2008). Its application has affected the accounting for business combinations in the current year but the effect is insignificant.

- HKFRS 3 (revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. Consequently, the goodwill recognised in respect of the acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the recognised amount of the identifiable net assets of the acquiree.

- HKFRS 3 (revised 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, if any, to the consideration are recognised against the cost of the 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 date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

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

3. APPLICATIONS OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 3 (revised 2008), Business combinations *(continued)*

HKFRS 3 (revised 2008) requires that where the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying amounts of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

In the current year, the application of HKFRS 3 (as revised in 2008) has affected the acquisition of a subsidiary (note 32), as follows:

— less goodwill recognised as at 31 March 2011 amounting to HK$307,000;

— decrease in profit for the year ended 31 March 2011 amounting to HK$307,000; and

— decrease in earnings per share and decrease in diluted earnings per share for the year ended 31 March 2011 are insignificant.

HKAS 27 (revised 2008), Consolidated and Separate Financial Statements

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

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a loss of control. Previously, 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. 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 (amended 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, HKAS 27 (amended 2008) requires the derecognition of all assets, liabilities and non-controlling interests at their carrying amount 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.

In accordance with the transitional provisions of HKAS27, these changes in accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Revisions to HKAS 27 (revised 2008) have not had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of such previous transactions.

4. Turnover and Other Revenue

(a) An analysis of the Group's turnover and revenue is as follows:

	Note	**2011** **HK$'000**	2010 HK$'000
Revenue from investments in gaming and entertainment related business			
— Investment in Junket related operation	*(i)*	**—**	—
— Investment in VIP gaming related operation	*(ii)*	**3,695**	4,759
— Investment in slot machine related operation	*(iii)*	**1,165**	792
		4,860	5,551

Note:

(i) Investment in Junket related operation

The Group, through its subsidiary, Ace High Limited ("Ace High"), invested, on 14 December 2007, in the Junket related operation of AMA International Limited ("AMA"), incorporated in Macau and holding of a junket license issued by the Gaming Inspection and Coordination Bureau of the Macau Government to develop the activity of promoting games of chance and other casino games. AMA's business was to aggregate the business of different junket collaborators in the Altira Macau Casino in return of commissions therefrom (the "Junket related operation"). Ace High was entitled to 80% of the profits generated by AMA from the Junket related operation, in accordance with the First Profit Transfer Agreement (see note 20(b)) and the Second Profit Transfer Agreement (see note 20(b)) with effect from 15 December 2007. Further details relating to AMA's business and its effect on Ace High are set out in note 20(b).

4. Turnover and Other Revenue *(continued)*

(a) An analysis of the Group's turnover and revenue is as follows: (continued)

Note: (continued)

(i) Investment in Junket related operation (continued)

The revenue and expenses related to the Junket related operation are summarised below:

	2011 HK$'000	2010 HK$'000
Commissions from the Altira Macau Casino	—	2,277,490
Commissions from a collaborator	5,435	6,155
Income from other promotion services	—	46,040
Other income	39	644
	5,474	2,330,329
Operating expenses		
Special gaming tax and levied paid to the Macau Government	—	(16,790)
Direct cost of promotion services	—	(60,380)
Commissions to sub-junkets	—	(2,006,438)
Staff costs	(14,903)	(24,794)
Administrative expenses	(4,900)	(12,323)
	(19,803)	(2,120,725)
(Deficit)/contribution from Junket related operation	(14,329)	209,604
Impairment for bad and doubtful debts		
Loans to collaborators*	(212,320)	(2,515,674)
Trade receivables^	(5,435)	—
	(217,755)	(2,515,674)
Deficit from Junket related operation	(232,084)	(2,306,070)
Distribution under Second Profit Transfer Agreement	46,417	461,215
Loss attributable to the Group#	(185,667)	(1,844,855)
Revenue from investment in Junket related operation	—	—

4. Turnover and Other Revenue *(continued)*

(a) An analysis of the Group's turnover and revenue is as follows: (continued)

Note: (continued)

(i) Investment in Junket related operation (continued)

* *During the year ended 31 March 2010, most AMA's collaborators entered into separate agreements with the Gaming Operator (note 20(b)). As a result, AMA no longer has business with these collaborators. AMA demanded for repayment of the loans granted to these collaborators for the purpose of running their gaming business. Upon agreeing to reduce the loans amounts, a number of collaborators entered into repayment agreements setting down the repayment schedules.*

The rest of collaborators having a total amount of HK$2,515,674,000 due to AMA was fully impaired under the following situations:

— *The collaborator went into bankruptcy; or*

— *Though litigation actions have been taken, AMA is not certain about the amount that could be recovered; or*

— *The results of the legal actions taken were uncertain; or*

— *AMA lost contact with the collaborators; or*

— *AMA was unable to estimate the amount recoverable from the collaborators.*

For the year ended 31 March 2011, loans to collaborators were further impaired under the following situations:

— *The collaborator ceased to repay according to the agreed repayment schedule; or*

— *The loan to collaborator was not settled by the collaborator.*

^ *A collaborator who agreed to share a 5 basis points (0.05%) commission with AMA on the rolling volume generated at the Altira Macau Casino since the year ended 31 March 2010 discontinued settling the receivable amount during April to September 2010 and allowance for impairment of the full amount of the trade receivable was made. Since it is not probable that any future economic benefit would flow to AMA, commission between October 2010 and March 2011 amounting to HK$4,059,000 had not been recognised as revenue accordingly.*

According to the First Profit Transfer Agreement, Ace High only shared the distributable profit from AMA. Since AMA did not have any distributable profit for both financial years, no distributable profit was shared for the years ended 31 March 2011 and 2010.

4. Turnover and Other Revenue *(continued)*

(a) An analysis of the Group's turnover and revenue is as follows: (continued)

Note: (continued)

(ii) Investment in VIP gaming related operation

Thousand Ocean Investments Limited ("Thousand Ocean"), a wholly-owned subsidiary of the Company, is engaged in the investment in five gaming tables in the high rolling gaming area (the "Gaming Tables") in the Greek Mythology Casino reserved exclusively for high-wagering patrons.

Prior to 1 October 2010, Thousand Ocean shared a portion of the net gaming wins from the Gaming Tables. During the year, Thousand Ocean entered into a Gaming Table Rights Agreement with Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology"), an associate of the Company, whereby Greek Mythology was granted the right to operate and manage the Gaming Tables. In return, Thousand Ocean earns a fixed monthly income of HK$300,000 commencing from 1 October 2010 and no longer shares the net gaming wins.

	2011 HK$'000	2010 HK$'000
Share of net gaming wins	12,800	30,806
Monthly income	1,800	—
	14,600	30,806
Operating expenses		
Commission to collaborators	(10,432)	(24,858)
Contribution from Gaming Tables	4,168	5,948
Net win shared by the Greek Mythology Casino	(473)	(1,189)
Net contribution attributable to the Group	3,695	4,759

(iii) Investment in slot machine related operation

Jadepower Limited ("Jadepower"), a wholly-owned subsidiary of the Company, is engaged in the investment in certain electronic slot machines in the Greek Mythology Casino.

Prior to 1 October 2010, Jadepower shared a potion of the net gaming wins from the slot machines. During the year, Jadepower entered into a Slot Machines Rights Agreement with Greek Mythology whereby Greek Mythology was granted the right to operate and manage these slot machines. In return, Jadepower earns a fixed monthly income of HK$100,000 commencing from 1 October 2010 and no longer shares the net gaming wins.

	2011 HK$'000	2010 HK$'000
Share of net gaming wins	565	792
Monthly income	600	—
	1,165	792

4. Turnover and Other Revenue *(continued)*

(b) An analysis of the Group's other revenue is as follows:

	Note	2011 HK$'000	2010 HK$'000
Interest income from banks		—	1
Interest income from loans to promissory note holders		1,374	3,616
Total interest income on financial assets not at fair value through profit or loss		1,374	3,617
Gross rental income from investment properties		221	216
Sundry income		1	7
Gain on fair value upon shares issued to offset the promissory notes	*(i)*	—	35,251
Gain on offsetting promissory notes payable to against loans receivable from promissory note holders	*(ii)*	42,317	—
		43,913	39,091

Notes:

(i) The amount represents the difference between the carrying amount of promissory notes being offset and the fair value of the shares issued. The details are set out in note 25 and note 26(c)(i).

(ii) The loans of HK$55,000,000 to promissory notes holders and the accrued loan interest of HK$4,990,000 were fully off-set against the face value of the promissory notes payable of HK$150,000,000 with a carrying amount of HK$102,307,000. The excess amount of HK$42,317,000 was recognised in the consolidated income statement. The details are set out in notes 21(c) and 25.

5. Loss from Operations

Loss from operations is arrived at after charging/(crediting):

		2011 HK$'000	2010 HK$'000
(a)	**Staff costs (including directors' emoluments):**		
	Contributions to defined contribution retirement plans	**174**	279
	Equity-settled share-based payment expenses *(note 27)*	**1,096**	3,370
	Salaries, wages and other benefits	**10,635**	12,690
		11,905	16,339
(b)	**Other items:**		
	Depreciation of other property, plant and equipment	**1,546**	1,706
	Amortisation of intangible assets	**767**	1,810
	Loss on disposal of property, plant and equipment	**1**	691
	Auditor's remuneration		
	— audit services	**650**	580
	— other services	**150**	210
	Operating lease charges in respect of premises:		
	— minimum lease payments	**2,592**	3,233
	Gross rental income from investment properties less direct outgoings of HK$71,000 (2010: HK$69,000)	**(150)**	(147)

6. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest on borrowings wholly repayable within five years	**113**	325
Interest on promissory notes *(note 25)*	**11,149**	45,051
Total interest expense on financial liabilities not at fair value through profit or loss	**11,262**	45,376

7. Income Tax in the Consolidated Income Statement

(a) Income tax in the consolidated income statement

No provision for Hong Kong profits tax and overseas income tax has been made as the companies have no estimated assessable profits for the years ended 31 March 2011 and 2010.

No Macau Complementary Income Tax has been provided as there were no assessable profits for both years.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates

	2011 HK$'000	2010 HK$'000
Profit/(loss) before taxation	**1,165,977**	(2,477,499)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the tax jurisdictions concerned	**192,386**	(408,787)
Tax effect of non-deductible expenses	**22,612**	478,514
Tax effect of non-taxable income	**(213,146)**	(72,773)
Tax effect of unused tax losses not recognised	**(1,852)**	3,046
Actual tax expense	**—**	—

(c) Deferred taxation

There was no material unprovided deferred taxation. The Group did not recognise deferred tax assets in respect of cumulative tax losses of approximately HK$1 million (2010: HK$1 million) at 31 March 2011 as it is not probable that future taxable profits against which tax losses can be utilised will be available in the relevant tax jurisdiction and entities. The tax losses do not expire under current tax legislation.

8. Directors' Emoluments

Directors' emoluments disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

		2011						
	Note	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Equity-settled share-based payments (note (n) below) HK$'000	Total HK$'000
Executive directors								
Ms. Li Wing Sze		—	379	31	22	432	28	460
Mr. Li Kin Ho, Kenny	*(c)*	—	687	—	2	689	—	689
Mr. Victor Ng	*(i)*	—	47	—	2	49	—	49
Mr. Ng Chi Keung	*(m)*	—	495	50	8	553	—	553
Mr. Dicky Lau	*(d)*	56	165	13	7	241	—	241
Non-executive directors								
Mr. Cheung Nam Chung	*(g)*	45	703	62	18	828	—	828
Mr. Leung Kin Cheong, Laurent	*(h)*	35	—	—	—	35	—	35
Independent non-executive directors								
Mr. Chan Chiu Hung, Alex	*(f)*	32	—	—	—	32	—	32
Mr. Cheng Kai Tai, Allen		184	—	—	—	184	29	213
Ms. Lorna Patajo Kapunan	*(b)*	12	—	—	—	12	—	12
Mr. Fang Ang Zeng		106	—	—	—	106	29	135
Prof. Zeng Zhong Lu	*(e)*	—	—	—	—	—	—	—
Ms. Deng Xiaomei	*(j)*	178	—	—	—	178	—	178
Mr. Wu Dingjie	*(l)*	50	—	—	—	50	—	50
Mr. Yoshida Tsuyoshi	*(k)*	50	—	—	—	50	—	50
		748	2,476	156	59	3,439	86	3,525

8. Directors' Emoluments *(continued)*

		2010						
	Note	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Equity-settled share-based payments (note (n) below) HK$'000	Total HK$'000
Executive directors								
Mr. Cheung Nam Chung	*(g)*	—	1,560	—	78	1,638	968	2,606
Ms. Li Wing Sze		—	456	—	35	491	899	1,390
Mr. Huang Xiang Rong	*(a)*	—	275	—	18	293	—	293
Mr. Li Kin Ho, Kenny	*(c)*	—	1,892	—	8	1,900	—	1,900
Mr. Victor Ng	*(i)*	—	78	—	4	82	—	82
Non-executive directors								
Mr. Leung Kin Cheong, Laurent	*(h)*	121	—	—	—	121	323	444
Mr. Dicky Lau	*(d)*	49	—	—	—	49	—	49
Independent non-executive directors								
Mr. Chan Chiu Hung, Alex	*(f)*	152	—	—	—	152	—	152
Mr. Cheng Kai Tai, Allen		124	—	—	—	124	323	447
Ms. Lorna Patajo Kapunan	*(b)*	153	—	—	—	153	—	153
Mr. Fang Ang Zeng		121	—	—	—	121	323	444
Prof. Zeng Zhong Lu	*(e)*	—	—	—	—	—	—	—
		720	4,261	—	143	5,124	2,836	7,960

During the year, no emoluments (2010: nil) were paid by the Group to any of the directors as inducement to join or upon joining the Group or as a compensation for loss of office. None of the directors waived or agreed to waive any remuneration for the year ended March 2011 and 2010.

8. Directors' Emoluments *(continued)*

Notes:

(a) *Appointed on 20 March 2009 and resigned on 6 August 2009.*

(b) *Appointed on 29 August 2008 and resigned on 6 May 2010.*

(c) *Appointed on 7 August 2009 and resigned on 10 May 2010.*

(d) *Appointed as non-executive director on 2 November 2009 and re-elected as executive director on 20 September 2010.*

(e) *Appointed on 16 April 2009 and resigned on 7 April 2010.*

(f) *Resigned on 6 July 2010.*

(g) *Redesignated as non-executive director on 9 July 2010 and resigned on 20 September 2010.*

(h) *Appointed on 30 March 2009 and resigned on 16 July 2010.*

(i) *Resigned on 22 August 2010.*

(j) *Appointed on 26 August 2010, resigned on 20 September 2010 and re-appointed on 8 October 2010.*

(k) *Appointed on 20 September 2010.*

(l) *Appointed on 20 September 2010.*

(m) *Appointed on 20 September 2010.*

(n) *These represent the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payments as set out in note 2(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.*

The details of the options granted, including the principal terms and number of shares under options granted, are disclosed in note 27.

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

9. Individuals with Highest Emoluments

Of the five individuals with the highest emoluments in the Group, three (2010: three) are Directors of the Company whose emoluments are disclosed in note 8 above. The emoluments of the remaining two (2010: two) individuals are as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and other emoluments	**2,434**	928
Equity-settled share-based payments	**1,010**	385
Retirement scheme contributions	**18**	22
	3,462	1,335

The emoluments of the two (2010: two) individuals with highest emoluments are within the following band:

	2011	2010
	Number of individuals	Number of individuals
HK$		
Nil—1,000,000	**1**	2
1,000,001—2,500,000	**—**	—
2,500,001—3,000,000	**1**	—

During the years ended 31 March 2011 and 2010, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. None of the individuals waived or agreed to waive any remuneration for the years ended March 2011 and 2010.

10. Retirement Benefit Schemes

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong 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 are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with employees when being contributed into the MPF Scheme.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

The total costs charged to the consolidated income statement of approximately HK$174,000 (2010: HK$279,000) represent contributions payable to the retirement benefit schemes in Hong Kong by the Group for the year at rates specified in the rules of the relevant schemes.

11. Profit/(Loss) Attributable to Owners of the Company

The consolidated profit/(loss) attributable to owners of the Company includes a profit of approximately HK$1,129,911,000 (2010: a loss of HK$1,929,884,000) which has been dealt with in the financial statements of the Company.

12. Dividends

The directors do not recommend the payment of any dividend for both years.

13. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of HK$1,165,977,000 (2010: a loss of HK$2,477,499,000) and the weighted average number of ordinary shares in issue during the two years, calculated as follows:

	2011	2010
	'000	'000
Issued ordinary shares at 1 April	**3,805,989**	2,658,889
Effect of shares issued against promissory notes	**—**	771,475
Effect of shares issued for acquisition of a subsidiary	**55,818**	—
Effect of shares issued under employee share options scheme	**4,373**	4,132
Weighted average number of ordinary shares	**3,866,180**	3,434,496

(b) Diluted earnings/(loss) per share

For the year ended 31 March 2011, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of approximately HK$1,165,977,000 and the weighted average number of 3,874,045,000 ordinary shares calculated as follows:

	2011
	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,866,180**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(note 27)*	**7,865**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,874,045**

For the year ended 31 March 2010, the diluted loss per share equals to the basic loss per share as the outstanding share options had anti-dilutive effect on the basic loss per share.

14. Segment Information

As over 90% of the Group's turnover, results and assets relate to a single business segment which is investment in gaming and entertainment related business, no business segment information is presented.

(a) Major customers

No analysis of the Group's turnover by major customers has been presented as there are no transactions with a single external customer equal to or greater than 10% of the Group's total revenue.

(b) Revenue from major products and services

No analysis of the Group's major products and services has been presented as all revenue of the Group are from investments in gaming and entertainment related business.

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; (ii) the Group's fixed assets, intangible assets, goodwill and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which services were provided or revenue generated. The geographical location of the specified non-current assets is based on the physical location and operation of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated in the case of intangible assets and goodwill and the location of operations, in the case of interests in associates.

For the year ended 31 March 2011

	Hong Kong (place of domicile) HK$'000	**Macau HK$'000**	**PRC HK$'000**	**Total HK$'000**
Segment revenue	**—**	**4,860**	**—**	**4,860**
Revenue from external customers	**—**	**4,860**	**—**	**4,860**
Specified non-current assets	**5,801**	**1,579,792**	**20,903**	**1,606,496**

For the year ended 31 March 2010

	Hong Kong (place of domicile) HK$'000	Macau HK$'000	PRC HK$'000	Total HK$'000
Segment revenue	—	5,551	—	5,551
Revenue from external customers	—	5,551	—	5,551
Specified non-current assets	5,828	338,554	—	344,382

15. Fixed Assets

(a) The Group

	Other property, plant and equipment				
	Leasehold improvements HK$'000	Other fixed assets HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Cost or valuation:					
At 1 April 2009	4,172	4,765	8,937	3,390	12,327
Additions	45	5	50	—	50
Disposals	(888)	(753)	(1,641)	—	(1,641)
Fair value adjustment	—	—	—	140	140
At 31 March 2010	3,329	4,017	7,346	3,530	10,876
Representing:					
Cost	3,329	4,017	7,346	—	7,346
Valuation — 2010	—	—	—	3,530	3,530
	3,329	4,017	7,346	3,530	10,876
At 1 April 2010	3,329	4,017	7,346	3,530	10,876
Additions	526	384	910	—	910
Disposals	(3,328)	(773)	(4,101)	—	(4,101)
Fair value adjustment	—	—	—	610	610
At 31 March 2011	527	3,628	4,155	4,140	8,295
Representing:					
Cost	527	3,628	4,155	—	4,155
Valuation — 2011	—	—	—	4,140	4,140
	527	3,628	4,155	4,140	8,295
Accumulated depreciation:					
At 1 April 2009	2,194	1,703	3,897	—	3,897
Charge for the year	786	920	1,706	—	1,706
Write back on disposals	(319)	(236)	(555)	—	(555)
At 31 March 2010	2,661	2,387	5,048	—	5,048
At 1 April 2010	2,661	2,387	5,048	—	5,048
Charge for the year	697	849	1,546	—	1,546
Write back on disposals	(3,327)	(773)	(4,100)	—	(4,100)
At 31 March 2011	31	2,463	2,494	—	2,494
Carrying amount:					
At 31 March 2011	496	1,165	1,661	4,140	5,801
At 31 March 2010	668	1,630	2,298	3,530	5,828

15. Fixed Assets *(continued)*

(b) The Company

	Other property, plant and equipment				
	Leasehold improvements HK$'000	**Other fixed assets** HK$'000	**Sub-total** HK$'000	**Investment properties** HK$'000	**Total fixed assets** HK$'000
Cost or valuation:					
At 1 April 2009	3,111	3,993	7,104	3,390	10,494
Additions	45	5	50	—	50
Disposals	(888)	(753)	(1,641)	—	(1,641)
Fair value adjustment	—	—	—	140	140
At 31 March 2010	2,268	3,245	5,513	3,530	9,043
Representing:					
Cost	2,268	3,245	5,513	—	5,513
Valuation — 2010	—	—	—	3,530	3,530
	2,268	3,245	5,513	3,530	9,043
At 1 April 2010	2,268	3,245	5,513	3,530	9,043
Additions	526	384	910	—	910
Disposals	(2,268)	—	(2,268)	—	(2,268)
Fair value adjustment	—	—	—	610	610
At 31 March 2011	526	3,629	4,155	4,140	8,295
Representing:					
Cost	526	3,629	4,155	—	4,155
Valuation — 2011	—	—	—	4,140	4,140
	526	3,629	4,155	4,140	8,295
Accumulated depreciation:					
At April 2009	1,134	1,239	2,373	—	2,373
Charge for the year	786	766	1,552	—	1,552
Write back on disposals	(319)	(236)	(555)	—	(555)
At 31 March 2010	1,601	1,769	3,370	—	3,370
At April 2010	1,601	1,769	3,370	—	3,370
Charge for the year	696	695	1,391	—	1,391
Write back on disposals	(2,267)	—	(2,267)	—	(2,267)
At 31 March 2011	30	2,464	2,494	—	2,494
Carrying amount:					
At 31 March 2011	496	1,165	1,661	4,140	5,801
At 31 March 2010	667	1,476	2,143	3,530	5,673

15. Fixed Assets *(continued)*

(c) All investment properties of the Group and the Company carried at fair value were revalued on an open market value as at 31 March 2011 basis by reference to recent market transactions of comparable properties. The valuations were carried out by an independent firm of surveyors, Ascent Partners Transaction Services Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(d) As at 31 March 2011 and 2010, all investment properties of the Group and the Company were held in Hong Kong on long-term leases.

(e) ### Investment properties leased out under operating leases

The Group and the Company lease out certain of the Group's and the Company's investment properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

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

The Group's and the Company's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Within 1 year	**216**	216
After 1 year but within 5 years	**221**	5
	437	221

16. Intangible Assets

The Group

	Rights in sharing of profit streams of gaming tables related operation HK$'000	Rights in sharing of profit streams of slot machine related operation HK$'000	Total HK$'000
Cost:			
1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	20,000	47,992	67,992
Accumulated amortisation and impairment:			
At 1 April 2009	6,786	41,285	48,071
Charge for the year	1,200	610	1,810
Impairment loss	4,336	6,097	10,433
At 31 March 2010 and 1 April 2010	12,322	47,992	60,314
Charge for the year	767	—	767
Reversal of impairment loss	(6,906)	(4,593)	(11,499)
At 31 March 2011	6,183	43,399	49,582
Carrying amount:			
At 31 March 2011	13,817	4,593	18,410
At 31 March 2010	7,678	—	7,678

The amortisation charge for the year is included in "general and administrative expenses" in the consolidated income statement.

Details of intangible assets relating to gaming tables related operation and slot machine related operation are set out in note 4(a)(ii) and (iii).

The intangible assets with finite useful life are amortised from the date they are available for use on a straight line basis. The useful life for rights in sharing of gaming table related operation and slot machine related operation are 14 years.

Reversal of/(additional) impairment loss

In considering the recoverable amount and the reversal of/(additional) impairment of gaming tables related operation, the management of the Group took into account the agreement entered into between the Group and Greek Mythology as set out in note 4(a)(ii). The Group earns a fixed monthly income of HK$300,000.

In considering the recoverable amount and the reversal of/(additional) impairment of slot machines related operation, the management of the Group took into account the agreement entered into between the Group and Greek Mythology as set out in note 4(a)(iii). The Group earns a fixed monthly income of HK$100,000.

16. Intangible Assets *(continued)*

Reversal of/(additional) impairment loss *(continued)*

The recoverable amounts of the above intangible assets are determined based on value-in-use calculations. For the year ended 31 March 2011, these calculations use cash flow projections based on fixed monthly income receivable. For the year ended 31 March 2010, these calculations use cash flow projections based on financial budgets approved by the management covering a four-year period, and cash flows for the following six years are extrapolated using estimated rates.

Key assumptions used for value-in-use calculations:

For the year ended 31 March 2011

	Gaming tables related operation %	**Slot machine related operation %**
— Discount rate	**17.6**	**17.6**

For the year ended 31 March 2010

	Gaming tables related operation %	Slot machine related operation %
– Growth in revenue year-on-year	0	0
– Discount rate	17.6	17.6

The growth in revenue is based on past performance, market data and management's expectations of market development. The discount rate reflects the specific risks relating to Macau's casino gaming industry.

The above value-in-use calculations as at 31 March 2011 and 2010 were carried out by an independent professional valuer, Grant Sherman Appraisal Limited who has recent experience in the category of intangible assets being valued.

For gaming tables related operation, based on the above calculations and in view of fixed monthly income to be earned, the recoverable amount is greater than its carrying amount and a reversal of impairment losses of approximately HK$6,906,000 was recognised in the consolidated income statement for the year ended 31 March 2011. For the year ended 31 March 2010, in view of the keen market competition for gaming tables related operation, the carrying amount was greater than its recoverable amount and an impairment loss of approximately HK$4,336,000 was recognised in the consolidated income statement.

For slot machine related operation, based on the above calculations and in view of fixed monthly income to be earned, the recoverable amount is greater than its carrying amount and a reversal of impairment losses of approximately HK$4,593,000 was recognised in the consolidated income statement for the year ended 31 March 2011. For the year ended 31 March 2010, in view of the keen market competition for slot machines related operation, the carrying amount of slot machine related operation was greater than its recoverable amount and an impairment loss of approximately HK$6,097,000 was recognised in the consolidated income statement.

17. Goodwill

	HK$'000
Cost	
At 1 April 2010	—
Arising on acquisition of a subsidiary	18,309
At 31 March 2011	18,309
Accumulated impairment losses	
At 1 April 2010	—
Impairment loss for the year	—
At 31 March 2011	—
Carrying amount	
At 31 March 2011	18,309

The goodwill relates to the acquisition of 100% equity interest in Le Rainbow China Limited which directly held 60% equity interest in Nanning Inter-Joy during the year ended 31 March 2011. The Group engaged Ascent Partners Transaction Service Limited, an independent qualified professional valuer, to assess the recoverable amount as at 31 March 2011 of the goodwill and determined that the goodwill is associated with the Group's cash generating unit ("CGU") in relation to gaming and entertainment related business. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations used cash flow projections based on financial budget approved by management covering a two-year period up to the expiry of the license of providing services to the Guangxi Welfare Lottery Authority by Nanning Inter-Joy in July 2013. The management had confidence that Nanning Inter-Joy can renew its license for another three years and the cash flow projections was estimated up to July 2016 and extrapolated that the growth rate does not exceed the long-term average business in which the CGU operates. A discount rate of approximately 10.75% p.a. was applied in the calculations. The discount rate used is pre-tax and reflects specific risks relating to the industry. Based on the valuation, the recoverable amount of goodwill exceeds the aggregate carrying amount and no impairment is made. The directors of the Company believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

18. Investments in Subsidiaries

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	118,790	118,790
Less: impairment loss *(note (a))*		
At beginning of year	(44,328)	(38,407)
Provided for during the year	—	(5,921)
At end of year	(44,328)	(44,328)
	74,462	74,462

18. Investments in Subsidiaries *(continued)*

(a) **Impairment on investments in subsidiaries:**

The directors considered that the performance and future prospects of the slot machine operation and sales of travel packages are the same as last year and therefore concluded that it is appropriate not to make any further impairment for the investment cost in these subsidiaries. The impairment loss is arrived at by reference to its value-in-use.

(b) **Particulars of all subsidiaries as at 31 March 2011 are as follows:**

Name of subsidiary	Place of incorporation/operation	Registered share capital/ issued and fully paid-up	Proportion of ownership interest held by the Company Directly	Proportion of ownership interest held by the Company Indirectly	Principal activities
Ace High Group Limited	The British Virgin Islands ("BVI")/Hong Kong	50,000 ordinary shares of US$1 each/10,000 ordinary shares of US$1 each	100%	—	Investment in junket related operation
GMC Management Limited	Hong Kong/Hong Kong	10,000 ordinary shares of HK$1 each/10,000 ordinary shares of HK$1 each	100%	—	Inactive
Hong Kong Macau Express Limited	Hong Kong/Hong Kong	1,000,000 ordinary shares of HK$1 each/750,000 ordinary shares of HK$1 each	51%	—	Inactive
Gold Faith Development Limited	BVI/Hong Kong	50,000 ordinary shares of US$1 each/50,000 ordinary shares of US$1 each	100%	—	Inactive
Jadepower Limited	BVI/Macau	50,000 ordinary shares of US$1 each/1,000 ordinary shares of US$1 each	100%	—	Investment in slot machine operation
Super Peak Limited	BVI/Hong Kong	50,000 ordinary shares of US$1 each/1,000 ordinary shares of US$1 each	100%	—	Not yet commence business
Thousand Ocean Investments Limited	BVI/Macau	50,000 ordinary shares of US$1 each/1,000 ordinary shares of US$1 each	100%	—	Investment in VIP gaming related operation

18. Investments in Subsidiaries *(continued)*

(b) Particulars of all subsidiaries as at 31 March 2011 are as follows: *(continued)*

Name of subsidiary	Place of incorporation/operation	Registered share capital/ Issued and fully paid-up	Proportion of ownership interest held by the Company Directly	Indirectly	Principal activities
Tower Champion Limited	BVI/Hong Kong	50,000 ordinary shares of US$1 each/1 ordinary share of US$1	100%	—	Not yet commence business
Le Rainbow Worldwide Limited (formerly known as Le Rainbow International Limited)	Hong Kong/Hong Kong	10,000 ordinary shares of HK$1 each/1 ordinary share of HK$1	100%	—	Investment holding
Le Rainbow China Limited (formerly known as Best Rate Limited)	Hong Kong/Hong Kong	10,000 ordinary shares of HK$1 each/1 ordinary share of HK$1	—	100%	Investment holding
Le Rainbow Venture Limited	Hong Kong/Hong Kong	10,000 ordinary shares of HK$1 each/1 ordinary share of HK$1	—	100%	Not yet commence business
Le Rainbow Overseas Limited	Hong Kong/Hong Kong	10,000 ordinary shares of HK$1 each/1 ordinary share of HK$1	—	100%	Not yet commence business
Sino Immigration Consultants Limited	Hong Kong/Hong Kong	100 ordinary shares of HK$1 each/100 ordinary shares of HK$1 each	—	51%	Not yet commence business

19. Interests in Associates

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Unlisted shares, at cost	**—**	—	**2,332,479**	2,332,479
Share of net assets	**1,563,976**	330,876	**—**	—
Sub-total	**1,563,976**	330,876	**2,332,479**	2,332,479
Less: impairment loss				
1 April	**—**	—	**(2,001,603)**	(1,444,657)
Reversed/(provided) during the year	**—**	—	**1,230,505**	(556,946)
31 March	**—**	—	**(771,098)**	(2,001,603)
	1,563,976	330,876	**1,561,381**	330,876

19. Interests in Associates *(continued)*

(a) The followings are particulars of the associates of the Group as at 31 March 2011, which are unlisted corporate entities:

Name of associates	Place of incorporation/ operation	Issued and fully paid-up/ registered share capital	Proportion of ownership interest held by the Company		Principal activities
			Directly	Indirectly	
Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology")#	Macau/Macau	4,851 ordinary shares of MOP 1,000 each/ 4,851 ordinary shares of MOP1,000 each	49.9%*	—	Provision of casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination
Nanning Inter-Joy LOTTO Information Service Co. Ltd.^ ("Nanning Inter-Joy")# 南寧樂彩互動信息服務有限公司(「南寧樂彩」)^	PRC/PRC	Paid up capital of HK$1,930,000	—	60%	Provision of software, hardware, transmission network and distribution marketing service to Guangxi Welfare Lottery Authority

For identification purpose only.

* *The authorised and issued share capital of Greek Mythology was increased on 30 October 2010 and the Group's equity interest in Greek Mythology was diluted to 24.8%. In the opinion of the director of the Company, the Company is still holding a 49.9% interest in Greek Mythology and the Company can still exercise significant.*

^ *This company was established in the PRC in the form of a Sino-Foreign Equity Joint Venture.*

Nanning Inter-Joy LOTTO Information Service Co. Ltd. ("Nanning Inter-Joy") was established in the PRC on 17 September 2010 as a sino-foreign equity joint venture with a registered capital of HK$1,930,000 and with an operating period of 10 years from 17 September 2010 to 16 September 2020. In May 2011, additional registered capital of HK$4,500,000 was injected and the total registered capital is increased to HK$6,430,000.

In the opinion of the directors of the Company, though the Group is holding a 60% interest in Nanning Inter-Joy, the Group is not in a position to control its board of directors and to govern its financial and operating policy decisions. The directors of the Company considered that it is appropriate to classify it as an associate of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

19. Interests in Associates *(continued)*

(b) Summary financial information of the associates

	At 31 March 2011			For the year ended 31 March 2011				
	Total assets HK$'000	Total liabilities HK$'000	Total equity HK$'000	Revenue HK$'000	Operating profit/ (loss) HK$'000	Amortisation of intangible assets HK$'000	Reversal/ (impairment) of intangible assets HK$'000	Net profit/(loss) HK$'000
Greek Mythology*								
100 per cent	**4,837,391**	**(1,708,371)**	**3,129,020**	**1,135,531**	**544,118**	**(7,286)**	**1,929,110**	**2,465,942**
Group's effective interest	**2,413,858**	**(852,477)**	**1,561,381**	**566,630**	**271,515**	**(3,636)**	**962,626**	**1,230,505**
Nanning Inter-Joy								
100 per cent	**4,688**	**(363)**	**4,325**	**2**	**(465)**	**—**	**—**	**(465)**
Group's effective interest	**2,813**	**(218)**	**2,595**	**1**	**(279)**	**—**	**—**	**(279)**
Total								
100 per cent	**4,842,079**	**(1,708,734)**	**3,133,345**	**1,135,533**	**543,653**	**(7,286)**	**1,929,110**	**2,465,477**
Group's effective interest	**2,416,671**	**(852,695)**	**1,563,976**	**566,631**	**271,236**	**(3,636)**	**962,626**	**1,230,226**

	At 31 March 2010			For the year ended 31 March 2010				
	Total assets HK$'000	Total liabilities HK$'000	Total equity HK$'000	Revenue HK$'000	Operating profit HK$'000	Amortisation of intangible assets HK$'000	Impairment of property, plant and equipment and intangible assets HK$'000	Net loss HK$'000
Greek Mythology								
100 per cent	1,444,174	(781,096)	663,078	307,051	181,149	(124,559)	(1,172,716)	(1,116,126)
Group's effective interest	720,643	(389,767)	330,876	153,218	90,393	(62,154)	(585,185)	(556,946)

* *Based on management accounts after reversing the effect of Capitalisation.*

(c) Impairment of intangible asset of the associate

The intangible asset of the associate refers to the right of receiving a percentage of net-win of Greek Mythology Casino which provides casino management services including sales, promotion, advertising, patron referral, patron development and casino activities coordination to Sociedade De Jogos De Macau, S.A (the "Gaming Operator") which owns one of the gaming concessions in Macau for a period of 14 years from 1 April 2006. The management of the Group reviewed internal and external information relating to the gaming related operation of Greek Mythology to identify the recoverable amount of the intangible asset as well as indications as to whether impairment should be increased or reversed.

In considering the recoverable amount and the impairment, the management of the Group took into account that Greek Mythology is (i) reconfiguring and upgrading its main business spaces; (ii) expanding its VIP clientele and capturing the more profitable segment; and (iii) creating a variety of incentive programs for the purpose of promoting the business and efficiency resulting in improved profit stream.

19. Interests in Associates *(continued)*

(c) Impairment of intangible assets of the associate *(continued)*

The recoverable amount of the above intangible asset is determined based on value-in-use calculations. These calculations use cash flow projections based on financial estimated by the management covering a four-year period, and cash flows for the following five years (2010: six years) are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	2011	2010
	%	%
— Growth in revenue year-on-year	**3–5**	3–12
— Discount rate	**14.7**	13.3

The growth in revenue is based on past performance, the management's expectation of market development and industry information. The discount rate reflects the specific risks relating to the related industry.

The above value-in-use calculations as at 31 March 2011 were contained in a report based on a valuation carried out by an independent professional valuer, Grant Sherman Appraisal Limited with recent experience in conducting business and intangible assets valuation in gaming and entertainment industry in Macau.

Based on the above valuations, the carrying amount of the intangible assets as at 31 March 2011 is lower than its recoverable amount, and the management considered that a reversal of impairment loss of approximately HK$1,929,110,000 (2010: impairment loss of HK$1,172,716,000) is necessary at the associate level. The Group's share of reversal of impairment loss of the intangible asset of HK$962,626,000 (2010: impairment loss of HK$585,185,000) is included in the share of results of an associate in the consolidated income statement for the year ended 31 March 2011.

20. Other Financial Assets

	Note	The Group 2011 HK$'000	The Group 2010 HK$'000	The Company 2011 HK$'000	The Company 2010 HK$'000
Loan to a subsidiary	(a)	**—**	—	**1,850,000**	1,850,000
Less: Impairment loss		**—**	—	**(1,819,064)**	(1,705,349)
		—	—	**30,936**	144,651
Available-for-sale financial asset	(b)	**2,095,268**	2,095,268	**—**	—
Less: Impairment loss *#					
— through income statement		**(1,869,064)**	(1,778,140)	**—**	—
— through statement of comprehensive income		**(195,268)**	(195,268)	**—**	—
		(2,064,332)	(1,973,408)	**—**	—
		30,936	121,860	**30,936**	144,651

Analysis of impairment loss movements during the year:

	The Group 2011 HK$'000	The Group 2010 HK$'000	The Company 2011 HK$'000	The Company 2010 HK$'000
At 1April	***(1,973,408)***	*—*	***(1,705,349)***	*—*
Additions	***(90,924))***	*(1,973,408)*	***(113,715)***	*(1,705,349)*
At 31 March	***(2,064,332)***	*(1,973,408)*	***(1,819,064)***	*(1,705,349)*

* *Analysis of impairment loss made during the year:*

	The Group 2011 HK$'000	The Group 2010 HK$'000	The Company 2011 HK$'000	The Company 2010 HK$'000
Impairment loss				
— through income statement	***(90,924)***	*(1,778,140)*	***(113,715)***	*(1,705,349)*
— through statement of comprehensive income	***—***	*(195,268)*	***—***	*—*
	(90,924)	*(1,973,408)*	***(113,715)***	*(1,705,349)*

20. Other Financial Assets *(continued)*

(a) Loan to a subsidiary

A loan agreement dated 23 August 2007 (as amended and supplemented by the extension letters dated 21 September 2007 and 22 October 2007 respectively) was entered into between the Company and Ace High (the "Loan Agreement") whereby the Company agreed to provide a term loan facility of up to a maximum amount of HK$3 billion (the "Loan") to Ace High to enable it to finance the junket aggregation business of AMA. On 4 December 2007, Ace High and the Company signed a confirmation letter to vary the maximum amount of the Loan under the Loan Agreement from up to HK$3 billion to up to HK$2 billion. According to the Loan Agreement, the Company has an option (the "Call Option") to capitalise the principal amount of HK$50 million in respect of the Loan into 9,999 shares of US$1 each in the issued share capital of Ace High (the "Capitalisation"), representing 99.99% of the issued share capital of Ace High as enlarged by the Capitalisation. On 11 February 2008, the Company served a Capitalisation notice to Ace High pursuant to the Loan Agreement. The Capitalisation was approved by the shareholders of the Company at the special general meeting held on 12 June 2008.

Through the call option to capitalise HK$50 million of the loan into 99.99% of the equity interest in Ace High, the Company has the decision-making powers to obtain complete control of Ace High and rights to obtain all profits generated from Ace High. Accordingly, Ace High is considered as an entity wholly-controlled by the Company.

On 14 December 2007, Ace High made a drawing of HK$1.9 billion under the Loan Agreement from the Company so as to finance AMA to start its junket aggregation business.

The loan is secured by a deed of guarantee executed by Mr. Francisco Xavier Albino ("Mr Albino") in favour of the Company and is repayable on the Company's demand but Ace High is not allowed to early repay the loan or any part thereof.

(b) Available-for-sale financial asset

On 10 September 2007, Ace High entered into a loan and profit transfer agreement (the "First Profit Transfer Agreement") with AMA. Pursuant to the First Profit Transfer Agreement, Ace High agreed to grant a loan facility of up to the maximum amount of HK$3 billion as the operating capital of AMA for it to carry out the junket aggregation business. In return, AMA agreed to transfer all its junket aggregation profits (the "Profits") generated under the gaming promotion agreement dated 21 August 2007 (the "First Gaming Promotion Agreement") entered into between AMA and Melco PBL Gaming (Macau) Limited (the "Gaming Operator") to Ace High. The profits represent the aggregate commissions 1.35% and bonuses payable by the Gaming Operator to AMA after deducting (a) the total commissions and bonuses payable by AMA to its collaborators under the gaming intermediary agreements entered into by AMA with its collaborators, and (b) all the relevant operational and administrative expenses incurred and tax payable to the Macau Government by AMA. On the same day, Ace High and Mr. Albino made another profit transfer agreement (the "Second Profit Transfer Agreement") where under Ace High agreed to transfer 20% of the profits from AMA under the First Profit Transfer Agreement to Mr. Albino.

On 14 December 2007, Ace High provided a HK$1.9 billion loan (the "Loan") under the First Profit Transfer Agreement to AMA which started its junket aggregation business on 15 December 2007.

20. Other Financial Assets *(continued)*

(b) Available-for-sale financial asset *(continued)*

In the opinion of the Company's Directors, the Loan is a non-derivative financial asset and is designated as an available-for-sale financial asset upon initial recognition.

On 29 April 2008, a supplemental agreement (the "Supplemental Agreement") was entered into between Ace High and AMA such that the term of the First Profit Transfer Agreement is fixed to three years from the date of the Supplemental Agreement and may be renewed at the discretion of Ace High thereafter. Apart from the above, there is no change to the other material terms of the First and Second Profit Transfer Agreements.

On 23 December 2009, the Gaming Operator revoked the First Gaming Promotion Agreement and entered into a new agreement (the "Second Gaming Promotion Agreement") with AMA, whereby the commission rate for AMA was decreased from 1.35% to 1.20%, following the implementation of a 1.25% cap on junket commission by the Macau Government.

In December 2009, the Gaming Operator unilaterally entered into separate agreements with some of AMA's collaborators and some collaborators ceased their business in the premises of the Gaming Operator. As a result, these collaborators by-passed AMA and dealt directly with the Gaming Operator. AMA is no longer to share the gaming wins of these collaborators and commission and bonus from the Gaming Operator. AMA's only remaining enforceable agreement was with a collaborator who agreed to share a 5 basis points (0.05%) commission on the rolling volume generated at casino with AMA.

However, this collaborator did not pay commission to AMA for the year ended 31 March 2011. The Second Gaming Promotion Agreement was mutually terminated in June 2010. As a result of these series of changes AMA's business was seriously adversely affected.

During the year ended 31 March 2010, AMA agreed with certain collaborators the repayment schedules for the settlement of loans amounting to HK$173,250,000 by signing the Repayment Agreements (the "Repayment Agreements"). Therefore, AMA considered that these loans are fully recoverable.

The rest of the collaborators having a total amount of HK$2,515,674,000 due to AMA was fully impaired for the year ended 31 March 2010 under the following situation that:

— The collaborator went into bankruptcy; or

— Though litigation actions have been taken, AMA is not certain about the amount that can be recovered; or

— The results of the legal actions taken are uncertain; or

— AMA losses contact with the collaborators; or

— AMA was unable to estimate the amount recoverable from the collaborators.

20. Other Financial Assets *(continued)*

(b) Available-for-sale financial asset *(continued)*

For the year ended 31 March 2011, loans to collaborators of HK$212,320,000 were further impaired under the following situations:

— The collaborator ceased to repay according to the agreed repayment schedule; or

— The loan to collaborator was not settled by the collaborator.

On 7 May 2010, the Gaming Operator filed a petition against AMA for the recovery of approximately HK$233,060,000. On 6 December 2010, AMA filed a petition against the Gaming Operator for the compensation of loss of business for the period from 23 December 2009 to 23 December 2010.

AMA has not recorded any profit since 1 December 2009 and it is uncertain whether any actions to be taken by AMA to enforce the exclusive gaming promotion agreement and to recover any commissions and bonuses or to demand repayment of advances to various junket collaborators could be successful.

During the year ended 31 March 2010, the Group demanded the repayment of the Loan and the outstanding profit of approximately HK$498,294,000 owing by AMA. AMA provided Repayment Schedules (the "Repayment Schedules") to the Group which only includes the amounts owed by its collaborators who had signed the Repayment Agreements.

During the year ended 31 March 2011, the Group appointed an independent corporate governance and advisory consultant firm to assist the Group to assess the costs and benefits of certain alternatives that will be the best course of action for the Group to recover the loan of HK$1.9 billion plus profits generated by AMA from the junket related operation.

In light of events and circumstances relating to AMA's junket aggregation business as set out above, the directors of the Company are of the opinion that it is appropriate to make an impairment of HK$1,819,064,000 (2010: HK$1,705,349,000) for the loan due from Ace High and make an impairment of HK$2,064,332,000 (2010: HK$1,973,408,000) for the available-for-sale financial asset as at 31 March 2011.

Impairment assessment:

As at 31 March 2011, in view of (1) the business cooperation mode between AMA and the Gaming Operator in Macau since 2009; (2) financial difficulties of AMA and its failure to recover the credit granted to the collaborators; (3) the financial position and the junket related business of AMA; and (4) the effect of one of the collaborators not repaying the loans to AMA in accordance with the Repayment Agreements, the directors of the Company review internal and external sources of information in respect of the fair value of the available-for-sale financial assets and made further impairment allowance of HK$90,924,000.

20. Other Financial Assets *(continued)*

(b) Available-for-sale financial asset *(continued)*

Impairment assessment: *(continued)*

The fair value of available-for-sale financial assets as at 31 March 2011 and 2010 was measured using value-in-use calculations by reference to a valuation made by an independent professional valuer, Grant Sherman Appraisal Limited.

Key assumptions used by the management of the Company for value-in-use calculations:

— There are a series of litigation and recovery plan in progress against the collaborators by AMA and therefore recovery of the amount is uncertain. As such, in the absence of available information and supporting documents from AMA and its collaborators, the Company is unable to assess the total amount that could be received by AMA from the collaborators, and hence, the Repayment Schedules provided by the Company only include the amounts owed by the collaborators who had signed the Repayment Agreements and cash will received in accordance with Repayment Schedule;

— Nil amount will be received from those collaborators with whom no Repayment Schedules have been agreed upon and no Repayment Agreements have been entered into;

— Repayment Schedules and Repayment Agreements entered into between AMA and the collaborators have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Company;

— The collaborators will repay the outstanding amounts due to AMA according to the Repayment Schedules without default;

— AMA will repay all amounts collected from its collaborators to the Group before settling its other liabilities notwithstanding a creditor has taken legal action against AMA for recovery of debts due by AMA;

— With reference to the estimated recoverable rate for the amount due from AMA;

— A discount rate of 17.8%.

21. Trade and Other Receivables

		The Group		The Company	
		2011	2010	**2011**	2010
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Trade receivable — AMA		**470,794**	498,294	**—**	—
Less: impairment		**(468,294)**	(468,294)	**—**	—
	(a)	**2,500**	30,000	**—**	—
Other receivables		**26,800**	29,800	**26,800**	29,800
Less: impairment		**(26,800)**	(28,800)	**(26,800)**	(28,800)
	(b)	**—**	1,000	**—**	1,000
Loans to promissory note holders	*(c)*	**—**	55,000	**—**	55,000
Interest receivables for loans to promissory note holders	*(c)*	**—**	3,616	**—**	3,616
Advances to collaborators	*(d)*	**—**	54,020	**—**	—
Due from an associate	*(e)*	**75,077**	4,768	**14**	2
Due from subsidiaries		**—**	—	**109,250**	64,722
Less: impairment loss		**—**	—	**(4,684)**	(4,684)
	(f)	**—**	—	**104,566**	60,038
Loans and receivables		**77,577**	148,404	**104,580**	119,656
Rental and other deposits		**393**	1,203	**393**	1,203
Prepayments		**1,261**	10	**597**	—
		79,231	149,617	**105,570**	120,859

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

21. Trade and Other Receivables *(continued)*

(a) (i) Impairment of trade receivables

In light of events and circumstances as set out in note 20(b), AMA had financial difficulties and was unable to settle the amount due to the Group. After further negotiations, AMA provided the Company an undertaking (the "AMA undertaking") to settle the amount due of HK$30,000,000 by 3 monthly installments starting from April 2010 and a letter of guarantee signed by a shareholder and director of AMA, guaranteeing the performance of AMA under the AMA undertaking.

However, the Group only received HK$5,000,000 from AMA up to June 2010. On 20 July 2010, the Group and AMA re-negotiated the repayment terms for the remaining HK$25,000,000. AMA agreed to pay HK$5,000,000 at the end of July 2010 and eight monthly instalments of HK$2,500,000 each beginning in September 2010.

Since AMA has significant financial difficulties and there were no settlement schedule in relation to the remaining balance due of approximately HK$468,294,000, the directors of the Company determined to make an impairment allowance of HK$468,294,000 for the year ended 31 March 2010.

During the year ended 31 March 2011, the Company received HK$27,500,000 from AMA and a further HK$2,500,000 after the end of reporting period and the directors of the Company considered that no reversal of impairment allowance of HK$468,294,000 is necessary under the present financial position of AMA for the year ended 31 March 2011.

(ii) Ageing analysis

The following is the ageing analysis of trade receivables as of the end of the reporting period:

	The Group	
	2011	2010
	HK$'000	HK$'000
Current	**—**	—
Over 1 year past due	**470,794**	498,294
	470,794	498,294

Details on the Group's credit policy are set out in note 28(a).

(iii) Trade receivables that are not impaired

For the year ended 31 March 2011, the ageing analysis of trade receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Past due but not impaired	**2,500**	30,000

The Group does not hold any collateral over these balances.

21. Trade and Other Receivables *(continued)*

(b) *Other receivables*

During the year ended 31 March 2010, the Company advanced a sum of HK$29,800,000 to an independent third party for the purpose of starting up its junket-related business which could only be utilised for administrative costs when a definitive agreement in respect of the junket aggregation business was entered into. Otherwise, the whole advance should be returned to the Company on or before 31 August 2009 which date had been extended to 31 March 2010.

Movements of provision for impairment losses on other receivable are analysed as follows:

	The Group	
	2011	*2010*
	HK$'000	*HK$'000*
At 1 April	***28,800***	*—*
(Reversal)/charge for the year	***(2,000)***	*28,800*
At 31 March	***26,800***	*28,800*

During the year ended 31 March 2010, in view of the financial difficulties of the debtor and that the amount had been overdue, the directors of the Company determined to make an allowance for impairment loss of HK$28,800,000 after taking into account the receipt of HK$1,000,000 subsequent to the end of reporting period.

During the year ended 31 March 2011, the Company further received HK$2,000,000 and reversed the impairment loss amount of HK$2,000,000.

(c) *Loans to promissory note holders/Interest receivables for loans to promissory note holders*

During the year ended 31 March 2010, the Company entered into two loan agreements separately with two independent promissory note holders (the "Holders") in which the Company granted loans totaling of HK$55,000,000 to the Holders. The loans bear interest at 8% per annum and were to mature on 31 August 2009. The loans were secured by the promissory notes with a total face value of HK$150,000,000.

The Holders did not repay the principal and interests of the loans upon the maturity date. On 23 July 2010, the Company and the Holders entered into agreements where under it was agreed that promissory notes with a face value of HK$150,000,000 were to be utilized to offset the loans. The excess amount over the loans receivable and accrued loan interest was recognized as other revenue in the consolidated income statement.

(d) *Advances to collaborators*

The advances to collaborators, who are independent third parties to the Group, are unsecured and non-interest-bearing. The Group provides temporary interest-free credit to collaborators who are allowed an average credit period of 7 days from the date the credit is granted. The advances to collaborators are settled within credit period. No collaterals are held by the Group for these advances.

(e) *Due from an associate*

The amount is unsecured, non-interest-bearing and has no fixed terms of repayment.

Impairment allowance has not been made against the amount as at 31 March 2011 and 2010 as the directors of the Company are of the opinion that the amount can be recovered in full.

21. Trade and Other Receivables *(continued)*

(f) *Due from subsidiaries/impairment of due from subsidiaries*

The amounts due from subsidiaries are unsecured, non-interest-bearing and repayable on demand.

At 31 March 2009, amounts due from subsidiaries engaged in the sales of travel packages and provision of administrative support to Group companies were determined to be impaired and an allowance of approximately HK$4,684,000 had been made for impairment loss. Those subsidiaries were in financial difficulties and, in the opinion of the directors of the Company, there is uncertainty in the recovery of the outstanding balances. Since there is no change in event and circumstances, the directors of the Company considered that no reversal of impairment was to be made for the year ended 31 March 2011.

22. Cash and Cash Equivalents

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Cash at banks	**31,936**	1,732	**9,231**	1,674
Cash chips in hand	**—**	4,980	**—**	—
Cash in hand	**90**	9,835	**70**	5
Cash and cash equivalents in the statement of financial position	**32,026**	16,547	**9,301**	1,679

Cash at bank earns interest at floating rate based on daily bank deposits rates 0.2% (2010: 0.2%) per annum.

23. Trade and Other Payables

	Note	The Group		The Company	
		2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Trade payables	(a)	**853**	853	**—**	—
Due to a shareholder of AMA	(b)	**102,439**	102,439	**—**	—
Accruals and other payables		**1,563**	1,647	**1,551**	1,635
Due to related companies	(c)	**1,576**	3,109	**1,417**	1,417
Due to subsidiaries	(c)	**—**	—	**180,368**	152,867
Financial liabilities measured at amortised cost		**106,431**	108,048	**183,336**	155,919

All of the trade and other payables are expected to be settled within one year.

23. Trade and Other Payables *(continued)*

(a) *The ageing analysis of trade payables as of the end of the reporting period is as follows:*

	The Group	
	2011	2010
	HK$'000	HK$'000
Over 1 year past due	***853***	*853*

(b) *The amount represents the entitlement of the 20% share of profit from AMA in respect of junket aggregation business (see note 4(a)(i)).*

(c) *The amounts due to subsidiaries and related companies are unsecured, non-interest-bearing and have no fixed terms of repayment.*

24. Borrowings

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Borrowings from an independent third party, unsecured		
— bearing interest at 6.5% per annum and repayable on demand	**—**	5,000

25. Promissory Notes

In 2006, the Company issued promissory notes to directors of an associate and certain independent third parties with a total face value of approximately HK$1,454,722,000 as part of the consideration for the acquisition of that associate.

The promissory notes are unsecured, non-interest-bearing and repayable on 27 March 2016, being the tenth anniversary of the date of issue of the promissory notes.

Interest expense on promissory notes is calculated using the effective interest method by applying the effective interest rate of 7% per annum to the fair value of the promissory notes and is deducted from the carrying value of the promissory notes and charged to consolidated income statement.

25. Promissory Notes *(continued)*

The Group and the Company

	2011 HK$'000	2010 HK$'000
At 1 April	**226,726**	906,612
Add: Interest on promissory note *(note 6)*	**11,149**	45,051
Less: Compensation income for bad and doubtful debts *(note (a))*	**—**	(400,106)
Less: Offset against shares issued *(note 26(c))*	**—**	(324,831)
Less: Offset against loans receivable waived *(note (b))*	**(102,307)**	—
At 31 March	**135,568**	226,726

(a) *Pursuant to a subscription agreement (the "Subscription Agreement") entered into between the Company and shareholder of the company, Mr. Ng, Mr. Ng irrevocably undertook and guaranteed the Company that the irrecoverable debts from certain collaborators of AMA should not be more than HK$50,000,000 for the year ended 31 March 2010 (note 26(c)(i)(l)). Otherwise, Mr. Ng would compensate the Company by offsetting against his promissory notes for the bad and doubtful debts with a cap of face value of HK$300,000,000.*

In addition, during the year ended 31 March 2010, Mr. Ng irrevocably undertook and guaranteed, the Company the repayment of debts due from specific collaborators of AMA of up to HK$300,000,000 on security of other promissory notes with a total face value of HK$300,000,000.

As disclosed in note 4(a)(i), for the year ended 31 March 2010, AMA made an allowance for impairment of bad and doubtful debts of approximately HK$2,515,674,000 which included the amounts due from specific collaborators.

As a result, approximately HK$400,106,000 was deducted from the face value of the promissory notes of HK$600,000,000 held by Mr. Ng to offset against the bad and doubtful debts in AMA and recognised in the consolidated income statement for the year ended 31 March 2010.

(b) *The loans to promissory notes holders were fully set-off against the face value of the promissory notes. The excess amount over loans receivable and accrued loan interest was recognized as other revenue in the consolidated income statement.*

26. Capital and Reserves

(a) The Group

	Note	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
		Attributable to owners of the Company									
At 1 April 2009		26,589	–	(22,470)	2,180,026	7,302	195,268	284,677	2,644,803	–	2,671,392
Shares issued against promissory notes	26(c)(i)	11,400	278,180	–	–	–	–	–	278,180	–	289,580
Equity-settled share-based transaction	26(d)(iv)	–	–	–	–	3,370	–	–	3,370	–	3,370
Shares issued under employee share options scheme	26(d)(iv)	71	1,452	–	–	(466)	–	–	986	–	1,057
Share options forfeited during the year	26(d)(iv)	–	–	–	–	(501)	–	501	–	–	–
Loss for the year		–	–	–	–	–	–	(2,477,499)	(2,477,499)	–	(2,477,499)
Other comprehensive loss		–	–	–	–	–	(195,268)	–	(195,268)	–	(195,268)
Total comprehensive loss for the year		–	–	–	–	–	(195,268)	(2,477,499)	(2,672,767)	–	(2,672,767)
At 31 March 2010 and 1 April 2010		38,060	279,632	(22,470)	2,180,026	9,705	–	(2,192,321)	254,572	–	292,632
Shares issued for acquisition of a subsidiary	26(c)(ii)	**3,087**	**40,745**	**–**	**–**	**–**	**–**	**–**	**40,745**	**–**	**43,832**
Equity-settled share-based transaction	26(d)(iv)	**–**	**–**	**–**	**–**	**1,096**	**–**	**–**	**1,096**	**–**	**1,096**
Shares issued under employee share options scheme	26(d)(iv)	**380**	**3,783**	**–**	**–**	**(1,010)**	**–**	**–**	**2,773**	**–**	**3,153**
Share options forfeited during the year	26(d)(iv)	**–**	**–**	**–**	**–**	**(3,214)**	**–**	**3,214**	**–**	**–**	**–**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**1,165,977**	**1,165,977**	**–**	**1,165,977**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**1,165,977**	**1,165,977**	**–**	**1,165,977**
At 31 March 2011		**41,527**	**324,160**	**(22,470)**	**2,180,026**	**6,577**	**–**	**(1,023,130)**	**1,465,163**	**–**	**1,506,690**

Included in the accumulated loss as at 31 March 2011 of the Group is an amount of approximately HK$423,894,000 (2010: a loss of HK$806,832,000) being the retained profit of an associate.

26. Capital and Reserves *(continued)*

(b) The Company

		Attributable to equity owners of the Company						
	Note	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2009		26,589	—	2,285,052	7,302	(392,511)	1,899,843	1,926,432
Equity-settled share-based transactions	*26(d)(iv)*	—	—	—	3,370	—	3,370	3,370
Shares issued against promissory notes	*26(c)(i)*	11,400	278,180	—	—	—	278,180	289,580
Shares issued under employee share options scheme	*26(d)(iv)*	71	1,452	—	(466)	—	986	1,057
Share options forfeited during the year	*26(d)(iv)*	—	—	—	(501)	501	—	—
Loss for the year		—	—	—	—	(1,929,884)	(1,929,884)	(1,929,884)
Other comprehensive income		—	—	—	—	—	—	—
Total comprehensive (loss) for the year		—	—	—	—	(1,929,884)	(1,929,884)	(1,929,884)
At 31 March 2010 and 1 April 2011		38,060	279,632	2,285,052	9,705	(2,321,894)	252,495	290,555
Equity-settled share-based transactions	*26(d)(iv)*	**—**	**—**	**—**	**1,096**	**—**	**1,096**	**1,096**
Shares issued for acquisition of a subsidiary	*26(c)(ii)*	**3,087**	**40,745**	**—**	**—**	**—**	**40,745**	**43,832**
Shares issued under employee share options scheme	*26(d)(iv)*	**380**	**3,783**	**—**	**(1,010)**	**—**	**2,773**	**3,153**
Share options forfeited during the year	*26(d)(iv)*	**—**	**—**	**—**	**(3,214)**	**3,214**	**—**	**—**
Profit for the year		**—**	**—**	**—**	**—**	**1,129,911**	**1,129,911**	**1,129,911**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**1,129,911**	**1,129,911**	**1,129,911**
At 31 March 2011		**41,527**	**324,160**	**2,285,052**	**6,577**	**(1,188,769)**	**1,427,020**	**1,468,547**

26. Capital and Reserves *(continued)*

(c) Share capital

	Note	2011 Number of shares '000	2011 Amount HK$'000	2010 Number of shares '000	2010 Amount HK$'000
Authorised:					
8,000,000,000 ordinary shares of HK$0.01 each (2010: 4,000,000,000 ordinary shares of HK$0.01 each)		**8,000,000**	**80,000**	4,000,000	40,000
Issued and fully paid:					
At 1 April		**3,805,989**	**38,060**	2,658,889	26,589
Shares issued against promissory notes	*(i)*	**—**	**—**	1,140,000	11,400
Shares issued pursuant to the acquisition of a subsidiary	*(ii)*	**308,667**	**3,087**	—	—
Shares issued under employee share options schemes	*27(b)*	**38,000**	**380**	7,100	71
At 31 March		**4,152,656**	**41,527**	3,805,989	38,060

Notes:

(i) Shares issued against promissory notes

(I) On 20 March 2009, the Company entered into a subscription agreement (the "Subscription Agreement") with Mr. Ng pursuant to which the Company agreed to allot and issue 1,000,000,000 new shares with par value of HK$0.01 per share of an aggregate nominal amount of HK$10 million at a subscription price of HK$0.40 per share to Mr. Ng. The subscription price was settled by off-setting against the face value of the promissory notes held by Mr. Ng for a total amount of HK$400,000,000.

(II) On 2 June 2009, Mr. Ng, assigned and transferred approximately a total amount of HK$114,722,000 of the promissory notes held by him to an independent third party (the "Subscriber"). On 7 June 2009, the transaction was completed.

On 15 June 2009 and 17 June 2009, the Company entered into a subscription agreement and a supplemental agreement (collectively the "Agreements") with the Subscriber pursuant to which the Company conditionally agreed to allot and issue 140,000,000 new shares at a subscription price of HK$0.82 per subscription share to the Subscriber. The subscription price was settled by the Subscriber under the Agreements by off-setting against the face value of the promissory note in the sum of approximately HK$115 million. The transaction was completed on 6 July 2009.

(ii) Shares issued pursuant to the acquisition of a subsidiary

On 16 December 2010 and 2 February 2011, the Company allotted and issued 51,480,000 and 257,186,000 new shares at a price of HK$0.137 and HK$0.143 respectively per subscription share to the vendor. The details are set out in note 32.

26. Capital and Reserves *(continued)*

(d) Nature and purpose of reserves

(i) Share premium

The application of share premium is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus

The contributed surplus of the Company represents the differences between the consolidated shareholders' funds of subsidiaries at the date on which they were acquired by the Company and the nominal amount of the shares of the Company issued under the corporate reorganisation. Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders.

(iii) Special reserve

The special reserve of the Group represents the difference between the nominal amount of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition pursuant to the corporate reorganization prior to the listing of the Company's shares.

(iv) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(q)(ii).

(v) Fair value reserve

The fair value reserve of the Group comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(g) and 2(m).

(e) Distributable reserves

As at 31 March 2011, the aggregate amount of reserves of the Company available for distribution to owners of the Company amounted to HK$1,096,283,000 (2010: nil) subject to the restrictions stated above.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, trade and other payables) less cash and cash equivalents. Capital comprises all components of equity excluding non-controlling interests.

26. Capital and Reserves *(continued)*

(f) Capital management *(continued)*

During the year ended 31 March 2011, the Group's strategy was to maintain a net debt-to-capital ratio of no more than 150%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-capital ratio at 31 March 2011 and 2010 is as follow:

		The Group		The Company	
		2011	2010	**2011**	2010
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current liabilities:					
— Trade and other payables	*23*	**106,431**	108,048	**183,336**	155,919
— Borrowings	*24*	**—**	5,000	**—**	5,000
		106,431	113,048	**183,336**	160,919
Non-current liabilities:					
— Promissory note	*25*	**135,568**	226,726	**135,568**	226,726
Total debt		**241,999**	339,774	**318,904**	387,645
Less: Cash and cash equivalents	*22*	**(32,026)**	(16,547)	**(9,301)**	(1,679)
Net debt		**209,973**	323,227	**309,603**	385,966
Total equity		**1,506,690**	292,632	**1,468,547**	290,555
Adjusted net debt-to-capital ratio		**14%**	110%	**21%**	133%

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

27. Share Option Scheme

The Company has a share option scheme which was adopted on 12 August 2002 whereby the Directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a nominal consideration of HK$1 to subscribe for shares of the Company. The options give the holder the right to subscribe for ordinary shares in the Company.

The total number of shares in respect of which options may be granted under the scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

(a) The terms and conditions of the grants that existed during the year are as follows, whereby all options are settled by the physical delivery of shares:

	Exercise price	Number of shares issuable under options granted	Vesting conditions	Contractual life of options
	HK$			
Options granted to Directors:				
— on 28 January 2008	0.7360	2,200,000	Immediately vested	10 years
— on 28 January 2008	0.7360	1,650,000	One year from the date of grant	10 years
— on 28 January 2008	0.7360	1,650,000	Two years from the date of grant	10 years
— on 23 April 2009	0.1930	3,000,000	One year from the date of grant	10 years
— on 12 May 2009	0.2290	7,700,000	One year from the date of grant	10 years
		16,200,000		
Options granted to employees:				
— on 28 January 2008	0.7360	3,600,000	Immediately vested	10 years
— on 28 January 2008	0.7360	2,700,000	One year from the date of grant	10 years
— on 28 January 2008	0.7360	2,700,000	Two years from the date of grant	10 years
		9,000,000		
Total shares issuable upon options granted		25,200,000		

27. Share Option Scheme *(continued)*

(b) The number and weighted average exercise prices of share options are as follows:

	2011		2010	
	Weighted average exercise price	**Number of shares issuable under options granted ’000**	Weighted average exercise price	Number of shares issuable under options granted ’000
Outstanding at 1 April	**0.3485**	**48,000**	0.4956	36,900
Forfeited during the year	**0.3082**	**(22,800)**	0.2668	(19,700)
Exercised during the year	**0.0830**	**(38,000)**	0.1489	(7,100)
Granted during the year	**0.0830**	**38,000**	0.2129	37,900
Outstanding at 31 March	**0.5164**	**25,200**	0.3485	48,000
Exercisable at 31 March	**0.5164**	**25,200**	0.6086	24,600

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.1380 (2010: HK$0.2465).

The options outstanding at 31 March 2011 had an exercise price of HK$0.1930 to HK$0.7360 (2010: HK$0.7360) and a weighted average remaining contractual life of 4.5 years (2010: 9.8 years).

27. Share Option Scheme *(continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binominal Option Pricing Model.

	Date of grant				
	28 January 2008	20 October 2008	23 April 2009	12 May 2009	13 August 2010
Fair value of share options and assumptions					
Fair value at measurement date	HK$0.3581	HK$0.0492	HK$0.1141	HK$0.1354	HK$0.02659
Share price	HK$0.700	HK$0.115	HK$0.1930	HK$0.229	HK$0.081
Exercise price	HK$0.7360	HK$0.1332	HK$0.1930	HK$0.229	HK$0.083
Expected volatility (expressed as weighted average volatility used in the modeling under the Binominal Option Pricing Model)	105.76%	120.90%	130.29%	131.31%	44.418%
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	1.89 years	1.03 years	1 year	1 year	0.5 year
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate (based on government bonds/exchange fund notes)	2.505%	2.634%	2.123%	2.189%	2.068%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share option grants.

28. Financial Instruments

The Group's major financial instruments include available-for-sale financial asset, cash and bank deposits, trade and other receivables, trade and other payables, promissory notes, borrowings and balances with related parties. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include fair values risk, credit risk, interest rate risk, liquidity risk and currency risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

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

In respect of trade and other receivables, the Group has a concentration of credit risk as 100% (2010: 100%) of the total trade and other receivable was due from AMA, within the gaming and entertainment related business segment. The Group does not obtain collateral from AMA. In order to minimize the credit risk, credit evaluations are performed and focus on the past history of making payments when due and current ability to pay.

In respect of advances to collaborators, in order to minimize the credit risk, individual credit evaluations are performed on all collaborators requiring credit over a certain amount. These evaluations focus on the collaborators' past history of making payments when due and current ability to pay, and may take into account information specific to the collaborators as well as pertaining to the economic environment in which the collaborators operates. The management of the Group also reviews the recoverable amount of each individual advance to collaborators at the end of the reporting period to ensure that adequate allowance for impairment losses are made for irrecoverable amounts, the continuous profitable business relationship with the collaborators subsequent to the end of the reporting period and the financial background of the relevant collaborators to ascertain the recoverability of the advance to collaborators.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of borrowings to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

28. Financial Instruments *(continued)*

(b) Liquidity risk *(continued)*

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

(i) The Group

	2011					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Promissory notes	**(135,568)**	**(189,998)**	**(9,489)**	**(10,153)**	**(170,356)**	**—**
Borrowings	**—**	**—**	**—**	**—**	**—**	**—**
Trade and other payables	**(106,431)**	**(106,431)**	**(106,431)**	**—**	**—**	**—**
	(241,999)	**(296,429)**	**(115,920)**	**(10,153)**	**(170,356)**	**—**

	2010					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Promissory notes	(226,726)	(339,997)	(15,870)	(16,980)	(58,410)	(248,737)
Borrowings	(5,000)	(5,000)	(5,000)	—	—	—
Trade and other payables	(108,048)	(108,048)	(108,048)	—	—	—
	(339,774)	(453,045)	(128,918)	(16,980)	(58,410)	(248,737)

28. Financial Instruments *(continued)*

(b) Liquidity risk *(continued)*

(ii) The Company

	2011					
	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within 1 year or on demand HK$'000**	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**
Promissory notes	**(135,568)**	**(189,998)**	**(9,489)**	**(10,153)**	**(170,356)**	**—**
Borrowings	**—**	**—**	**—**	**—**	**—**	**—**
Trade and other payables	**(2,968)**	**(2,968)**	**(2,968)**	**—**	**—**	**—**
Amounts due to subsidiaries	**(180,368)**	**(180,368)**	**(180,368)**	**—**	**—**	**—**
	(318,904)	**(373,334)**	**(192,825)**	**(10,153)**	**(170,356)**	**—**

	2010					
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Promissory notes	(226,726)	(339,997)	(15,870)	(16,980)	(58,410)	(248,737)
Borrowings	(5,000)	(5,000)	(5,000)	—	—	—
Trade and other payables	(3,052)	(3,052)	(3,052)	—	—	—
Amounts due to subsidiaries	(152,867)	(152,867)	(152,867)	—	—	—
	(387,645)	(500,916)	(176,789)	(16,980)	(58,410)	(248,737)

(c) Interest rate risk

The Group's interest rate risk arises primarily from promissory notes and borrowings. The interest rates and terms of repayment of the promissory notes and other borrowings of the Group are disclosed in notes 25 and 24 respectively. The promissory notes issued and borrowings raised are at fixed interest rates which expose the Group to fair value interest rate risk. The Group does not expect any significant changes in fixed interest rates which might materially affect the Group's result of operations.

28. Financial Instruments *(continued)*

(d) Fair values

All financial instruments are carried at amounts not materially different from their fair values at 31 December 2011 and 2010 except for the available-for-sale financial asset. The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	2011							
	The Group				**The Company**			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Available-for-sale financial assets	**—**	**30,936**	**—**	**30,936**	**—**	**—**	**—**	**—**

	2010							
	The Group				The Company			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets	—	121,860	—	121,860	—	—	—	—

During the year, there were no transfers between instruments in Level 1 and Level 2.

(e) Currency risk

As substantially all the Group's transactions are in Hong Kong dollar which is its functional currency, the Group does not expect any significant currency risk which might materially affect the Group's result of operations.

29. Major Non-Cash Transactions

(a) During the year ended 31 March 2011, the Company allotted and issued 308,667,000 new shares at a subscription price of HK$0.137 and HK$0.1443 per subscription share to the Vender for the acquisition of a subsidiary. Details of the acquisition are set out in note 32.

(b) During the year ended 31 March 2011, the loans of HK$55,000,000 to promissory notes holders and the accrued loan interest receivables of HK$4,990,000 were fully off-set against the face value of promissory notes of face value of HK$150,000,000 with a carrying amount of HK$102,307,000 (note 25).

(c) During the year ended 31 March 2010, AMA paid amounts totaling to HK$55,000,000 in settlement of trade receivable due to the Group to promissory note holders on behalf of the Group as loans to the latter.

(d) During the year ended 31 March 2010, AMA settled the trade payables of approximately HK$32,835,000 to its shareholder on behalf of the Group.

(e) During the year ended 31 March 2010, the Company allotted and issued 1,000,000,000 new shares of an aggregate nominal value of HK$10 million at a subscription price of HK$0.40 per share to Mr. Ng (note 26(c)(i)(I)). The subscription price was settled by off-setting against the face value of promissory notes held by Mr. Ng of an aggregate amount of HK$400,000,000.

(f) During the year ended 31 March 2010, the Company allotted and issued 140,000,000 new shares at a subscription price of HK$0.82 per subscription share to the Subscriber (note 26(c)(i)(II)). The subscription price is settled by setting off against the face value of the promissory note in an amount of HK$114,722,000.

(g) During the year ended 31 March 2010, the increase in the fair value of available-for-sale financial assets of approximately HK$195,268,000 was directly recognised in fair value reserve (note 26).

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

30. Operating Lease Commitments

At 31 March 2011, the total future minimum lease payments payable by the Group and the Company under non-cancellable operating leases are as follows:

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Within one year	**1,125**	2,774
In the second to fifth year	**1,969**	—
	3,094	2,774

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of 3 years. The leases do not include extension options. None of the leases includes contingent rentals.

31. Material Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9 is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**6,420**	7,817
Retirement scheme contributions	**69**	143
	6,489	7,960

Total remuneration is included in "staff cost" (see note 5(a)).

31. Material Related Party Transactions *(continued)*

(b) Other related party transactions

Particulars of significant transactions between the Group and other related parties are as follows:

	The Group 2011 HK$'000	2010 HK$'000
Rental expense charged by Superfaith Corporation Limited, a related company in which a director of the Company's subsidiary has a controlling interest	–	216

The directors of the Company are of the opinion that the above transactions with related party was conducted on normal commercial terms and in the ordinary course of the Group's business.

The outstanding balances at the end of the reporting period are as follows:

	Note	The Group 2011 HK$'000	2010 HK$'000
Amount due a trade creditor, a related company in which a director of the Company's subsidiary has a controlling interest	(i)	–	(853)

Note:

(i) The amount due to a trade creditor is unsecured, interest-free and has no fixed repayment terms. The amount is included in "Trade payables" (note 23).

32. Acquisition of a Subsidiary

On 30 September 2010, the Group entered into an agreement (the "Agreement") with an independent third party (the "Vendor") to acquire 100% equity interest in Le Rainbow China Limited ("Le Rainbow China"), which is holding a 60% equity interest in Nanning Inter-Joy, at a consideration of HK$42,000,000 to be satisfied by the issue of the Company's ordinary shares in 2 tranches. The first tranche of 51,480,000 ordinary shares was issued in December 2010 at a price of HK$0.137.

Nanning Inter-Joy is engaged in the provision of software, hardware, transmission network and distribution marketing services to Guangxi Welfare Lottery Authority.

The Group takes the view that the acquisition of Le Rainbow China Limited enables the Group to extend its business in the PRC through using the rights in lottery related operation owned by Nanning Inter-Joy.

On 2 February 2011, the Group entered into a supplemental agreement ("Supplemental Agreement") with the Vendor to amend certain terms of the acquisition. Pursuant to the Supplemental Agreement, the Group should issue the second tranche of 257,186,000 ordinary shares earlier at a price of HK$0.143 and the Vendor paid HK$23,800,000 to Le Rainbow China as consideration. Out of the HK$23,800,000, HK$3,343,000 was to be applied as additional capital injection by the Group and HK$1,157,000 of the HK$4,500,000 was to be applied as additional capital injection by the other shareholder of Nanning Inter-Joy.

The early issue of the second tranche of shares are on the condition that:

— the Vendor is to be released from the obligation to obtain the approval by the Guangxi Welfare Lottery Authority for the renewal of the license of providing services to the Guangxi Welfare Lottery Authority for at least three years from 5 May 2013; and

— the condition for the average of the closing prices of the shares of the Company for any five consecutive trading days be HK$0.216 per share or higher be waived.

The number of directors of Nanning Inter-Joy would increase from 3 to 5 when HK$4,500,000 has been applied towards the increase in the registered capital of Nanning Inter-Joy and thereafter the Group is entitled to appoint 3 directors out of 5.

32. Acquisition of a Subsidiary *(continued)*

At 31 March 2011, since the additional capital has not yet been injected into Nanning Inter-Joy, the Group has not yet appointed its representatives to the board of Nanning Inter-Joy. As the Group has no control of the board, Nanning Inter-Joy was treated as an associate of the Group and its results were accounted for in the consolidated financial statements of the Group using the equity method.

Consideration transferred

	HK$'000
Issues of shares	43,831
Cash paid by the vendor for the reduction of consideration	(22,643)
Total	21,188

Acquisition related cost amounting to HK$307,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the general and administrative expenses in the consolidated income statement.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Interest in an associate	2,879
Fair value of net assets acquired	2,879

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	21,188
Less: net assets acquired	(2,879)
Goodwill arising on acquisition *(note b)*	18,309

Net cash inflow on acquisition of a subsidiary:

	HK$'000
Cash consideration paid	—
Add: cash paid by the vendor for the reduction of consideration	22,643
Add: cash and cash equivalent balances acquired	—
	22,643

32. Acquisition of a Subsidiary *(continued)*

(a) Le Rainbow China contributed HK$1,000 and HK$279,000 to the Group's revenue and loss respectively for the period between the date of acquisition and 31 March 2011.

Had the acquisition of Le Rainbow China been effected at 1 April 2010, total Group revenue for the year would have been HK$2,000 and loss of HK$400,000 for the year. The pro forma information is for illustrative purposes only and is not necessary an indication of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed at 1 April 2010, nor is intended to be a projection of future results.

(b) In the opinion of the directors of the Company, goodwill was attributable to the development potential of the acquired business that is expected to bring to the Group because of the relationship with Guangxi Welfare Lottery Authority and the assembled workforce of Nanning Inter-Joy.

33. Accounting Estimates and Judgements

(a) Key sources of estimation uncertainty

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 uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

(i) Useful life of other property, plant and equipment (Carrying amount: HK$1,661,000 (2010: HK$2,298,000))

The management determines the estimated useful lives and related depreciation charges for its other property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of other property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry activities. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Amortisation of intangible assets (Carrying amount: HK$18,410,000 (2010: HK$7,678,000))

Amortisation of intangible assets is calculated to write off the cost of items of intangible assets using the straight-line method over their estimated useful lives unless such lives are indefinite. The Group reviews the estimated useful lives of intangible assets annually in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives are based on the estimated period over which future economic benefits will be received by the Group and taking into account any unexpected adverse changes in circumstances or events. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

33. Accounting Estimates and Judgements *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(iii) Impairment of other property, plant and equipment (Carrying amount: HK$1,661,000 (2010: HK$2,298,000))

The recoverable amount of an asset is the greater of its net selling price and value-in- use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to the level of revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(iv) Impairment of intangible assets (Carrying amount: HK$18,410,000 (2010: HK$7,678,000))

If circumstances indicate that the carrying amounts of intangible assets may not be recovered, the assets may be considered as impaired, and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of Assets". The carrying amounts of intangible assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount is reduced. The recoverable amount of intangible assets is the greater of the net selling price and the value-in-use. It is difficult to precisely estimate selling price because quoted market prices for the Group's assets are not always available. In determining the value-in-use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to turnover, amount of operating costs and discount rate. The management uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of turnover, amount of operating costs and discount rate.

(v) Impairment of receivables (Carrying amount: HK$79,231,000 (2010: HK$149,617,000))

Allowance for impairment losses for bad and doubtful debts are assessed and provided based on the management's regular review of the ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the management when assessing the credit-worthiness and future ability to repay each individual debtor.

(vi) Impairment for interests in associates (Carrying amount: HK$1,563,976,000 (2010: HK$330,876,000))

Impairment losses for interests in associates is assessed based on an estimation of the recoverable amount of the carrying amount. The recoverable amount requires the Group to estimate the future cash flows expected to arise from the associates and a suitable discount rate in order to calculate the present value.

33. Accounting Estimates and Judgements *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(vii) Impairment of available-for-sale financial assets (Carrying amount: HK$30,936,000 (2010: HK$121,860,000))

In determining whether there is any objective evidence that impairment losses on available-for-sale investments has occurred, the Group assesses periodically whether there has been a significant or prolonged decline in the fair value below its cost or carrying amount, or whether other objective evidence of impairment exists based on the investees' financial conditions and business prospects, including industry environment, change of technology and operating and financing cash flows. This requires a significant level of judgement of the management, which would affect the amount of impairment losses.

Any increase or decrease in the above impairment losses would affect the net results in future years.

(b) Critical accounting judgement in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

Going concern

As disclosed in note 2(b), the directors of the Company have prepared the financial statements on a going concern basis as they are of the opinion that the Group will be able to tighten costs controls over various operating expenses and receive the settlement from an associate for it to operate as a going concern. This conclusion is arrived at after reviewing the cash flow forecast prepared by the Group's management. Any significant deviations from the assumptions adopted by the management in preparing the cash flows forecast of the Group would affect the conclusion that the Group is able to continue as a going concern.

34. Events After the Reporting Period

Pursuant to the Supplemental Agreement, the Company's equity interests in Nanning Inter-Joy was increased from 60% to 70% pursuant to the terms and conditions of the Supplemental Agreement with effect from 30 May 2011 for the purpose of expansion of its business in PRC. The board of directors of Nanning Inter-Joy had undertaken a restructuring exercise, and the number of directors of Nanning Inter-Joy had been increased from three to five. In addition to the two members from the management team of the Company joining the board of directors of Nanning Inter-Joy, Professor Zeng Zhong Lu was invited to be a director of Nanning Inter-Joy and Le Rainbow China Limited, a wholly-owned subsidiary of the Company and the immediate holding company of Nanning Inter-Joy. Nanning Inter-Joy became a subsidiary thereafter. As the Group has not yet completed the fair value determination of the acquired company's identifiable assets, liabilities and contingent liabilities at the date of acquisition and the amounts are insignificant to the Group, the disclosure of such amounts and amount of goodwill is impracticable.

35. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the year ended 31 March 2011

Up to the date of issuance of these financial statements, the HKICPA has issued the following amendments, new and revised standards and Interpretations which are not yet effective for the year ended 31 March 2011. The Group has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative Disclosures for First-time Adopters[2]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKFRS 27 (2011)	Separate Financial Statements[4]
HKFRS 28 (2011)	Investments in Associates and Joint Ventures[4]
HK (IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
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 July 2011*
4 *Effective for annual periods beginning on or after 1 January 2013*
5 *Effective for annual periods beginning on or after 1 January 2012*
6 *Effective for annual periods beginning on or after 1 January 2011*

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

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

35. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the year ended 31 March 2011 *(continued)*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 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 where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously affected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

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.

HK (IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. However, if the Group does enter into any such transactions in the future, HKFRIC 19 will affect the required accounting. In particular, under HKFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

Five-Year Financial Summary

Results

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER					
Continuing operations	**4,860**	5,551	416,094	157,319	5,746
Discontinued operations	**—**	—	25,170	56,511	59,840
	4,860	5,551	441,264	213,830	65,586
PROFIT/(LOSS) BEFORE TAXATION					
Continuing operations	**1,165,977**	(2,477,499)	48,465	(1,298,014)	(113,529)
Discontinued operations	**—**	—	30,325	6,307	(5,164)
	1,165,977	(2,477,499)	78,790	(1,291,707)	(118,693)
INCOME TAX					
Continuing operations	**—**	—	—	7	(7)
Discontinued operations	**—**	—	—	—	—
	—	—	—	7	(7)
PROFIT/(LOSS) FOR THE YEAR					
Continuing operations	**1,165,977**	(2,477,499)	48,465	(1,298,007)	(113,536)
Discontinued operations	**—**	—	30,325	6,307	(5,164)
	1,165,977	(2,477,499)	78,790	(1,291,700)	(118,700)

Assets and Liabilities

	At 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,748,689**	632,406	3,724,623	6,588,873	2,647,790
TOTAL LIABILITIES	**(241,999)**	(339,774)	(1,053,231)	(945,215)	(887,874)
SHAREHOLDERS' FUNDS	**1,506,690**	292,632	2,671,392	5,643,658	1,759,916

Property Information

Investment Properties

Location	Use	Tenure	Attributable interest of the Group
Unit 3053A, 3055, 3056, 3117 and 3118 Diamond Square 3rd Floor, Shun Tak Centre 200 Connaught Road Central Hong Kong	Retail shops for investment purpose	Medium-term lease	100%