DORE HOLDINGS LIMITED
多金控股有限公司

Stock Code : 628

Annual Report
2012

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Corporate Information

Board of directors

Executive director:

Mr. Yeung Heung Yeung

Independent non-executive directors:

Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy
Mr. Tang Chi Ho, Francis

Company secretary

Mr. Chan Kwong Leung, Eric
(Appointed on 12 March 2012)

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Principal banker

The Bank of East Asia

Solicitors

As to Hong Kong Law

Michael Li & Co.

As to Bermuda Law

Conyers Dill & Pearman

Registered office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong

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

Share registrars

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Investor relations

www.dore-holdings.com.hk

Management Discussion and Analysis

Business review

During the year under review, the Group continues to engage in the VIP junkets activity for the VIP gaming room in The Venetian, Macau. We have been facing intense competition in the gaming sector in Macau as there has been growing number gaming rooms as well as similar VIP junkets in Macau in recent years. Recent economic downturn also affected the business in a negative way. Although intensive competition exists, the Group's profit generated from the junket business remained stable. The decrease in rolling turnover was mainly due to the disposal of VIP gaming room in the prior year.

Financial review

For the year ended 31 March 2012, the Group was engaged in the gaming and entertainment sector, and securities trading.

Turnover of the Group was approximately HK$44,590,000 representing a 13.8% decrease over the corresponding figure of approximately HK$51,757,000 in 2011. The decrease in the Group's revenue was mainly attributable to the disposal of VIP gaming room during the year ended 31 March 2011.

Similar to previous year, as the Group's revenue is derived from the sharing of profit streams from investments in gaming and entertainment related business in Macau, there is no cost directly associated with it and hence, no cost of sales has been recorded. Gross margin is 100% (2011: 100%). The Group's operating cost is related to administrative expenses.

Administrative expenses was approximately HK$7,694,000 for the year ended 31 March 2012, representing a 15.5% decrease from approximately HK$9,100,000 for 2011. The decrease was due to the decrease in legal and professional fee.

For the year ended 31 March 2012, the Group did not record any finance cost as all the outstanding interest bearing convertible bonds and promissory notes were all cancelled or repaid in previous year, of which the relevant loss due to such cancellation or repayment were accounted for in last corresponding year. The Group did not have any loan outstanding during the year ended 31 March 2012. During the year, the Group has not disposed any of its subsidiaries while in last corresponding year the Group has recognized a loss of approximately HK$60,322,000 due to the disposal of subsidiaries.

Apart from the revenue and profit derived from the gaming sector, the Group has a loss of approximately HK$27,715,000 in relation to the changes of fair value of the financial assets that the Group has invested in. The changes of fair value were mainly caused by the general downturn of the stock market in recent months.

As a result, the Group has made a profit of approximately HK$9,190,000 for the year ended 31 March 2012, a turnaround of the loss in previous year of approximately HK$407,572,000.

Basic and diluted earnings per share for the year under review were both HK cents 0.43 (2011: loss per share of HK cents 22.54).

Management Discussion and Analysis

Liquidity and financial resources

During the year, the Group funded its operation mainly through internal resources. Financial position of the Group has remained reasonable during the year. As at 31 March 2012, the Group has total assets of approximately HK$248,994,000 (2011: HK$239,347,000), current liabilities of approximately HK$1,535,000 (2011: HK$1,078,000) and did not have any non-current liabilities (2011: Nil).

Equity attributable to owners of the Company at 31 March 2012 was approximately HK$247,459,000 (2011: HK$238,269,000). The increase was mainly due to the profit during the year.

At 31 March 2012, the cash and cash equivalents of the Group amounted to approximately HK$110,399,000 (2011: HK$76,248,000) and the Group's current ratio was 88.24 (2011: 116.69).

At 31 March 2012, the total liabilities of the Group amounted to approximately HK$1,535,000 (2011: HK$1,078,000). The Group's gearing ratio as at 31 March 2012, expressed as a percentage of total liabilities over total equity was 0.006 (2011: 0.004).

Capital structure

During the year ended 31 March 2012, there is no change to the share capital of the Company. As at 31 March 2012, the Company has outstanding share capital of approximately 2,154,938,000 shares.

Charges on group assets

At 31 March 2012, none of the Group's assets was pledged to any financial institution for facilities (2011: Nil).

Contingent liabilities

At 31 March 2012, the Group had no contingent liabilities (2011: Nil).

Foreign exchange exposure

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

Management Discussion and Analysis

Employees

At 31 March 2012, the Group has a total of 4 employees (other than directors) (2011: 4 employees). Total staff costs (including directors' emoluments) during the year amounted to approximately HK$2,560,000 (2011: HK$2,726,000).

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

Prospects

The directors consider that the Macau VIP gaming business is highly sensitive to economic cycles and highly competitive, especially the scale that the Group is operating is very small as compared to the major players in the market.

Whilst the Company has continuously placed priority on stabilizing the existing gaming businesses of the Group, it has also been actively seeking possible investment opportunities to diversify its businesses as well as to broaden its revenue base. We will also seek ways to strengthen our capital base to enhance the flexibility and capability for future investment.

Biographical Details of Directors

Executive director

Mr. Yeung Heung Yeung, aged 49, joined the Company as the chairman and an executive director in October 2010. He is currently the chairman of the Shenzhen Resources Investment & Development Co., Ltd.. A Masters Graduate of Tsinghua University, Mr. Yeung brings a wealth of management and technical expertise in the petrochemical, real estate, high-tech and biomedical (Gene Therapy, Cell Therapy and Stem Cell Therapy) industries. Additionally, Mr. Yeung has over 10 years of investment management experience and he is currently a Partner of SAIF (Beijing) Advisors Ltd..

Independent non-executive directors

Ms. Lee Shiow Yue, aged 49, joined the Company as an independent non-executive director in March 2010. She has over 20 years of working experience in accounting and management field.

Mr. Poon Wai Hoi, Percy, aged 47, joined the Company as an independent non-executive director in June 2010. Mr. Poon was graduated from Lingnan University (previously known as Lingnan College) with an Honours Diploma in Accountancy and obtained his Master of Science degree in E-Commerce from the Hong Kong Polytechnic University. Mr. Poon is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is currently a proprietor of a certified public accountant practice. Mr. Poon had worked for various international accounting firms, corporation and consultant company in Hong Kong. In his 20 years' career, Mr. Poon's experience covered audit and assurance, internal controls, accounting and information technology.

Mr. Tang Chi Ho, Francis, aged 45, joined the Company as an independent non-executive director in June 2010. He has over 16 years experience in public administration. He was an urban councilor from the year of 1995 to the year of 2000. Mr. Tang was a council member of Kwun Tong district from 1994 to 2011.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2012.

Principal activities

The principal activity of the Company is investment holding. The Group is principally engaged in operation which receive the profit streams from the gaming and entertainment related business. The activities of its principal subsidiaries are set out in note 34 to the financial statements.

Results and dividends

The results of the Group for the year ended 31 March 2012 are set out in the consolidated statement of comprehensive income on page 19 of this annual report.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

Summary financial information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 84 of this annual report. This summary does not form part of the financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 14 to the financial statements.

Share capital

Details of movements in the Company's share capital, together with the reasons therefor are set out in note 25 to the financial statements.

Share option scheme

Particulars of the Company's share option scheme and details of movements in the share options of the Company during the year are set out in notes 25(b) and 29 to the financial statements respectively.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

Report of the Directors *(Continued)*

Distributable reserves

At 31 March 2012, the Company's reserves available for distribution to shareholders, calculated in accordance with the provision of the Companies Act 1981 of Bermuda (as amended), amounted to nil (2011: nil).

Major customers and suppliers

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

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

Related party transaction

The related party transactions set out in note 33 to the financial statements did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

Directors

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

Executive director:

Mr. Yeung Heung Yeung

Independent non-executive directors:

Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy
Mr. Tang Chi Ho, Francis

In accordance with the Company's bye-laws, Messrs. Poon Wai Hoi, Percy and Tang Chi Ho, Francis will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' and senior management's biographies

Biographical details of the directors of the Company are set out on page 6 of this annual report.

Confirmation of independence

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

Directors' service contracts

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

Directors' interests in contracts

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

Directors' interests in shares, underlying shares and share options

At 31 March 2012, the interests of the directors and their associates in the shares and the underlying shares of the Company and its associated corporations, as recorded in the register ("Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules were as follows:

Interests in ordinary shares of the Company

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

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

Other than as disclosed above, neither the directors nor the chief executive, nor any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2012.

Report of the Directors *(Continued)*

Directors' rights to acquire shares or debentures

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

Substantial shareholders' and other persons' interests in shares and underlying shares

At 31 March 2012, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

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

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

Save as disclosed above, as at 31 March 2012, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Purchase, redemption or sale of listed securities of the Company

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

Pre-emptive rights

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

Report of the Directors *(Continued)*

Sufficiency of public float

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

Emolument policy

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

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

Corporate governance

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

Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 12 to 16 of this annual report.

Auditors

The financial statements for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting of the Company. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. An ordinary resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the board

Yeung Heung Yeung
Chairman

Hong Kong
22 June 2012

Corporate Governance Report

Corporate governance practices

The Company is committed to maintaining a high standard of corporate governance practices. The primary corporate governance rules applicable to the Company is the Code on Corporate Governance Practices (the "CG Code"), which has been renamed as Corporate Governance Code with effect from 1 April 2012, in Appendix 14 of the Listing Rules. Throughout the year ended 31 March 2012, the Company had complied with all code provisions set out in the CG Code, except for the deviation from Code A.2.1 and Code A.4.1 as described below in the sections of "Chairman and Chief Executive Officer" and "Appointments, Re-election and Removal of Directors".

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2012.

Board of directors

As at 31 March 2012, the Board comprises one executive director, namely Mr. Yeung Heung Yeung and three independent non-executive directors, namely Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis. Mr. Poon Wai Hoi, Percy is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He had worked for various international accounting firms, corporation and consultant company in Hong Kong. In his over 20 years' career, Mr. Poon's experience covered audit and assurance, internal controls, accounting and information technology.

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

The Board considers that all of the independent non-executive directors are independent. All of the independent non-executive directors have signed their respective confirmation letters to the Company confirming their independence as set out in Rule 3.13 of the Listing Rules. Biographical details of the directors are set out in the section of "Biographical Details of Directors" on page 6. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the directors.

Board of directors *(Continued)*

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

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

Continuing Development for Directors

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

Chairman and Chief Executive Officer

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

The Company does not officially have a position of chief executive officer, but Mr. Yeung Heung Yeung has been assuming the roles of chief executive officer of the Company. In this regard, the Company has deviated from Code A.2.1 of CG Code.

The Board believes that the roles of chairman and chief executive officer in the same person, Mr. Yeung Heung Yeung, can provide the Group with strong and consistent leadership and allow for more effective and efficient business planning and decision as well as execution of long term business strategies.

Appointments, Re-election and Removal of Directors

Code A.4.1 of CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election.

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

Corporate Governance Report *(Continued)*

Board committees

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

Remuneration committee

As at 31 March 2012, the Remuneration Committee of the Company comprises two independent non-executive directors, Ms. Lee Shiow Yue (Chairman) and Mr. Tang Chi Ho, Francis and an executive director, Mr. Yeung Heung Yeung. It is responsible for reviewing and recommending all elements of the executive director and senior management remuneration. The fees of non-executive directors are determined by the Board. The Remuneration Committee met one time during the year under review. The Committee discussed and reviewed the remuneration packages of all directors and the granting of share options to the directors, senior management and consultants. The directors' remuneration for the year ended 31 March 2012 is set out in note 10 to the financial statements.

Nomination committee

As at 31 March 2012, the Nomination Committee is chaired by Ms. Lee Shiow Yue with Mr. Tang Chi Ho, Francis and Mr. Yeung Heung Yeung as members. The majority of the members of the Nomination Committee are independent non-executive directors. It is responsible for reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the required blend of skills, knowledge and experience. No meeting was held by the Nomination Committee for nomination of director of the Company during the year.

Audit committee

As at 31 March 2012, the Audit Committee comprises three independent non-executive directors, Mr. Poon Wai Hoi, Percy as the Chairman, Ms. Lee Shiow Yue and Mr. Tang Chi Ho, Francis. None of the members of the Audit Committee is a member of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code.

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

Corporate Governance Report *(Continued)*

Audit committee *(Continued)*

Auditors' Remuneration

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

	2012	2011
	HK$'000	*HK$'000*
Audit service	**550**	550
Other advisory service	**—**	950

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting of the Company. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

Board and board committee meetings

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

	Board Meetings	**Audit Committee Meetings**	**Remuneration Committee Meeting**
Executive director:			
Mr. Yeung Heung Yeung	9/9	N/A	1/1
Independent non-executive directors:			
Ms. Lee Shiow Yue	9/9	2/2	1/1
Mr. Poon Wai Hoi, Percy	9/9	2/2	N/A
Mr. Tang Chi Ho, Francis	9/9	2/2	1/1

Responsibilities in respect of financial statements

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

The directors acknowledge their responsibility to prepare the financial statements as set out on page 17. The statement of the external auditors about their reporting responsibilities on the financial statements is set out on page 17.

Corporate Governance Report *(Continued)*

Internal control

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

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

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

Shareholders' right

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

Investor relations and shareholders' rights

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

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

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

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
DORE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Dore Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 83 which comprise the consolidated and company statements of financial position as at 31 March 2012 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

Independent Auditors' Report

Auditors' responsibility *(Continued)*

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 22 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	6	**44,590**	51,757
Other revenue	6	**9**	9
Administrative expenses		**(7,694)**	(9,100)
Fair value changes on financial assets at fair value through profit or loss		**(27,715)**	(31)
Fair value changes on derivative financial instruments	20	**—**	(2,803)
Impairment loss recognised in respect of intangible assets	15	**—**	(243,870)
Loss on disposal of subsidiaries	27	**—**	(60,322)
Loss on cancellation of convertible bonds	23	**—**	(81,931)
Loss on early repayment of promissory note	22	**—**	(38,447)
Finance costs	8	**—**	(23,674)
Profit/(loss) before taxation		**9,190**	(408,412)
Taxation	9	**—**	840
Profit/(loss) for the year	7	**9,190**	(407,572)
Other comprehensive income for the year, net of tax		**—**	—
Total comprehensive income/(loss) for the year		**9,190**	(407,572)
Profit/(loss) for the year attributable to owners of the Company		**9,190**	(407,572)
Total comprehensive income/(loss) attributable to owners of the Company		**9,190**	(407,572)
Earnings/(loss) per share	13		
— Basic and diluted (HK cents)		**0.43**	(22.54)

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

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

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**10**	18
Intangible assets	*15*	**113,539**	113,539
		113,549	113,557
Current assets			
Accounts receivable	*17*	**2,240**	2,614
Deposits and other receivables	*18*	**187**	97
Financial assets at fair value through profit or loss	*19*	**22,619**	46,831
Cash and bank balances		**110,399**	76,248
		135,445	125,790
***Less:* Current liabilities**			
Accruals	*21*	**1,535**	1,078
Net current assets		**133,910**	124,712
Total assets less current liabilities		**247,459**	238,269
Net assets		**247,459**	238,269
Capital and reserves			
Share capital	*25(a)*	**21,549**	21,549
Reserves	*26(a)*	**225,910**	216,720
Equity attributable to owners of the Company		**247,459**	238,269

Approved by the board of directors on 22 June 2012 and signed on its behalf by:

Yeung Heung Yeung	**Poon Wai Hoi, Percy**
Director	*Director*

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

Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**10**	18
Interests in subsidiaries	*16*	**10**	5
		20	23
Current assets			
Deposits and other receivables	*18*	**187**	97
Financial assets at fair value through profit or loss	*19*	**22,619**	46,831
Cash and bank balances		**110,399**	76,247
		133,205	123,175
Less: Current liabilities			
Accruals	*21*	**1,531**	1,073
Amount due to a subsidiary	*16*	**104,954**	60,607
		106,485	61,680
Net current assets		**26,720**	61,495
Total assets less current liabilities		**26,740**	61,518
Net assets		**26,740**	61,518
Capital and reserves			
Share capital	*25(a)*	**21,549**	21,549
Reserves	*26(b)*	**5,191**	39,969
Total equity		**26,740**	61,518

Approved by the board of directors on 22 June 2012 and signed on its behalf by:

Yeung Heung Yeung	**Poon Wai Hoi, Percy**
Director	*Director*

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

		Reserves								
	Share capital	Share premium	Contributed surplus	Convertible bonds reserve	Capital reserve	Share option reserve	Revaluation reserve	Accumulated losses	Total reserves	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note i)	*(note ii)*	*(note iii)*	*(note iv)*	*(note v)*	*(note vi)*			
At 1 April 2010	13,930	259,120	569,044	41,960	85,889	2,553	638	(664,640)	294,564	308,494
Net loss for the year	–	–	–	–	–	–	–	(407,572)	(407,572)	(407,572)
Total comprehensive loss for the year	–	–	–	–	–	–	–	(407,572)	(407,572)	(407,572)
Cancellation of convertible bonds	–	–	–	(8,086)	–	–	–	36,498	28,412	28,412
Conversion of convertible bonds into shares	600	267,167	–	(33,874)	–	–	–	–	233,293	233,893
Share option lapsed during the year *(note v)*	–	–	–	–	–	(2,553)	–	2,553	–	–
Share issue expenses	–	(977)	–	–	–	–	–	–	(977)	(977)
Issue of ordinary shares	7,019	69,000	–	–	–	–	–	–	69,000	76,019
At 31 March 2011 and at 1 April 2011	21,549	594,310	569,044	–	85,889	–	638	(1,033,161)	216,720	238,269
Net profit for the year	–	–	–	–	–	–	–	9,190	9,190	9,190
Total comprehensive income for the year	–	–	–	–	–	–	–	9,190	9,190	9,190
At 31 March 2012	21,549	594,310	569,044	–	85,889	–	638	(1,023,971)	225,910	247,459

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

Notes:

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

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

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

(iv) The capital reserve of the Group represents the cash received in excess of the fair value of the Second Promissory Note issued by the Company (Note 22).

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

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

(vi) Included in the revaluation reserve, amount of approximately HK$638,000 represents the adjustment on change in fair values of Triple Gain Group Limited ("Triple Gain") between the initial acquisition of 60% equity interest on 10 December 2007 and further acquisition of 40% equity interest on 18 December 2007.

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Profit/(loss) before taxation		**9,190**	(408,412)
Adjustments for:			
Finance costs	8	**—**	23,674
Interest income	6	**(9)**	(9)
Loss on cancellation of convertible bonds	23	**—**	81,931
Fair value changes on financial assets at fair value through profit or loss		**27,715**	31
Fair value changes on derivative financial instruments	20	**—**	2,803
Impairment loss recognised in respect of intangible assets	15	**—**	243,870
Depreciation	7	**8**	35
Loss on disposal of subsidiaries	27	**—**	60,322
Loss on early repayment of promissory note	22	**—**	38,447
Operating profit before working capital changes		**36,904**	42,692
Decrease in accounts receivable		**374**	3,666
(Increase)/decrease in deposits and other receivables		**(90)**	79
Increase in financial assets at fair value through profit or loss		**(3,503)**	—
Decrease/(increase) in accruals		**457**	(1,892)
Cash generated from operations		**34,142**	44,545
Interest paid		**—**	(27,395)
Net cash generated from operating activities		**34,142**	17,150
Cash flows from investing activities			
Interest received		**9**	9
Purchase of property, plant and equipment	14	**—**	(4)
Net cash outflow on disposal of subsidiaries	27	**—**	(821)
Net cash generated/(used in) from investing activities		**9**	(816)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
Cash flows from financing activities		
Proceeds from issue of ordinary shares	—	39,088
Share issue expenses	—	(977)
Payment for early redemption of promissory note	—	(100,000)
Net cash used in financing activities	—	(61,889)
Net increase/(decrease) in cash and cash equivalents	**34,151**	(45,555)
Cash and cash equivalents at the beginning of the year	**76,248**	121,803
Cash and cash equivalents at the end of the year	**110,399**	76,248
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**110,399**	76,248

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

Notes to the Consolidated Financial Statements

31 March 2012

1. General information

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

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

2. Summary of significant accounting policies

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

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make 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 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 assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2011.

2. Summary of significant accounting policies *(Continued)*

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 — Disclosures for First-time Adopters
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	Government Loans[4]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
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 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

2. Summary of significant accounting policies *(Continued)*

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 revised disclosure requirements contained in the amendments HKFRS 7 are intended to help investors and other financial statements users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The amendments also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. Companies and other entities are required to apply the amendments for annual periods beginning on or after 1 January 2013, and also interim periods within those annual periods. The required disclosures should be provided retrospectively.

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

Key requirements of HKFRS 9 are described as follows:

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

2. Summary of significant accounting policies *(Continued)*

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the 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 presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value 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 presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC) — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

2. Summary of significant accounting policies *(Continued)*

HKFRS 12 is a standard for disclosure and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these standards are applied early at the same time.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

2. Summary of significant accounting policies *(Continued)*

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

The amendments to HKAS 32 address inconsistencies in current practice when applying the offsetting criteria and clarify:

- the meaning of 'currently has a legally enforceable right of set-off'; and
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

2. Summary of significant accounting policies *(Continued)*

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

Basis of preparation

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

Basis of consolidation

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

2. Summary of significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries (Continued)

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

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 fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 and HKAS 19 respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

2. Summary of significant accounting policies *(Continued)*

Business combinations *(Continued)*

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

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

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

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

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

2. Summary of significant accounting policies *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

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

Impairment of non-financial assets (other than goodwill)

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

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

Notes to the Consolidated Financial Statements

31 March 2012

2. Summary of significant accounting policies *(Continued)*

Impairment of non-financial assets (other than goodwill) *(Continued)*

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

Property, plant and equipment

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

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

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

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

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

2. Summary of significant accounting policies *(Continued)*

Property, plant and equipment *(Continued)*

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

Intangible assets

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

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

Financial instruments

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

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

Financial assets

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

2. Summary of significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than financial assets classified as at FVTPL.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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2. Summary of significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL (Continued)

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

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

Loans and receivables

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

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

Impairment of financial assets

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

2. Summary of significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

For certain categories of financial asset, such as accounts receivable, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

2. Summary of significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

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

2. Summary of significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Other financial liabilities

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

Effective interest method

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

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

Derecognition

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

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

2. Summary of significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Derecognition (Continued)

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

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

Cash and cash equivalents

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

Revenue recognition

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

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

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

2. Summary of significant accounting policies *(Continued)*

Leasing

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

The Group as lessee

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

Foreign currencies

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

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

2. Summary of significant accounting policies *(Continued)*

Foreign currencies *(Continued)*

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

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

Borrowing costs

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

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

Retirement benefits costs

Paid leave carried forward

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

2. Summary of significant accounting policies *(Continued)*

Retirement benefits costs *(Continued)*

Retirement benefits scheme

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

Share option scheme

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

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

Taxation

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

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

2. Summary of significant accounting policies *(Continued)*

Taxation *(Continued)*

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

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

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

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

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

Provisions

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

2. Summary of significant accounting policies *(Continued)*

Contingent liabilities and assets

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

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

Related party transactions

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

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

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

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

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

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2. Summary of significant accounting policies *(Continued)*

Related party transactions *(Continued)*

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

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

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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

Segment reporting

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

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

3. Critical accounting estimates and judgements

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

Income tax

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

Impairment of intangible assets

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of intangible assets have been determined based on discounted cash flow method (Note 15).

The carrying amount of intangible assets at the end of the reporting period was approximately HK$113,539,000 (2011: HK$113,539,000). An impairment of approximately HK$243,870,000 was recognised during the year ended 31 March 2011.

4. Financial instruments and capital risk management

(a) Categories of financial instruments

	2012	2011
	HK$'000	*HK$'000*
The Group		
Financial assets		
Classified as fair value through profit or loss		
— Held for trading	**22,619**	46,831
Loans and receivables (including cash and cash equivalents)	**112,826**	78,959
Financial liabilities		
Amortised cost	**1,535**	1,078
The Company		
Financial assets		
Classified as fair value through profit or loss		
— Held for trading	**22,619**	46,831
Loans and receivables (including cash and cash equivalents)	**110,596**	76,349
Financial liabilities		
Amortised cost	**106,485**	61,680

4. Financial instruments and capital risk management *(Continued)*

(b) Financial risk management objectives and policies

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

Market risk

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

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

Interest rate risk management

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

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

Foreign exchange risk management

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

4. Financial instruments and capital risk management *(Continued)*

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

Market risk *(Continued)*

Other price risk management

The Group and the Company are exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's and the Company's equity price risk is mainly concentrated on equity securities operating in mining resources and provision of artists managements services quoted in The Stock Exchange of Hong Kong Limited.

Sensitivity analysis on other price risk

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

If equity prices had been 5% higher/lower, net profit for the year ended 31 March 2012 would increase/decrease by approximately HK$1,131,000 (2011: HK$2,342,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

Credit risk

As at 31 March 2012 and 2011, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated and the Company statements of financial position.

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

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

4. Financial instruments and capital risk management *(Continued)*

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

Liquidity risk

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

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

The Group	Weighted average effective interest rate	Within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2012						
Non-derivative financial liabilities						
Accruals	**—**	**(1,535)**	**—**	**—**	**(1,535)**	**(1,535)**
At 31 March 2011						
Non-derivative financial liabilities						
Accruals	—	(1,078)	—	—	(1,078)	(1,078)

4. Financial instruments and capital risk management *(Continued)*

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

Liquidity risk *(Continued)*

The Company	Weighted average effective interest rate	Within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2012						
Non-derivative financial liabilities						
Accruals	**—**	**(1,531)**	**—**	**—**	**(1,531)**	**(1,531)**
Amount due to a subsidiary	**—**	**(104,954)**	**—**	**—**	**(104,954)**	**(104,954)**
		(106,485)	**—**	**—**	**(106,485)**	**(106,485)**
At 31 March 2011						
Non-derivative financial liabilities						
Accruals	—	(1,073)	—	—	(1,073)	(1,073)
Amount due to a subsidiary	—	(60,607)	—	—	(60,607)	(60,607)
		(61,680)	—	—	(61,680)	(61,680)

Fair value of financial instruments

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

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

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

4. Financial instruments and capital risk management *(Continued)*

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

Fair value of financial instruments *(Continued)*

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

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

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

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

	31 March 2012			
The Group and the Company	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets				
Financial assets at fair value through profit or loss	**22,619**	**—**	**—**	**22,619**

4. Financial instruments and capital risk management *(Continued)*

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

Fair value of financial instruments *(Continued)*

	31 March 2011			
The Group and the Company	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Financial assets at fair value through profit or loss	46,831	—	—	46,831

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

The movement for the years ended 31 March 2012 and 2011 in the balances of Level 3 fair value measurement is as follow:

Derivate financial instruments

	HK$'000
At 1 April 2010	6,675
Derecognition due to cancellation of convertible bonds	(3,872)
Fair values changes	(2,803)
At 31 March 2011, 1 April 2011 and 31 March 2012	—

(c) Capital risk management

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

The capital structure of the Group consists of debt which includes total liabilities and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

4. Financial instruments and capital risk management *(Continued)*

(c) Capital risk management *(Continued)*

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total liabilities and owners' equity. The gearing ratio was fairly the same as the capital structure of the Group did not have significant change in years ended 2012 and 2011.

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

	2012	2011
	HK$'000	*HK$'000*
Total liabilities	**1,535**	1,078
Owners' equity	**247,459**	238,269
Gearing ratio	**0.006**	0.004

5. Segment information

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

Revenue from major services

All of the Group's revenue for the years ended 31 March 2012 and 2011 are derived from profit streams from gaming and entertainment related business.

Geographical information

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

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

5. Segment information *(Continued)*

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

	Non-current assets	
	2012	2011
	HK$'000	*HK$'000*
Macau	**113,539**	113,539
Hong Kong	**10**	18
	113,549	113,557

Information about major customer

Included in revenues arising from profit streams of gaming and entertainment related business of approximately HK$44,590,000 (2011: HK$51,757,000) are revenues of approximately HK$44,590,000 (2011: HK$38,095,000) whose arose from the Group's largest customer.

Revenues of approximately HK$44,590,000 (2011: HK$51,757,000) from the sole customer (2011: two customers) account for 10% of more of the Group's revenue.

6. Turnover and other revenue

An analysis of turnover and other revenue is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Turnover		
Profit streams from gaming and entertainment related business	**44,590**	51,757
Other revenue		
Interest income	**9**	9

Other revenue analysed by categories of assets is as follows:

Financial instruments		
Loans and receivables (including cash and bank balances)	**9**	9

7. Profit/(loss) for the year

The Group's profit/(loss) for the year is arrived at after charging:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Depreciation	**8**	35
Auditors' remuneration	**550**	550
Minimum lease payments under operating leases in respect of land and buildings	**62**	179
Staff costs (excluding directors' remuneration — *Note 10*)		
Salaries and wages	**2,171**	2,329
Pension scheme contributions	**29**	40
	2,200	2,369

8. Finance costs

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Effective interest on promissory notes not wholly repayable within five years *(Note 22)*	**—**	3,340
Effective interest on convertible bonds wholly repayable within five years *(Note 23)*	**—**	20,334
	—	23,674

9. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising from Hong Kong during the year. The Group has no assessable profit under Hong Kong profits tax for the years ended 31 March 2012 and 2011. The Group is not subject to any tax in Macau.

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Tax credited for the year:		
Deferred tax liabilities *(Note 24)*		
Convertible bonds	—	840

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

	2012		2011	
	HK$'000	**%**	*HK$'000*	*%*
Profit/(loss) before taxation	**9,190**		(408,412)	
Tax at the applicable profits tax rate	**1,516**	**16.5**	(67,388)	(16.5)
Tax effect of income not taxable for tax purpose	**(7,357)**	**(80.0)**	(2,248)	(0.5)
Tax effect of expenses not deductible for tax purpose	**102**	**1.1**	68,236	16.7
Tax effect of unrecognised temporary differences	**5,739**	**62.4**	560	0.1
Tax credit at the effective tax rate for the year	—	—	(840)	(0.2)

10. Directors' remuneration

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

Name of directors	Fee		Salaries and bonus		Pension scheme contributions		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors								
Mr. Yao Wai Kwok, Daniel (retired on 1 November 2010)	**—**	—	**—**	70	**—**	4	**—**	74
Mr. Yeung Hung Yeung (appointed on 28 October 2010)	**—**	—	**—**	—	**—**	—	**—**	—
Independent non-executive directors								
Mr. Leung Chi Hung (resigned on 1 June 2010)	**—**	17	**—**	—	**—**	—	**—**	17
Mr. Cheung Yim Kong, Johnny (resigned on 1 June 2010)	**—**	20	**—**	—	**—**	—	**—**	20
Mr. Poon Wai Hoi, Percy (appointed on 1 June 2010)	**120**	100	**—**	—	**—**	—	**120**	100
Mr. Tang Chi Ho (appointed on 1 June 2010)	**120**	100	**—**	—	**—**	—	**120**	100
Ms. Lee Shiow Yue (appointed on 1 March 2010)	**120**	120	**—**	—	**—**	—	**120**	120
	360	357	**—**	70	**—**	4	**360**	431

During the years ended 31 March 2012 and 2011, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the directors has waived any emoluments during the years ended 31 March 2012 and 2011.

11. Five highest paid employees

The five highest paid employees during the year did not include any director (2011: one director included, details of whose remuneration are set out in Note 10 above). Details of the remuneration of the all (2011: four) non-director, highest paid employees for the year are as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,171**	2,329
Pension scheme contributions	**29**	40
	2,200	2,369

Their emoluments were within the following bands:

	Number of employees	
	2012	2011
Nil — HK$1,000,000	**3**	3
HK$1,000,000 — HK$1,500,000	**1**	1

During the years ended 31 March 2012 and 2011, no emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office.

12. Dividends

No dividend was proposed by the directors for the year ended 31 March 2012 (2011: Nil).

Notes to the Consolidated Financial Statements

31 March 2012

13. Earnings/(loss) per share attributable to owners of the company

Basic earnings/(loss) per share

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

	2012	2011
	HK$'000	*HK$'000*
Profit/(loss)		
Profit/(loss) attributable to owners of the Company for the purpose of basic earnings/(loss) per share	**9,190**	(407,572)

	2012	2011
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**2,154,938**	1,808,277

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the years ended 31 March 2012 and 2011 were the same as the basic earnings/(loss) per share.

There were no dilutive events existed during the years ended 31 March 2012 and 2011.

14. Property, plant and equipment

The Group and the Company

	Leasehold improvements *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2010	3,263	512	3,775
Additions	—	4	4
At 31 March 2011, 1 April 2011 and 31 March 2012	3,263	516	3,779
Accumulated depreciation and impairment			
At 1 April 2010	3,263	488	3,751
Charged for the year	—	10	10
At 31 March 2011 and 1 April 2011	3,263	498	3,761
Charged for the year	—	8	8
At 31 March 2012	3,263	506	3,769
Net book value			
At 31 March 2012	**—**	**10**	**10**
At 31 March 2011	—	18	18

15. Intangible assets

The Group

	Rights in sharing of profit streams HK$'000
Cost	
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	1,495,278
Accumulated impairment	
At 1 April 2010	1,137,869
Impairment loss recognised for the year	243,870
At 31 March 2011, 1 April 2011 and 31 March 2012	1,381,739
Carrying amount	
At 31 March 2012	**113,539**
At 31 March 2011	113,539

Details of intangible assets are as follows:

	Nove Profit Agreement HK$'000
At 1 April 2010	357,409
Impairment loss recognised for the year	(243,870)
At 31 March 2011, 1 April 2011 and 31 March 2012	**113,539**

15. Intangible assets *(Continued)*

The Group *(Continued)*

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

No impairment loss was recognised during the year ended 31 March 2012 (2011: impairment loss of approximately HK$243,870,000) by reference to the valuation report issued by Messrs. Grant Sherman Appraisal Limited ("Grant Sherman"), independent qualified professional valuer, at 31 March 2012 which valued the intangible assets on discounted cash flow method. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period. The management considered that the junket business at this remaining casino's VIP room will not have further expansion, and the junket business are considered to be saturated in long run. Hence, the cash flow beyond the five-year period are extrapolated using a 0% growth rate (2011: 0%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate, such estimation is based on past experience and management's expectations for the market development. The management believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed the aggregate its recoverable amount. The discount rate applied was approximately 25.53% (2011: 26.69%). The management are of the opinion that there is no impairment needed for the year because profit generated from the junket business remained stable even with intensive competition. The main factor contributing to the impairment in 2011 was the profit generated after the profit guarantee period from the Nove Profit Agreement did not turnout as expected.

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

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31 March 2012

16. Interests in subsidiaries

The Company

	2012	2011
	HK$'000	*HK$'000*
Investment cost	**—**	36,801
Less: Disposal of subsidiaries during the year	**—**	(36,801)
	—	—
Amounts due from a subsidiary	**10**	5
	10	5
Amount due to a subsidiary	**104,954**	60,607

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

The directors had estimated the investment costs and the advances by discounting their future cash flow at the prevailing market borrowing rate. No impairment should be made in respect of amounts due from subsidiaries for both years.

Particulars of the Company's subsidiaries at 31 March 2012 and 2011 are set out in Note 34.

17. Accounts receivable

The Group

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

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

	2012	2011
	HK$'000	*HK$'000*
Within 15 days	**2,240**	2,614

Included in the Group's accounts receivable balance, no debtors are past due at the date of approval of these consolidated financial statements (2011: Nil). The Group does not hold any collateral over these balances.

18. Deposits and other receivables

The Group and the Company

	2012	2011
	HK$'000	*HK$'000*
Deposits	**—**	76
Other receivables	**187**	21
	187	97

19. Financial assets at fair value through profit or loss

The Group and the Company

	2012	2011
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
— Equity securities listed in Hong Kong	**22,619**	46,831

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

20. Derivative financial instruments

The Group and the Company

	HK$'000
Assets	
Redemption options derivatives embedded in convertible bonds	
At 1 April 2010	6,675
Derecognition due to cancellation of convertible bonds	(3,872)
Fair values changes	(2,803)
At 31 March 2011, 1 April 2011 and 31 March 2012	**—**

Pursuant to the agreements in relation to the issuance of the convertible bonds (Note 23), redemption options are held by the Company. The Company may at any time from the date of issue of the convertible bonds up to the date immediately before the maturity date of the convertible bonds, redeem the convertible bonds (in whole or in part) at the principal amount of the convertible bonds.

The redemption option derivatives are carried at fair values at the end of the reporting period. Redemption options derivatives were derecognised as the convertible bonds derecognised during the year ended 31 March 2011.

Notes to the Consolidated Financial Statements

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21. Accruals

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accruals	**1,535**	1,078	**1,531**	1,073

22. Promissory notes — due after one year

The Group and the Company

On 4 January 2007, the Company issued Second Promissory Note in a principal amount of HK$160,000,000 due on 3 January 2017. Second Promissory Note was issued to a then substantial shareholder of the Company to finance the acquisition of the entire issued share capital of Youngrich Limited ("Youngrich") and is interest-free. The effective interest rate is 8%. During the year ended 31 March 2011, the Second Promissory Note with principal amount of HK$160,000,000 was fully settled. HK$100,000,000 was settled by cash and the remaining HK$60,000,000 was settled by share subscription. The shares issued were recognised at the carrying amount of the promissory note.

	Second Promissory Note
	HK$'000
At 1 April 2010	95,145
Interest expenses charged	3,340
Early repayment of promissory note	(98,485)
At 31 March 2011, 1 April 2011 and 31 March 2012	**—**

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

Notes to the Consolidated Financial Statements

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23. Convertible bonds — due after one year

The Group and the Company

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

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

The convertible bonds contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible bonds reserve" and the redemptions option is presented in current assets heading "derivative financial instruments" (Note 20).

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

23. Convertible bonds — due after one year *(Continued)*

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

	Fourth Convertible Bond *HK$'000*	**Fifth Convertible Bonds** *HK$'000*	**Total** *HK$'000*
Fair value of convertible bonds issued	249,945	891,212	1,141,157
Derivative financial instruments	35,225	68,924	104,149
Liability component	(204,901)	(828,407)	(1,033,308)
Equity component	80,269	131,729	211,998

	Fourth Convertible Bond *HK$'000*	**Fifth Convertible Bonds** *HK$'000*	**Total** *HK$'000*
At 1 April 2010	89,369	418,438	507,807
Cancellation of convertible bonds due to disposal of subsidiaries *(Note)*	—	(295,475)	(295,475)
Conversion of convertible bonds into shares	(90,278)	(127,144)	(217,422)
Interest expenses charged	3,850	16,484	20,334
Interest expenses payable	(2,941)	(12,303)	(15,244)
At 31 March 2011, 1 April 2011 and 31 March 2012	**—**	**—**	**—**

Note:

On 12 May 2010, Fifth Convertible Bond I was partly cancelled in relation to the considerations regarding to the disposal of the Team Jade and its subsidiaries. The cancellation of this convertible bond led to a loss of approximately HK$81,931,000. Such loss comprised of the loss on cancellation of liability component of convertible bond of approximately HK$78,059,000 and the loss on derecognition of derivative financial instrument of approximately HK$3,872,000 (Note 20).

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

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

24. Deferred tax liabilities

The followings are the major deferred tax liabilities recognised and movements thereon during the years ended 31 March 2012 and 2011:

The Group and the Company

	Convertible bonds *HK$'000*
At 1 April 2010	51,057
Credited to consolidated statement of comprehensive income for the year *(Note 9)*	(840)
Reversal of deferred tax liabilities due to conversion of convertible bonds into shares	(16,471)
Reversal of deferred tax liabilities due to cancellation of convertible bonds	(33,746)
At 31 March 2011, 1 April 2011 and 31 March 2012	**—**

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

	2012 ***HK$'000***	2011 *HK$'000*
Tax losses	**56,599**	21,805

The unrecognised tax losses may be carried forward indefinitely.

25. Share capital

(a) Shares

	Number of ordinary shares		Share capital	
	2012	2011	**2012**	2011
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised				
At the beginning of the year and the end of the year, ordinary shares of HK$0.01	**60,000,000**	60,000,000	**600,000**	600,000
Issued and fully paid				
At the beginning of the year, ordinary shares of HK$0.01 each	**2,154,938**	1,392,987	**21,549**	13,930
Issue of ordinary shares *(note i)*	**—**	701,941	**—**	7,019
Conversion of convertible bonds *(note ii)*	**—**	60,010	**—**	600
At the end of the year, ordinary shares of HK$0.01 each	**2,154,938**	2,154,938	**21,549**	21,549

Note:

(i) During the year ended 31 March 2011, the Company issued 352,941,176 ordinary shares of HK$0.01 each at a subscription price of HK$0.17 per share. The ordinary shares were issued on 8 September 2010 and the subscription price was satisfied by capitalising part of the principal amount of Second Promissory Note with a carrying amount of approximately HK$36,932,000 (Note 22).

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

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

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

25. Share capital *(Continued)*

(b) Share option scheme

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

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

The maximum number of shares to be issued upon exercise of all outstanding options under the Scheme and any other share option schemes of the Company will not exceed 30% (or where applicable, such higher percentage as may from time to time to be permitted under the Listing Rules or by the Stock Exchange) of the total number of the issued shares from time to time. The total number of shares available for issue under options which may be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 67,200,000 shares, representing 10% of the issued share capital of the Company, as at the date of listing of shares on the Stock Exchange. The Company may seek approval of its shareholders at a general meeting to renew the 10% limit. However, the total number of shares available for issue under options which may be granted under the Scheme and any other share option schemes of the Company in these circumstances, must not exceed 10% of the issued share capital of the Company at the date of approval of renewing such a limit. No option may be granted to any one person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted to him/her in the 12-month period up to and including the date of such a grant, to exceed 1% of the issued share capital of the Company as at the date of the grant. Any further grant of options in excess of the foregoing limit must be subject to the approval of the shareholders of the Company in a general meeting.

25. Share capital *(Continued)*

(b) Share option scheme *(Continued)*

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

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

At 31 March 2012 and 2011 and the date of this report, the Company is available to issue 215,493,857 shares under the Scheme representing 10% of the issued share capital.

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

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

25. Share capital *(Continued)*

(b) Share option scheme *(Continued)*

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

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

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

26. Reserves

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 22 of the consolidated financial statements.

(b) The Company

	Share premium HK$'000 (note i)	Contributed surplus HK$'000 (note ii)	Convertible bonds reserve HK$'000 (note iii)	Capital reserve HK$'000 (note iv)	Share option reserve HK$'000 (note v)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2010	259,120	569,044	41,960	85,889	2,553	(936,660)	21,906
Net loss for the year	—	—	—	—	—	(311,665)	(311,665)
Total comprehensive loss for the year	—	—	—	—	—	(311,665)	(311,665)
Conversion of convertible bonds into shares	267,167	—	(33,874)	—	—	—	233,293
Cancellation of convertible bonds	—	—	(8,086)	—	—	36,498	28,412
Issue of ordinary shares	69,000	—	—	—	—	—	69,000
Share issued expenses	(977)	—	—	—	—	—	(977)
Share option lapsed during the year	—	—	—	—	(2,553)	2,553	—
At 31 March 2011 and 1 April 2011	594,310	569,044	—	85,889	—	(1,209,274)	39,969
Net loss for the year	—	—	—	—	—	(34,778)	(34,778)
Total comprehensive loss for the year	—	—	—	—	—	(34,778)	(34,778)
At 31 March 2012	594,310	569,044	—	85,889	—	(1,244,052)	5,191

26. Reserves *(Continued)*

(b) The Company *(Continued)*

Notes:

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

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

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

(iv) The capital reserve of the Company represents the cash received in excess of the fair value of the Second Promissory Note issued by the Company (Note 22).

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

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

(vi) The accumulated loss attributable to owners of the Company includes a loss of approximately HK$34,778,000 (2011: HK$ 154,261,000) which has been dealt with in the financial statements of the Company.

27. Disposal of subsidiaries

For the year ended 31 March 2011

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

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

	2011
	HK$000
Net assets disposed of:	
Cash and bank balances	**821**
Deposits and other receivables	**8**
Property, plant and equipment	**456**
Right in sharing of profit streams	**437,920**
Other payables and accruals	**(15)**
	439,190
Loss on cancellation of convertible bond	**(78,059)**
Derecognition of convertible bonds reserve	**(5,334)**
Loss on disposal of subsidiaries	**(60,322)**
Total consideration	**295,475**
Satisfied by:	
Cancellation of convertible bond *(Note 23)*	**295,475**
Net cash outflow arising on disposal:	
Cash and bank balances disposed	**(821)**

28. Non-cash transactions

For the year ended 31 March 2011

The considerations for the disposal of the entire issued share capital of Team Jade during the year ended 31 March 2011 comprised the cancellation of Fifth Convertible Bond I as disclosed in Note 23.

The early redemption of Second Promissory Note of HK$60,000,000 during the year ended 31 March 2011 was settled by shares as disclosed in Note 22.

29. Share-based payment transactions

During the year ended 31 March 2012 and 2011, the Company did not grant any options under the Scheme of the Company. No share options remained outstanding as at 31 March 2012 and 2011 as all share options granted in prior years were expired during the year ended 31 March 2011.

Details of specific categories of options are as follows:

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

30. Operating Lease Arrangements

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

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within one year	—	178

31. Commitments

The Group and the Company did not have any significant capital commitments as at 31 March 2012 (2011: Nil).

32. Contingent liabilities

The Group and the Company had no material contingent liabilities as at 31 March 2012 (2011: Nil).

33. Material related party transactions

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2012 and 2011, the Group had entered into the following transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business.

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in Notes 10 and 11 to the consolidated financial statements, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Salaries and allowance	—	70
Pension scheme contributions	—	4
	—	74

34. Particulars of the subsidiaries

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation and operations	Nominal value of issued and paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Rise Market Company Limited	British Virgin Islands	US$1 Ordinary	100	—	Investment holding
Triple Gain Group Limited	British Virgin Islands	US$100 Ordinary	—	100	Receive profit streams from gaming and entertainment related business

35. Authorisation for issue of consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 22 June 2012.

Summary Financial Information

RESULTS

	Year ended 31 March				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover (including discontinued operation)	**44,590**	51,757	352,806	439,720	418,910
Profit/(loss) for the year attributable to:					
— Owners of the Company	**9,190**	(407,572)	(632,224)	(577,144)	(775,976)
— Minority interests	**—**	—	—	—	1,951
	9,190	(407,572)	(632,224)	(577,144)	(774,025)
Dividends	**—**	—	—	31,648	117,527

ASSETS AND LIABILITIES

	As at 31 March				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**248,994**	239,347	977,638	2,719,622	2,295,064
Total liabilities	**(1,535)**	(1,078)	(669,144)	(1,878,360)	(1,109,997)
Total equity	**247,459**	238,269	308,494	841,262	1,185,067